

Sustainability Management

The JSP Group's sustainability management is to continuously enhance our corporate value with a strong awareness of corporate responsibility in the elements of environment, society, and governance. Foam products are playing an increasingly important role in solving issues such as global warming and food shortages, as well as other problems caused by environmental changes. The JSP Group will continue to promote sustainability management and work to gain the understanding and support of all stakeholders.

Basic Sustainability Policy

- The Basic Sustainability Policy is as follows
The JSP Group, with its corporate philosophy of "Creatively and Actively Contribute to Society", aims to continuously enhance its corporate value with a strong awareness of its corporate responsibility in the elements of environment, society and corporate governance.
- JSP will make the Basic Sustainability Policy known to all employees.
- JSP complies with all relevant laws, regulations, and standards, and implements sustainability promotion management in a systematic, organized, and sustainable manner.

Company-wide Sustainability Promotion Structure

● Board of Directors

The Board of Directors oversees sustainability management. In the PDCA cycle of sustainability promotion activities, the Board of Directors is responsible for approving plans for sustainability promotion activities, receiving reports on performance and overseeing overall activities.

● Executive Officers Meeting

The Executive Officers Meeting controls the overall sustainability management. In the PDCA cycle of sustainability promotion activities, it confirms and reviews the progress of company-wide activities and plays a role in promoting these activities.

● Sustainability Promotion Committee

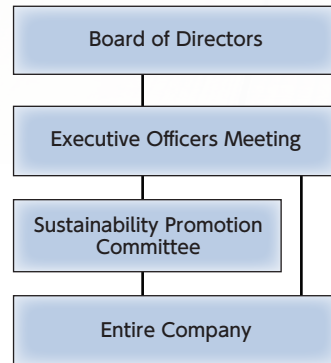
The Sustainability Promotion Committee serves as an advisory body to the Executive Officers Meeting and is responsible for reviewing specialized issues essential to the promotion of sustainability and important issues related to the promotion of sustainability.

● Entire Company

Entire Company refers specifically to business divisions, corporate divisions, plants, research centers, Group companies, etc., which are responsible for implementing sustainability promotion activities.

● Sustainability Promotion Department

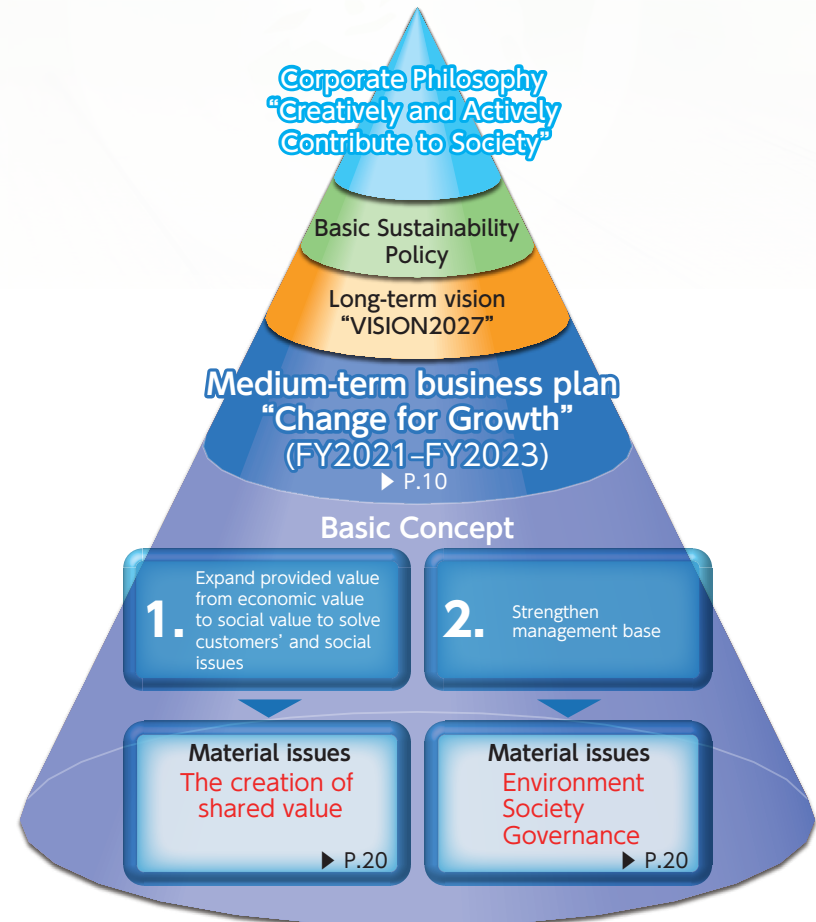
The Sustainability Promotion Department serves as the organizer of the Sustainability Promotion Committee and also strives to comprehensively understand sustainability promotion activities and ensure that they function effectively. In addition, the Sustainability Promotion Department verifies the degree of achievement of sustainability contributions, consolidates stakeholder opinions received throughout the company and reports them to the Executive Officers Meeting.



Materiality Relationship Chart

In medium-term business plan "Change for Growth" (FY2021-FY2023), the JSP Group has been working under the slogan of broadening the value we provide for both economic value and social value to our customers and for addressing social issue, through sustainability management.

Based on corporate philosophy of "Creatively and Actively Contribute to Society", the JSP Group is working to further enhance our corporate value by incorporating environmental, social and corporate governance factors into its various management activities, thereby reducing risks and capturing profit opportunities, and increasing the sustainability of our business model.



Materiality

With our corporate philosophy of “Creatively and Actively Contribute to Society,” the basic sustainability policy of the JSP Group is to have strong awareness of corporate responsibility in the areas of the environment, society, and corporate governance and strive for the sustainable enhancement of corporate value. By identifying material issues (materiality) in sustainability management, the JSP Group incorporates responses to sustainability issues into our management strategy and implements the strategy.

Materiality Selection Process

Phase 1: Identification of Issues and Materiality Assessment

The JSP Group identifies a wide range of social issues, referring to international guidelines such as GRI standards, the 17 goals of the SDGs and trends at other companies and then evaluates the level of importance from two perspectives: the importance from JSP Group’s perspective and the importance from the stakeholders’ perspective.

Phase 2: Deliberations by the Executive Officers Meeting




The Executive Officers Meeting deliberates on issues of high importance and in the process selects materiality candidates, incorporating the basic concepts of the Medium-term Business Plan “Change for Growth” and product perspectives.

Phase 3: Resolution by management

Activities for Materiality



The creation of shared value

Creation of shared value (CSV): Materiality concerning contributions through businesses operations and products




Materiality	Main Activities by JSP	SDGs
(1) Global environmental conservation	JSP’s foaming technologies will expand the value provided from economic value to social value to solve customers’ and social issues.	
(2) Plastic resource recycling		
(3) Climate change mitigation		
(4) Food and healthy living		
(5) Contribution to safety		

Environment/Society/Governance

Materiality concerning the environment (E)

Materiality	Main Activities by JSP	SDGs
(1) Global environmental protection	Global environmental conservation through Responsible Care (RC) activities.	 

Materiality concerning society (S)

Materiality	Main Activities by JSP	SDGs
(1) Human resource development	Promote human resource development by enhancing the capabilities of all employees.	
(2) Corporate job satisfaction	Create a work environment where employees with diverse values respect each other and can play an active role.	
(3) Occupational safety	Ensure the health and safety of employees and local residents by striving to achieve zero accidents and zero injuries in our business activities.	
(4) Structure of information systems	Promote operational efficiency through the use of digital technology.	

Materiality concerning governance (G)

Materiality	Main Activities by JSP	SDGs
(1) Strengthening of corporate governance	Strengthen Group-wide corporate governance through compliance, internal control and risk management initiatives.	

Response to Risks and Opportunities

The JSP Group conducts annual risk assessments to identify, analyze, and evaluate risks, and aims to prevent risks from materializing as well as to reduce them.

Major risk factors that may affect the JSP Group's financial position, business results, cash flows, etc. are described below. These risk factors are based on assumptions made as of June 29, 2023 and do not cover all risks. Considering the results of the risk assessment, these risks are listed here as matters which could have an impact on the decisions of investors.

Risks related to the (external) business environment

Main contents of risks and opportunities	Our main handling measures
(1) Changes in the major market environment Continuing from the previous medium-term business plan, the ongoing medium-term business plan (FY2021-FY2023) "Change for Growth" aims to expand the three business domains of "Automotive parts," "Thermal insulation materials for buildings and houses," and "FPD cushioning materials" as a driving force for sustainable growth. During the previous medium-term business plan period, we invested in capacity expansion in these business areas, and in this medium-term business plan, we will take measures for investment recovery. However, the recovery may not proceed as planned because of the changes in the market environment due to various factors such as demand, economic conditions, technological trends, and revisions to laws and regulations.	In order to respond to changes in the market environment, the JSP Group will continue to expand into new business domains in addition to the existing businesses. Moreover, in response to the growing awareness of environmental issues we will promote our transformation strategy with a focus on sustainability management and strive to provide products and services that are compatible with a recycling-based economy.
(2) Risks related to global business development Since the JSP Group operates widely in North America, South America, Europe and Asia, its business activities in each region may be affected by political or economic factors, investment permits due to environmental regulations, transfer pricing taxation issues, changes in social conditions, trends in various regulations, labor disputes, difficulties in securing human resources, and exchange rate fluctuations, etc., which could have an impact on the business results and financial position of the JSP Group.	The JSP Group aims to reduce risks by having the Global Business Division manage the PDCA cycle of each site as a head office function. In addition, we will further enhance our internal control functions to strengthen the Group governance.
(3) Intensifying price competition Some of our product lines have long life cycles and many of these products are subject to severe price competition. Particularly in the Asian region, severe price competition is expected to continue due to various factors such as entry of local companies into the market.	The JSP Group aims to secure an appropriate profit margin by focusing on cost reduction and maintaining and expanding its competitive advantage through a shift to high value-added products.
(4) Fluctuations in raw material and fuel prices The raw materials and fuels we use are greatly affected by fluctuations in the prices of crude oil and naphtha, which can lead to significant price changes. In our case, when raw material and fuel costs rise sharply, this tend to cause business performance to decline due to problems such as delay in adjusting product prices accordingly.	In order to build a management base that is not affected by fluctuations in raw material and fuel prices, the JSP Group will consider formula pricing with customers for applying these fluctuations to product pricing in a timely manner and also continue to make efforts to reduce costs.

Risks related to business operations

Main contents of risks and opportunities	Our main handling measures
(1) Securing of human resources Securing human resources in a timely manner is becoming more difficult every year due to the shortage of the working population caused by the declining birthrate, the aging population as well as the shortage of human resources in specific fields with high expertise amid the digital revolution. In addition, the shortage of human resources is becoming a major factor in increasing costs in terms of production and logistics which may affect the business performance of the JSP Group.	The JSP Group considers human resource development as one of the key management issues in the basic policy "Strengthen the management base" of the long-term vision "VISION 2027" and will strive to strengthen its organization further as a global corporation by enhancing the human resource training system. In addition, we will eliminate labor shortages by implementing measures such as shortening production processes and automating manufacturing lines.
(2) Risks related to the spread of infectious diseases (pandemics) In the event of the spread of infectious diseases and epidemics, if employees of the JSP Group get infected and the infection spreads within the Company through contact between employees, etc., production and shipments at factories may be disrupted and operations may be suspended for a certain period of time. In addition, even if our factories are able to operate, there is a risk of having to suspend operations if problems arise in the supply chain such as when the supply of raw materials is suspended.	In order to ensure the health and safety of its employees, the JSP Group will both continue to implement COVID-19 infection prevention measures and implement further improvements of its management structure.
(3) Intellectual property rights The JSP Group owns a large number of intellectual property rights, including international patent rights, and it is important to protect these rights in order to secure future profits. In the event of infringement by other companies or disputes with other companies, this could have an impact on our business.	In order to avoid this risk, the JSP Group is working to strengthen its system globally for intellectual property management, with the controlling division, the Intellectual Property Division leading these efforts.
(4) Quality assurance As a manufacturer, the JSP Group is exposed to the risk of unexpected quality defects and product liability lawsuits. Many of our products are used as components of end products such as food containers, automotive parts, and thermal insulation materials for buildings and houses, and quality defects could lead to serious damages for customers.	The JSP Group strengthens its quality assurance system by actively promoting the acquisition of quality management system certification at each plant.
(5) Impairment of fixed assets Impairment losses on fixed assets held by the JSP Group may be incurred due to a decline in profitability caused by a significant deterioration in the business environment or a fall in market prices, which may affect the business results and financial position of the JSP Group.	The JSP Group conducts regular monitoring of important investments by requesting reports at major meetings attended by senior management to confirm that there are no major deviations from the original plan.
(6) Information security and information management As information technology continues to evolve at a high level, we cannot completely eliminate the possibility of serious failures of information system infrastructure or communication lines at unexpected levels or the destruction or theft of confidential information related to management.	In order to strengthen the safety and information security of the information systems, the JSP Group has established related regulations and aims to ensure the confidentiality, integrity, and availability of the information and information systems in its possession and manages risks such as information leaks by continuously providing guidelines for improving the level of risk management. In addition, we conduct regular drills to respond to attacks on our information systems from outside and to prepare for emergencies.
(7) Compliance and internal control As the JSP Group expands its business globally, the changes in laws and regulations in various regions of the world may make it difficult to comply with such laws and regulations. Accordingly, there is a possibility that legal violations may occur in the future, and this compliance could cause new expenses and restrictions on our business activities.	The JSP Group recognizes the importance of compliance and other appropriate internal controls and has established and is operating such systems. Specifically, we are working to strengthen our compliance system by establishing and thoroughly disseminating code of conduct that is common to our Group companies and by establishing a whistleblowing system that can be used by all our Group employees.

Environmental Activities



As a foam products manufacturer, the JSP Group has been supplying the world with products that are in line with the current trends of energy saving, resource saving, and environmental conservation. With the corporate philosophy of “Creatively and Actively Contribute to Society” we are pursuing environmentally friendly foam technology with the aim of establishing and implementing a product recycling system.

In addition, we have been promoting activities related to environmental preservation and product safety under the framework of the ISO 14001 environmental management system. Since FY2011, we have joined the Responsible Care activities of the Japan Chemical Industry Association (JCIA) to conduct activities related to security and disaster prevention, occupational health and safety, logistics safety, and dialogue with society. The JSP Group will continue to strive for synergy between business and the environment from a global perspective in order to pass on the irreplaceable global environment to future generations.

Environment Management Structure

Basic Principle

The green earth has nurtured us many blessings and the prosperity we enjoy today. In order to pass on this abundant environment to the next generation, JSP is committed to group-wide efforts to conserve the global environment as the most important issue of our management philosophy, “Creatively and Actively Contribute to Society”.

Environment Policy

- We practice corporate activities that protect the global environment and manufacture environmentally friendly products.
- We comply with laws, regulations and other standards, and strive to protect the environment.
- We continuously improve our environmental management system and strive to enhance our environmental performance.

ISO14001 Certified Plants

JSP Corporation

Head Office, Hokkaido Plant, Kanuma Plants (Kanuma No.1 Plant, Recycling Plant, Kanuma MF Plant, Kanuma Logistic Center, Kanuma No.2 Plant*1), Kashima Plant, Yokkaichi No.1 Plant, Yokkaichi Research Center, Yokkaichi No.2 Plant*2, Kansai Plant, and Kyusyu Plant
 *1 Including Tochigi No.1 Plant of JSP Molding Co., Ltd.
 *2 Including Mie Plant of JSP Molding Co., Ltd.

JSP Group companies in Japan

Seihoku Package Co., Ltd. and Honshu Petrochemical Co., Ltd.

JSP Group companies in Overseas

Butler Plant (USA), Tallahoma No.2 Plant (USA), Brazil, France, Czech Republic, Taiwan, Gimcheon Plant (Korea), Wuxi (China), Dongguan (China), Wuhan (China)



Japan

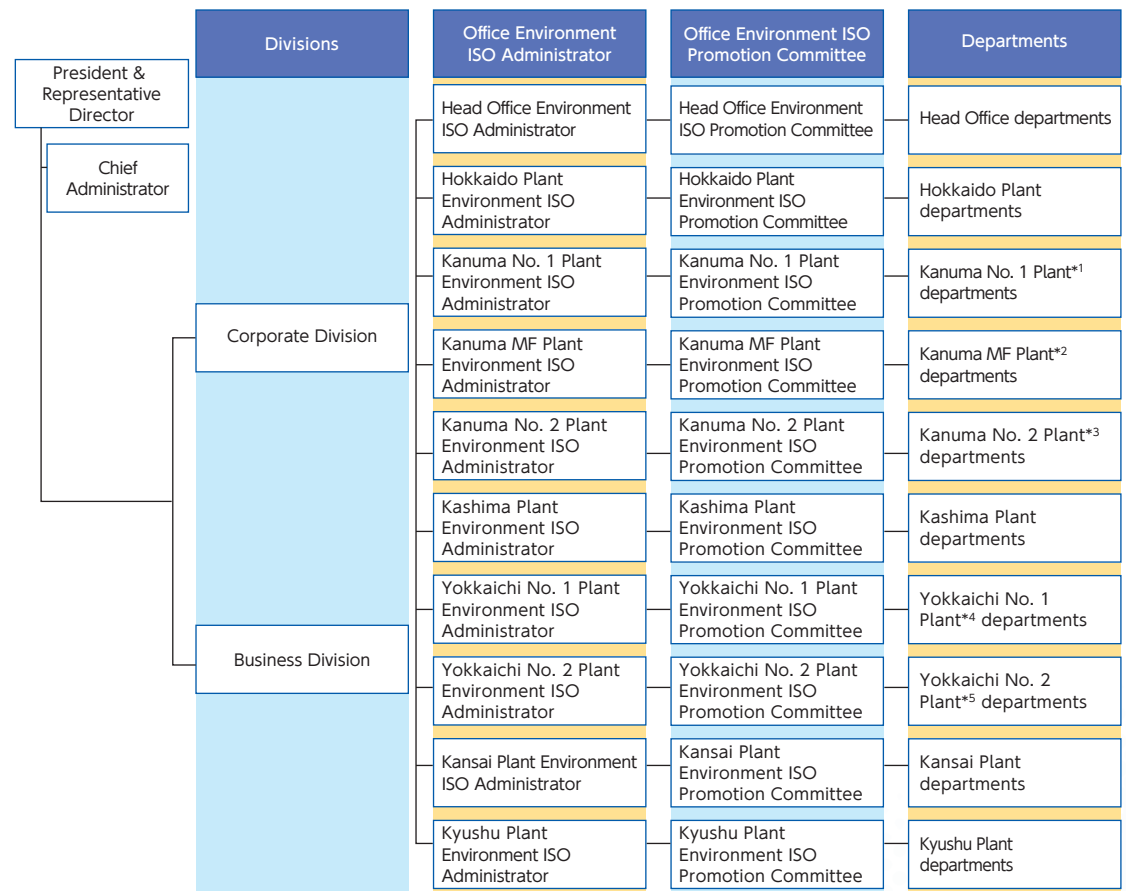


Czech Republic



China

Organizational Structure of Environment Management System



*1 Including the Recycling Center

*2 Including the Kanuma Logistics Center

*3 Including the Tochigi No.1 Plant of JSP Molding Co., Ltd.

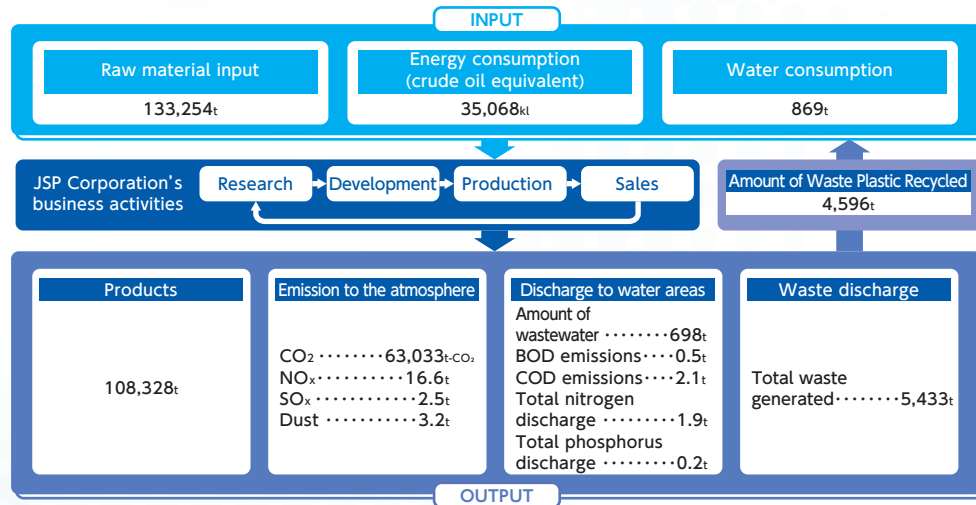
*4 Including the Yokkaichi Research Center

*5 Including the Mie Plant of JSP Molding Co., Ltd.

Environmental Activities

Environmental Conservation

Input & output (implemented in 2022)

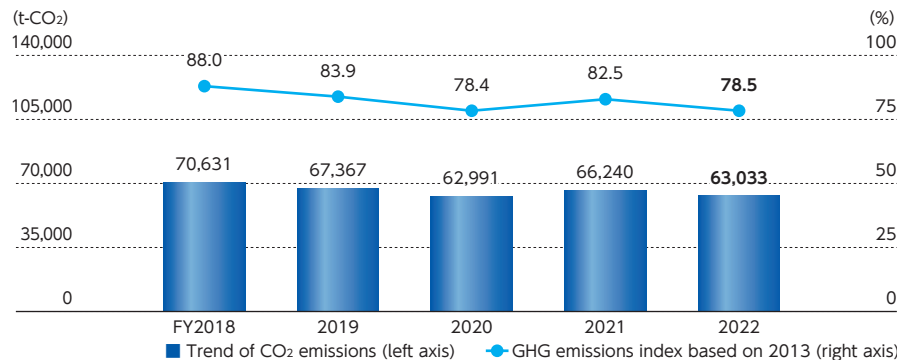


Reduction of CO₂ emissions

JSP Corporation's CO₂ emissions in FY2022 decreased by approximately 4.8% (3,207 t-CO₂ decrease) from the previous fiscal year. The main reasons for the improvement are the aggregation of plant operating days, effective use of waste heat, and our efforts toward reducing air leaks and heat-radiation loss in the plants. Compared to FY2013 values, emissions were reduced by approximately 21.5%.

Our foam material contributes to the reduction of greenhouse gas emissions in unseen areas of automobiles and homes, such as improving fuel efficiency when used in automobiles and improving heating and cooling efficiency when used as insulation in homes.

Trend of CO₂ emissions

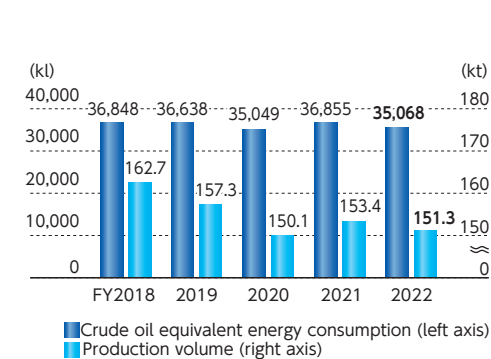


Reduction of energy consumption

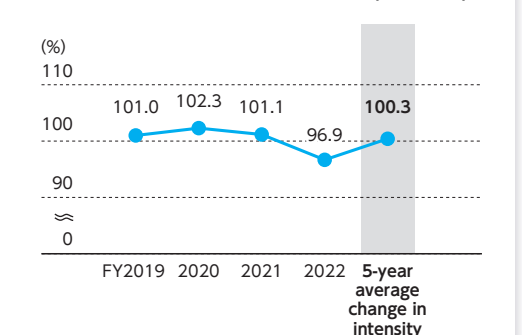
In FY2022, JSP Corporation's energy consumption per unit of production, calculated from the energy use contribution ratio*, improved to 96.9% compared to the previous year, achieving our goal of improving energy consumption per unit of production compared to the previous year. In addition, the average change in specific energy consumption per unit of production over the five-year period was 100.3%, and the goal of improving the average change in specific energy consumption per unit of production over the five-year period by an average of 1% or more per year was not achieved. From FY2023 onward, we will further implement the PDCA cycle for energy conservation activities at each business site and promote the introduction of green energy.

*Contribution ratio method: Energy consumption intensity is calculated for each product group, and the ratio of energy consumption intensity of the entire businesses to that of the previous year is calculated in proportion to the ratio of the product group.

Trend of crude oil equivalent energy consumption



Ratio of energy intensity based on the contribution ratio method to the previous year



Challenge for modal shift

With the aim of environmental responsiveness, energy efficiency, and transportation stability in logistics, JSP Corporation is implementing modal shift to rail and ferry transportation, which emit less CO₂ than truck transportation. Modal shifts are also effective for safe and stable supply in the event of road disruptions due to natural disasters. It has a strong presence as a secondary or tertiary means of transportation. We will continue to actively engage in modal shift initiatives in cooperation with our business divisions.

Reduction of water usage

JSP Corporation carries out production activities using a water circulation system that recycles water without throwing it away in the manufacturing process. In FY2022, water consumption was lower than in FY2021 due to efficient use and thorough wastewater management at each plant.

Reduction of landfill amounts

In JSP Corporation's mid-term Responsible Care plan, we set a target for the final landfill amounts in FY2022 of "continuing to reduce landfill amounts (managing landfill amounts not to exceed the previous year's amounts)" and implemented systematic reduction activities at each business site. As a result, we were able to significantly decrease the amount compared to FY2021.

Details of maintenance plan and results of industrial waste treatment facility (incinerator)

→ https://www.co-jsp.co.jp/english/sustainability/e/e_protection.html

Environmental Activities

Information Disclosures Based on TCFD Recommendations

JSP declared its support for recommendations by the Task Force on Climate-related Financial Disclosures (TCFD) in December 2021. Seeing climate change-related events as business risks, we aim to respond to them while identifying new opportunities to enhance corporate value.

In addition, the company views the TCFD guidelines as an effective framework for organically and practically promoting activities to realize a sustainable society. We will use the TCFD as a tool for dialogue with various stakeholders. By addressing climate change and as a true global supplier, we aim to increase our social and economic value, and realize the corporate philosophy “Creatively and Actively Contribute to Society”.

Governance and Risk Management

The JSP Group is working to achieve sustainability through a company-wide sustainability promotion system. The Board of Directors, chaired by the President, oversees sustainability-related risks and opportunities in management activities and plays a governance role. The Executive Officers Meeting is responsible for managing sustainability-related risks and opportunities in management activities, carrying out reviews and making decisions on responses.

The Sustainability Promotion Committee, an advisory body to the Executive Officers Meeting, works with the Risk and Compliance Committee, business units and the corporate divisions to identify and assess sustainability risks and opportunities that have a significant impact on management activities, and to consider policies and measures to be taken by the JSP Group, reporting the results to the Executive Officers Meeting and the Board of Directors.

Strategies

1. Contribute to climate change mitigation by further promoting environmentally friendly products
2. Contribute to the recycling of plastic resources by promoting recycling activities
3. Contribute to climate change mitigation by reducing GHG emissions and using energy more efficiently

Introduction of climate change-responsive products

MIRAFOAM Λ is a high-performance, next-generation thermal insulation material developed by JSP using its accumulated plastic foaming technologies.

By adding special technology to MIRAFOAM, JSP has succeeded in further improving its thermal insulation performance, which was previously considered a limitation of extruded polystyrene foam, achieving a thermal conductivity of 0.022 W/m-K.

With the promotion of higher thermal insulation houses, expectations are high for this revolutionary heat insulation material to make a significant contribution to reducing GHG emissions.



Introduction of Products that Contribute to the Recycling of Plastic Resources

ARPRO RE, expanded polypropylene made from recycled polypropylene, has been adopted in the market. We have further expanded our recycling activities by developing ARPRO RE OCEAN, a product made from recycled raw materials such as fishing nets and other marine waste, thereby contributing to the reduction of CO₂ emissions and the reuse of marine waste. We have also developed ARPRO REvolution, a product that uses 90% or more recycled raw materials.



The picture on the right shows ARPRO 35 Ocean

Environmental Activities

Information Disclosures Based on TCFD Recommendations

Scenario Analysis for Strategy Development

Assumptions for Scenario Analysis

- Target Year: FY2030
- Scenarios*: In which the global average temperature increase is limited to 1.5°C above pre-industrial levels. In which the global average temperature increase is 4°C above pre-industrial levels.
*The scenario analysis was conducted using SSP-1 (sustainable) and SSP-3 (regional fragmentation) from the "Japanese SSP," published by the National Institute for Environmental Studies, based on the "Shared Socio-Economic Pathways (SSP)," published by the Intergovernmental Panel on Climate Change (IPCC).
- Target Entity: JSP Corporation (non-consolidated)
- Evaluate the impact of risks and opportunities on the entire Company's business portfolio and develop response strategies

List of transition risks and opportunities under 1.5°C scenario

Transition risk		Impact assessment	Key response
Policy	Increase in carbon prices	Increase in operating costs	<ul style="list-style-type: none"> •Reduce GHG emissions through promotion of energy conservation •Promote introduction of renewable energy •Reduce GHG emissions through logistics optimization
	Introduction of a percentage standard for the use of recycled resources	Increase in costs caused by competition for recycled raw materials	<ul style="list-style-type: none"> •Diversify recycled raw materials suppliers •Enhance development of products using recycled raw materials
Technology	Increased competition with competing materials	Deterioration in earnings of existing products	<ul style="list-style-type: none"> •Further promotion of material recycling •Work on chemical recycling as an industry organization •Assess and reduce environmental impact (GHG emissions, water consumption, etc.) and disclose information •Promote development of bio-based products
Market/ Reputation	Sharp fluctuations in raw material prices and formation of negative image of fossil-based raw materials	Deterioration in earnings of existing businesses	<ul style="list-style-type: none"> •Further promotion of material recycling •Strengthen disclosure of information on GHG emission reductions through climate change-responsive products •Strengthen disclosure of information on environmentally friendly products •Assess product life cycle and strengthen disclosure of information •Enhance establishment of recycling chains

Opportunity	Opportunity product
Increased demand for products that contribute to energy savings in housing	MIRAFOAM, MIRAFOAM A
Expansion of the market for recycled products	ARPRO RE, ARPRO RE OCEAN, ARPRO REvolution
Increased demand for lightweight components due to expansion of the EV market	P-BLOCK, P-BLOCK LC
Increased demand for bio-based products	MIRABLOCK-Bio, LACTIF
Increased demand for energy-saving construction and work with shortened construction periods in efficient and hub-connected cities	J-WALLBLOCK Foam-support construction method Triple layer cushioning structure STYRODIABLOCK

List of physical risks and opportunities under 4°C scenario

Physical risk	Impact assessment	Key response
Intensification of weather-related disasters due to rising temperatures	Increased impact on plant operation	<ul style="list-style-type: none"> •Develop BCP •Insurance against weather-related damage •Develop disaster prevention measures such as flood defense walls
	Increased impact on transportation	Diversify recycled raw materials supplier
Water shortage	Increased impact on plant operation	Enhance development of manufacturing methods with water circulation and lower water consumption

Opportunity	Opportunity product
Increased demand for construction and civil engineering for recovery from damage due to weather-related disaster Increased demand for civil engineering reinforcement and durable life extension to strengthen disaster prevention	J-WALLBLOCK Triple layer cushioning structure STYRODIABLOCK

Environmental Activities

Information Disclosures Based on TCFD Recommendations

Indicators and Targets

JSP has drawn up a roadmap to reduce GHG emissions and achieve carbon neutrality by fiscal 2050. To achieve the targets, we are going to set non-consolidated JSP's GHG emissions at Scope 1 and Scope 2 as a KPI, and promote related initiatives. These will include the installation of renewable energy facilities (such as for solar power generation), the purchase of renewable energy, and further conservation of energy.

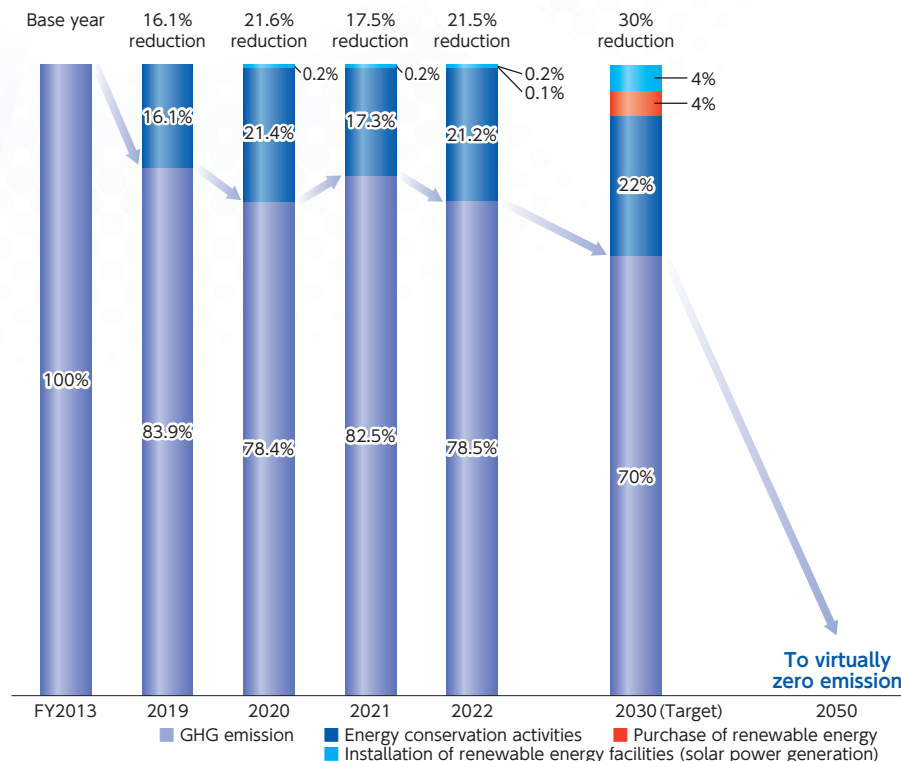
Targets on GHG emission reductions	
FY2030 GHG emissions in Scope 1 and Scope 2 for JSP Corporation 30% reduction (compared to FY2013)	FY2050 Net zero

Indicators and Targets

Assumptions of the Roadmap

- Scope: GHG emissions of non-consolidated JSP at Scope 1 and Scope 2
- GHG reduction target: Calculated based on the Act on the Rationalization etc. of Energy Use.

Roadmap for GHG emission reductions (FY2013 is taken as 100)



Risks related to the Environment, Safety, etc.

Main contents of risks and opportunities	Main response of JSP
<p>(1) Natural disasters and accidents</p> <p>The JSP Group has many manufacturing plants globally and there is a possibility of accidents and industrial accidents at plants, accidents in external warehouses and in product transportation, and damage to production facilities due to natural disasters.</p> <p>With regard to earthquake disasters which are expected to have the greatest impact among natural disasters, our Yokkaichi plant and other facilities could be affected by a massive Nankai Trough earthquake, which is considered to have a high probability of occurring and could suffer significant damage.</p>	<p>The JSP Group ensures the safety of production aiming for no accidents, no disasters, and stable supply. In addition, to deal with natural disasters such as earthquakes, heavy rains, and floods, the JSP Group prepares disaster countermeasure manual and business continuity plan (BCP), operates an employee safety confirmation system, and conducts disaster drills.</p>
<p>(2) Environmental issues with plastics</p> <p>Plastic has become a global social issue as it becomes marine waste due to improper disposal. With the focus on the Paris Agreement, SDGs and ESG issues, there is a movement toward plastic recycling, conversion to other materials and plastic-free products. Particularly in Europe, the circular economy movement is advancing and we expect the movement of pursuing resource recycling to accelerate in the future. Inadequate or delayed responses to these trends could have an impact on our business.</p>	<p>The JSP Group recognizes that the environmental issue of plastics is one of the important issues (materiality) to be addressed and is actively promoting efforts to contribute to society through environmentally friendly products, as well as initiatives such as material and thermal recycling of plastics, and use of recycled materials.</p> <p>In December 2021, the JSP Group declared to support the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Through scenario analysis, we will reduce the risks posed by climate change and promote strategies that are in line with the Group's business operations so that risks can be turned into business opportunities.</p>

Social Activities

Communication with Stakeholders

The JSP Group recognizes the importance of building mutual trust through dialogue with all stakeholders, including customers. We strive to understand the issues that the society faces based on the opinions and evaluations received through engagement with customers, business partners, shareholders and investors, dialogue with local communities and governments and communication with employees and job applicants. Through various media we disclose sufficient information to all stakeholders at an appropriate time by providing shareholder/investor information and various news releases. Through communication with a wide range of stakeholders, we aim to be a company that is trusted by society.

Stakeholders	Objective	Actions	Frequency
Customers	To build long-term relationships with our customers by listening to their opinions and providing products and services that meet their needs.	Direct support through product sales	Daily
		Inquiries	As needed
		Customer satisfaction survey based on ISO9001	1/year
Suppliers	To promote sustainable procurement through our business partners.	Direct support through product purchasing	Daily
		Inquiries	As needed
Shareholders & Investors	To enhance our corporate value through sustainable growth by disclosing fair information to meet the expectations of our shareholders and investors.	General Meeting of Shareholders	1/year
		Inquiries	As needed
		Financial Results Briefing	2/year
		IR individual coverage	As needed
		Information disclosure in accordance with laws, regulations and stock exchange rules	As needed
		Reports for shareholder communication	2/year
		Information provision on the website and publication of various reports	As needed

Stakeholders	Objective	Actions	Frequency
Community & Government	To interact with the local community and contribute to the development of the region through participation in local events and community involvement.	Various community contribution activities	As needed
		Factory tours	As needed
		Participation in community events	As needed
Employees	To develop human resources and create a work environment in which each employee can demonstrate their full potential. To maintain the health of our employees and respect their diversity.	Training by job level	As needed
		Interviews for objective management	2/year
		Company newsletter	4/year
		Intranet operation	Daily
		Whistleblowing	As needed
		Briefings on personnel-related systems, including salaries and bonuses, and meetings to exchange opinions	1/year
		Health and Safety Committee	1/month
Head Office Health Committee	1/month		
Job Seekers	To secure excellent human resources, achieve sustainable growth, and increase corporate value by disclosing information and holding information sessions for those who wish to join our company.	Information provision on the website	As needed
		Company information sessions and recruitment guidance	As needed

Social Activities

Quality Assurance

Quality Policy

- We create products that meet the needs of our customers and contribute to the sustainable development of our customers and society.
- We continuously improve the quality management system.

Procurement

Basic approach to procurement operations

While economic development is driven by globalization, environmental issues such as climate change are causing various impacts on the planet, animals and plants, including on our own lives. In addition, the increasing importance of addressing social problems, including human rights issues, in the globalized corporate supply chain requires companies to be more committed to what is ethically right than the law requires. Based on our corporate philosophy of "Creatively and Actively Contribute to Society", we contribute towards the realization of a sustainable society not only by providing environmentally and socially friendly products, but also by giving due consideration to the environment and society through our global procurement activities.

As part of this, the JSP Group Basic Procurement Policy has been established as follows to promote sustainable procurement activities throughout the supply chain.

JSP Group Basic Procurement Policy

1. We will conduct transactions based on fair, equitable and free competition, open to domestic and foreign suppliers, and with transparent procedures.
2. In our procurement activities, we will comply with the laws, regulations, social norms of each region and country.
3. We will conduct optimal procurement activities based on economically rational methods and strive to build and maintain sound business relationships with suppliers with the aim of mutual development.
4. We will strive to implement procurement activities that put customer satisfaction first.
5. In selecting suppliers, we will take the followings as important points, and will also consider their sustainability activities.
 - (1)Respect human rights and eliminate discrimination. Not complicit in human rights abuses.
 - (2)Apply fair labor conditions, maintain safe workplace environment and eliminate forced labor and child labor.
 - (3)Recognize environmental issues and work to resolve and address them.
 - (4)Have a stable management base and appropriate levels of quality, price, and delivery time, and make efforts to maintain and improve them.
 - (5)Comply with laws, regulations, and social norms.

Partnership Building Declaration

In December 2022, JSP announced our Partnership Building Declaration in support of the purpose of the Future Partnership Building Promotion Council promoted by the Cabinet Office and the Small and Medium Enterprise Agency. As we work towards building new partnerships, we pledge to collaborate and coexist in mutual prosperity with all business partners in the supply chain and those who seek value creation.

JSP has specified the following individual items in conjunction with the Declaration.

<Individual Items>

- We will actively utilize open innovation and work to create new businesses.
- We agree with the purpose of the White Logistics promotion campaign and strive to build appropriate relationships with our business partners.
- We published the JSP Group Basic Procurement Policy and strive to conduct transactions that do not involve personal interests based on fair, equitable, and free competition.



Voluntary Action Declaration for White Logistics Promotion Campaign

In December 2022, we submitted a Voluntary Action Declaration in support of the White Logistics promotion campaign advocated by the Ministry of Land, Infrastructure, Transport and Tourism, the Ministry of Economy, Trade and Industry, and the Ministry of Agriculture, Forestry and Fisheries. We recognize that securing a sustainable and stable supply of logistics necessary for business activities is a management issue. Aiming to realize highly productive logistics and work style reforms, we will foster mutual understanding with business partners, logistics companies, and other stakeholders. Based on these efforts, we are working to improve logistics.



「ホワイト物流」
推進運動

Social Activities

Approach and Activities on Human Capital

The JSP Group regards human capital as a source for the creation of economic and social value. As indicated in our management policy “Deliver with WOW!”, “Be excited in our work” will become a creative force for action, and by fulfilling “Inspire customers and consumers” and “Deliver satisfaction to shareholders and the community”, we aim to be “A Global Company for Global Society”, which is our long-term vision, VISION 2027, and realize our corporate philosophy “Creatively and Actively Contribute to Society”.

List of Indicators and Targets Related to Human Capital

➔ https://www.co-jsp.co.jp/english/sustainability/s/s_humancapital.html

Strategy

The JSP Group’s human resources policy is to promote diversity in human resources. On a non-consolidated basis, we are working to promote women to management positions, with the target of achieving 10% women in management positions for JSP Corporation by FY2025. In addition, Area Career-track Work System was introduced in FY2021 to realize both the wishes of employees who want to work locally and the pursuit of diversity in the human resources who will lead the company in the future with the aim of converting general staff to career-track staff. We have long been actively working on the employment of people with disabilities, particularly in Group companies in Japan. We are also working to further strengthen mid-career recruitment in the highly specialized areas. Furthermore, as part of our human resources development policy, we promote human resources development and run training system actively. We provide a range of training programs such as induction training for new graduates and mid-career recruitment and training early career staff and training for senior staff. As we believe that managers’ self-innovation is essential for a diverse people to work with excitement and play active roles, a range of training programs are offered including training for new managers and management skills development training for middle and senior managers.

As a part of company environment development policy, the JSP Group pursues the organizational culture in which each employee feels a sense of fulfilment in work in order to “Be excited in our work”. We have introduced a self-assessment system to enable employees to broaden their scope of activities, and we strive to improve engagement by allocating personnel in consideration of their own career paths. We are also working to improve the rate of men taking paternity leave, with the aim of making it easier for them to balance work and childcare. In addition, as a part of efforts to ensure the health and safety of our employees, we are committed to workplace health and safety, occupational safety at the plants and mental health care for our employees.

Diversity

JSP promotes diversity and inclusion, aiming for a workplace where employees respect each other and are assured of psychological safety so that they can continue to play active roles.

Promotion of Women’s Participation and Advancement in the Workplace*

Promoting Active Participation of Senior Human Resources*

Facilitation for the Employment of Persons with Disabilities*

*Please refer to the following URL.

➔ https://www.co-jsp.co.jp/english/sustainability/s/s_diversity.html

Human Resource Development

JSP will work to strengthen recruitment and human resource development for business creation and provide opportunities for mutual growth between the company and employees.

List of training by job rank in FY2022

➔ https://www.co-jsp.co.jp/english/sustainability/s/s_training.html

Career Support

Self-assessment System

This system allows employees to report their future career aspirations and daily feelings to the company and is an opportunity to communicate their opinions and aspirations to the company in order to improve openness and unify intentions within the company.

Support for Acquisition of Qualification Necessary for Operations

JSP supports the acquisition of qualifications necessary for operations, including the cost of acquiring qualifications and the payment of qualification allowances to those registered for official qualifications.

Work Life Balance

We believe that maintaining physical and mental health is fundamental for each employee to work with excitement and motivation. JSP is making various improvements to the work environment.

➔ https://www.co-jsp.co.jp/english/sustainability/s/s_work.html

Regular Health Check

JSP carries out health check-ups every year and those with findings are recommended to undergo re-examination or a full medical check-up. A follow-up is conducted through interviews with occupational physicians.

Employee Assistance Program

JSP carries out stress checks via the internet every year and various follow-ups are conducted based on the results. This content covers not only consultations regarding health and careers but also a wide range of mental health issues, and we have built a system whereby employees can easily seek advice to help them achieve a better mental and physical balance.

Flex-time System

JSP has introduced a flextime system to accommodate each employee’s personal circumstances and to enable them to exercise their abilities in the workplace, depending on their duties. By allowing employees to work flexibly outside of their core work hours, employees are able to improve work efficiency and diversify their working styles. Active use of the system also helps to reduce overtime work and promote health and wellness.

Controlling Long Working Hours

JSP sets its own standards for overtime hours per month, which are stricter than the upper limit of working hours under the Act on the Establishment of Relevant Laws to Promote Workplace Reform in Japan. If any employee exceeds the overtime hours, the Personnel Affairs Department sends a reminder to the employee through the person in charge of the department. The person in charge and the employee work together to control long working hours and strive to comply with our standards.

Childcare Leave and Nursing Care Leave

To enable employees to balance work and family life, JSP offers maternity leave, childcare leave, nursing care leave systems, as well as shorter working hours for childcare and nursing care. In particular, to create an environment that makes it easier for employees to return to work after childcare leave and to help them cope with changes in their new working environment, we allow employees to take “childcare leave for familiarization” within one month from the date the child starts daycare.

Promotion of Taking Paid Leave

JSP is actively promoting the acquisition of paid leave for the purpose of improving the physical and mental health and motivation of employees and improving labor productivity. Employees are granted between 3 and 12 days in their first year of employment, depending on when they join the company, and up to 20 days in their second and subsequent years, depending on the length of service. In addition, up to 30 days can be accumulated in addition to paid leave in case medical treatment is required due to illness or injury.

Area Career-track Work System

This is a system for career-track employees who are not subject to relocation. By converting positions from technical or general staff to area-career-track positions, employees can expand the scope of the job and meet the needs of diverse work schedules, such as changing lifestyle stages.

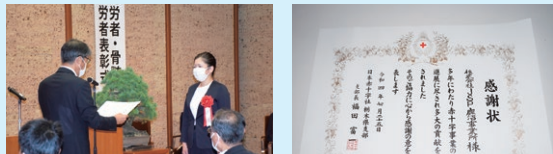
Social Activities

Social Contribution Activities

1. Received a letter of appreciation from the Japanese Red Cross Society Tochigi Branch for cooperation in blood donation activities at JSP plants

Every year, JSP participates in blood donation activities by the Japanese Red Cross Society. In 2022, we cooperated in blood donation activities at the Hokkaido Plant and Kanuma Plants. Prior to starting activities, we held activities in our offices to encourage cooperation and raise awareness for blood donation. The number of participants is increasing every year. The Kanuma Plants received a letter of appreciation from Tochigi Branch of the Japanese Red Cross Society for Blood Donation Merit Award 2022 at the Tochigi Prefectural Hall on July 25, 2022.

This letter of appreciation is presented to companies, organizations, and individuals that cooperate with the activities of the Japanese Red Cross Society. The Kanuma Plants' long history of cooperation in blood donation activities and implementation of activities during the COVID-19 pandemic were highly evaluated. We will continue to cooperate in blood donation activities as part of our social contribution activities in order to realize our corporate philosophy "Creatively and Actively Contribute to Society."



2. Providing tableware to a children's cafeteria

In April and July 2022, JSP Packaging Corporation, a Group company that manufactures and sells food containers, provided food containers for use at Kodomo Shokudo Machi no Gohanya san (a children's cafeteria organization). This organization provides food support to needy households such as households on child rearing allowances and welfare households in Konosu City, Saitama Prefecture.

These activities are operated by the NPO Niko Niko mama's. The activities are held at a cafeteria in Konosu City, and are open to participation by anyone. The cafeteria serves local children and their guardians so that they can enjoy meals while interacting with others. The activities also include dietary education by a registered dietician for conveying the importance of food. A total of about 300 people participated in two events in which JSP Packaging provided food containers.



3. Yokkaichi No.1 Plant and Yokkaichi Research Center received a letter of appreciation for donating emergency food

The Yokkaichi No.1 Plant and the Yokkaichi Research Center in Mie Prefecture stockpile emergency food in preparation for emergencies. As part of activities, we sequentially replace emergency food which is nearing its expiration date, and we donate emergency food that is close to the expiration date.

By selecting donation recipients using matching software operated by Mie Prefecture, we were able to deliver emergency food to a wide range of people, including children's cafeterias, support for the needy, and volunteer activities. In October 2022, we received a letter of appreciation from Mie Prefecture for these activities.



4. Donated 100,000 sheets of paper to support French schools

In December 2022, JSP International S.A.R.L., a Group company in France, donated 100,000 sheets of paper to support schools in Estrées-Saint-Denis, with the aim of promoting the growth and education of children.

This meaningful donation not only contributes to the local community, but also provides an excellent opportunity for an experience of "Deliver with WOW!" through effective learning opportunities for children. JSP International S.A.R.L. also received a message of gratitude from the mayor of Lucette. This message was introduced in the local newspaper.

Afterwards, we received letters of thanks from the children. The letters are now displayed in the plant office.



5. Status of main activities

Classification	Number of projects	Cost (thousand yen)	Main contents
Social welfare	5	40	Provision of food containers, campaign to collect bottle caps for use as proceeds to provide vaccines, etc.
Education/ social education	9	744	Accepting interns and sponsoring educational events
Environment	1	1,680	Participating in environment-related exhibitions
Community activities	15	1,539	Volunteering for blood donations, holding of community cleanup activities
Disaster relief	1	100	Holding donation activities for fire victims
Others	1	10	Holding donation activities for the Japanese Red Cross Society

Corporate Governance As of July 3, 2023

Basic Philosophy on Corporate Governance

Based on the recognition that the most important management issue is to continue sustainable business growth and increase corporate value, JSP has adopted the corporate philosophy of “Creatively and Actively Contribute to Society,” and aims for the management to earn the trust and satisfaction of all stakeholders as a globally competitive company that places emphasis on safety and environmental responsiveness.

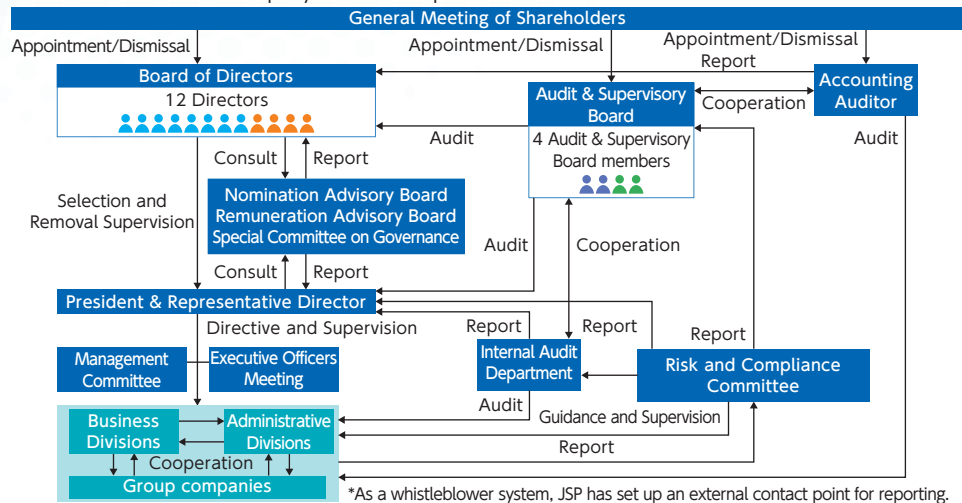
JSP believes that effective functioning of corporate governance and thorough pursuit of management efficiency, transparency, and soundness are essential issues to achieve this objective.

Basic Policy

- (1) The Company has adopted a “Company with an Audit & Supervisory Board system” where the Board of Directors makes decisions on the most important matters of the Company and strives to create an environment for appropriate management judgment in such decision-making.
- (2) The Company shall respect the rights and positions of all stakeholders and strive to cooperate with them appropriately.
- (3) The Company shall strive to ensure transparency to all stakeholders through appropriate information disclosure.
- (4) As a “Company with an Audit & Supervisory Board”, the Company shall appoint independent outside directors and auditors and ensure sound management practices by monitoring management in line with the Company.
- (5) The Company shall engage in constructive dialogue with shareholders.

Corporate Governance Structure

JSP has adopted the above Corporate Governance System based on our judgment that it is optimal for maintaining and improving the efficiency, transparency, and soundness of management, taking into consideration the Company’s overall corporate size and other factors.



● Director ● Outside Director ● Audit & Supervisory Board member ● Outside Audit & Supervisory Board member

Basic Information on Corporate Governance Structure

Organizational form	Company with an Audit & Supervisory Board
Composition of the Board of Directors	12 including 4 Outside Directors
Term of office for the Board of Directors	1 year
Chair of the Board of Directors	President & Representative Director
Voluntary Advisory Board	Nomination Advisory Board, Remuneration Advisory Board, Special Committee on Governance, 5 members (4 Outside Directors, President & Representative Director)
Composition of the Audit & Supervisory Board	4 including 2 Outside Audit & Supervisory Board members
Number of independent officers	6
Business execution system	Executive officer system
Management Committee	12 members (President & Representative Director, 2 Executive Vice Presidents, 9 Senior Executive Officers)
Executive Officers Meeting	20 members (Representative Director and President, 19 Executive Officers)

Skills Matrix

	Name	Business Administration & Global Management	Business Strategy & Marketing	ESG (Environment, Society, Governance)	Finance & Accounting	Personnel Affairs & Development of Human Resources	R&D	Production Technology & Quality Control
Director	Tomohiko Okubo	●	●	●		●		
	Koichi Wakabayashi	●	●				●	●
	Yasuo Oikawa	●	●				●	●
	Kosuke Uchida		●	●	●	●		
	Yasushi Komori	●	●		●	●		
	Yoshikazu Shima			●		●	●	●
	Tomoyuki Kiura		●	●	●			
	Yoshihisa Ishihara		●	●			●	●
	Hisashi Shinozuka	●	●	●				●
	Takayuki Ikeda	●	●	●		●		
	Kiyoshi Itou	●		●	●	●		
	Ryoko Sugiyama	●	●	●		●		
	Audit & Supervisory Board member	Makoto Ogawa	●	●	●		●	
	Yoshiaki Sawada			●	●	●		
	Hideki Honda			●	●	●		
	Yoshiyuki Kawakami			●				

Up to four areas of expectation for each person are listed.

The above list does not represent all the knowledge and experience possessed by each person.

Reference: Please see the our website for details regarding corporate governance.

➔ https://www.co-jsp.co.jp/english/sustainability/g/g_basic.html

Activities of Major Meeting Bodies and Advisory Committees

Board of Directors

Meetings of the Board of Directors are chaired by President & Representative Director Tomohiko Okubo. The board consists of 12 Directors, including 4 Outside Directors. Meetings are also attended by 4 Audit & Supervisory Board members, including 2 Outside Audit & Supervisory Board members. In principle, the board meets once a month to deliberate and make decisions on matters stipulated in laws, regulations, and the Articles of Incorporation, and as well as on important management matters. The board also supervises the Company's overall business and management.

In order to have thorough discussions at the Board of Directors, outside officers are provided with materials regarding the background, purpose, and content of proposals prior to meetings of the Board of Directors. Also, as necessary, sufficient explanations are provided by persons making proposals.

Audit & Supervisory Board

Audit & Supervisory Board members attend meetings of the Board of Directors and other important internal meetings, exchange opinions with the Representative Director, conduct interviews with the employees in charge of each business, investigate major offices and subsidiaries, and engage in other activities to audit the legality and validity of the Group's operations. Audit & Supervisory Board members also exchange opinions periodically and as necessary with accounting auditors and the Internal Audit Department in an effort to strengthen mutual cooperation.

Nomination Advisory Board

The Nomination Advisory Board is chaired by the lead Outside Director, Hisashi Shinozuka. The board is composed of 5 people, including 4 Outside Directors and the President & Representative Director. When selecting candidates for Directors and Audit & Supervisory Board members, in response to consultation from the Representative Director, the Nomination Advisory Board selected candidates who are appropriate for the position and have the necessary experience, knowledge, and abilities to create medium-to long-term corporate value. The board deliberated if candidates were qualified to fulfill their responsibilities in light of the selection criteria and skill matrix, and submitted a report the President & Representative Director.

Remuneration Advisory Board

The Remuneration Advisory Board is chaired by the lead Outside Director, Hisashi Shinozuka. The board is composed of 5 people, including 4 Outside Directors and the President & Representative Director. In regard to remuneration for each Director, in response to consultation from the Representative Director, the board comprehensively considered factors such as the business environment, business conditions, business results, financial situation, and each Director's contribution, etc., and reported to the President & Representative Director.

Special Committee on Governance

The Special Committee on Governance is composed of 3 or more independent Outside Directors. By ensuring fairness, transparency, and objectivity in transactions between the Company and its parent company group, the Company aims to appropriately protect the interests of minority shareholders and enhance corporate governance. In response to inquiries from the Board of Directors, the Company deliberated on transactions with the parent company group and provided a report.

Management Committee

The Management Committee is chaired by President & Representative Director Tomohiko Okubo. The committee is composed of 2 Executive Vice Presidents and 9 Senior Executive Officers. 2 full-time Audit & Supervisory Board members also attend meetings of the committee. In principle, committee meetings were held once a month to discuss basic management policies, measures to improve corporate structure, and other important management matters. In particular, during the current fiscal year, the committee deliberated on the progress of the medium-term business plan and future challenges.

Executive Officers Meeting

The Executive Officers Meeting is chaired by President & Representative Director Tomohiko Okubo and is composed of 19 Executive Officers. 2 full-time Audit & Supervisory Board members also attend the meetings. In principle, the meeting was held twice a month to discuss important management matters and execute business operations based on quick judgments that accurately reflect changes in the business environment. Additionally, the meeting monitored the planning, drafting, and progress of the Company's sustainability management.

Risk and Compliance Committee

The Risk and Compliance Committee is chaired by the General Manager of the General & Personnel Affairs Division. In principle, the committee meets once a month. The committee manages compliance and risks across the Group, and serves as a support function for management decisions to ensure that the Board of Directors takes appropriate risks. 2 full-time Audit & Supervisory Board members also attend committee meetings.

Evaluation on Effectiveness of the Board of Directors

JSP conducts an annual questionnaire to Directors and Audit & Supervisory Board members for assessing the effectiveness of the Board of Directors. The Board of Directors analyzes and evaluates the results of the questionnaires and the opinions of the independent Outside Directors and Outside Audit & Supervisory Board members with respect thereto. (Article 26 of the Corporate Governance Guidelines)

When evaluating the effectiveness of the Board of Directors in fiscal 2022, we conducted a survey of all Directors and Audit & Supervisory Board members in March 2023. We then discussed the results at the Board of Directors meeting held in June 2023.

For a summary of the most recent evaluation of the effectiveness of the Board of Directors, please refer to the Corporate Governance Report, [Supplemental Principle 4-11-3 Analysis and Evaluation of the Overall Effectiveness of the Board of Directors].

➔ https://www.co-jsp.co.jp/sustainability/g/g_system.html (Japanese only)

Training for Directors and Audit & Supervisory Board Members

The Company has established a training policy for Directors and Audit & Supervisory Board members to provide them with ongoing opportunities to acquire the knowledge necessary to perform their duties. (Article 28 of the Corporate Governance Guidelines)

Training Policy for Directors and Audit & Supervisory Board Members

- When a Director or Audit & Supervisory Board member is newly appointed, information necessary for the execution of duties by the officer shall be provided as appropriate through lectures and training by outside experts. After assuming office, training on management issues and legal revisions shall be provided on an ongoing basis.
- When an independent Outside Director or Outside Audit & Supervisory Board member is newly appointed, the person shall be encouraged to understand the Company's management philosophy and corporate culture and shall be provided with an inspection tour of major business locations and an explanation of business activities. After assuming office, the Company shall continue to provide information on management issues and other matters as appropriate.
- For the business plan and annual budget policy, an annual policy meeting will be held every fiscal year to provide an opportunity to share information throughout the company.

Information Provision and Support System for Directors and Audit & Supervisory Board Members

The Company shall establish a support system to ensure that Directors and Audit & Supervisory Board members have access to the information necessary to effectively fulfill their roles and responsibilities. (Article 27 of the Corporate Governance Guidelines)

- The secretariat of the Board of Directors shall collect and provide information as necessary for Directors and Audit & Supervisory Board members to perform their duties.
- Audit & Supervisory Board members may request the appointment of employees to assist them in their audit duties, and when such employees assist them in their audit duties, shall not be subject to the direction and orders of Directors, etc.

Remuneration

Remuneration for directors (excluding part-time directors) is configured as base compensation and reserve-type remuneration to be paid upon retirement.

Base compensation comprises fixed compensation, short-term performance-linked compensation, and executive

shareholder association-contributed compensation. Among the base compensation, fixed compensation and executive shareholder association contributed compensation are determined according to the responsibilities of each position.

The compensation for part-time directors and Audit & Supervisory Board members comprises fixed compensation in the form of base compensation.

The President & Representative Director, authorized by the Board of Directors, prepares the proposed amount of remuneration for each director for the current fiscal year within the remuneration limit resolved at the General Meeting of Shareholders, in accordance with the Company's Executive Remuneration Regulations, taking into consideration the business environment, operating conditions, performance, financial condition, each individual's contribution and other factors. The President & Representative Director consults the Remuneration Advisory Board, which is composed of the Representative Director and the Outside Directors and chaired by the top Outside Director, on the proposed amount of compensation.

The Remuneration Advisory Board then reports to the President & Representative Director on the proposed amount of remuneration discussed. The President & Representative Director determines the amount of remuneration for each director based on the report of the Remuneration Advisory Board. The remuneration for each Audit & Supervisory Board member is determined by consultation among the Audit & Supervisory Board members within the remuneration limit resolved at the General Meeting of Shareholders, taking into consideration the contribution of each individual.

Please refer to the following for matters regarding performance-linked compensation.

1. Details of performance indicators selected as the basis for calculating the amount of performance-linked remuneration, etc.

Performance-linked compensation consists of short-term performance-linked compensation as part of base remuneration and midterm performance-linked compensation as part of reserve-type remuneration to be paid upon retirement. For both types of remuneration, performance indicators (consolidated net sales, consolidated operating income, consolidated operating margin, and net income attributable to shareholders of the parent company) determined by the Board of Directors are used as the basis for calculating the amount of remuneration.

2. Reason for selection of the relevant performance indicators

The reason for selecting these indicators is that they are important management indicators showing the growth potential and profitability of the Company.

3. Method of calculating the amount of performance-linked compensation, etc.

Short-term performance-linked compensation is determined by the performance ratio during the subject period against the base value of the above performance indicators determined by the Board of Directors. The reserve-type remuneration to be paid upon retirement is determined as a midterm performance-linked compensation by calculating the cumulative amount of performance indicators for the relevant consolidated medium-term business plan period at the end of the fiscal year as a percentage of the performance indicators achieved during the same period of the previous consolidated medium-term business plan.

Director and Audit & Supervisory Board member remuneration totals for fiscal 2022

Position	Total remuneration (Millions of yen)	Total amount of remuneration by type (Millions of yen)				Number of eligible officers (people)
		Base compensation			Reserve-type remuneration to be paid upon retirement	
		Fixed compensation	Short-term performance-linked compensation	Executive shareholder association-contributed compensation		
Directors (excluding Outside Directors)	258	209	2	16	30	8
Audit & Supervisory Board members (excluding Outside Audit & Supervisory Board members)	15	15	-	-	-	2
Outside officers	56	56	-	-	-	6

Internal Control System & Risk Management Structure

Basic Policy on the Development of Internal Control Systems

In accordance with the Companies Act and the Ordinance for Enforcement of the Companies Act, JSP Corporation has established the following basic policy for the development of internal control systems. We will review this basic policy as needed and strive to maintain more appropriate internal control systems.

1. System to ensure that the execution of duties by directors and employees of the Company and by directors and employees of the Company's subsidiaries complies with laws and regulations and the Articles of Incorporation	(1) The Company shall establish the "JSP Group Corporate Action Guidelines" and the "JSP Group Code of Conduct" common to the Company and its subsidiaries (hereinafter referred to as the "Group companies" and together with the Company, the "JSP Group"), and shall ensure compliance with laws and regulations and social ethics as a prerequisite for its corporate activities and shall thoroughly adapt to social demands.
	(2) The Company shall establish a Risk and Compliance Committee to oversee compliance across the JSP Group, which shall play a central role in providing education and training to the officers and employees of the JSP Group.
	(3) Audit & Supervisory Board members and the Internal Audit Department shall work together to audit the status of compliance of the JSP Group.
	(4) For any legally questionable conduct, the Company shall establish a whistleblower consultation service as a means for the JSP Group executives and employees to directly provide information, investigate the details, and consider and implement measures to prevent recurrence.
2. System for storage and management of information related to the execution of duties by the Company's directors	(1) In accordance with the Document Management Regulations, information related to the execution of duties by directors shall be recorded and stored in documents or electromagnetic media (hereinafter referred to as "documents, etc.>").
	(2) Directors and Audit & Supervisory Board members shall have access to these documents, etc. at all times in accordance with the Document Management Regulations.
	(3) Matters required to be disclosed by law or stock exchange regulations shall be promptly disclosed in accordance with the Information Disclosure Regulations.
3. Regulations and other systems for managing the risk of loss of the JSP Group	(1) The Risk and Compliance Committee shall be responsible for the overall management of the JSP Group's risks and shall identify and analyze risks.
	(2) The Risk and Compliance Committee shall take the lead in establishing various rules and regulations for risk management and strengthening the JSP Group's risk management system.
	(3) In the event of a disaster or other unforeseen event, the department in charge of crisis management shall respond in accordance with the rules and manuals stipulating emergency responses.
4. System to ensure the efficient execution of duties by the Company's directors and directors of the Group Companies	(1) The Board of Directors of the Company shall meet once a month in principle to make decisions on basic management policies, matters required by laws and regulations, and other important management matters. The Company shall also hold a Management Committee consisting of representative directors and executive officers at the senior executive officer level or above to discuss important management matters in advance.
	(2) The Company has adopted an executive officer system, a division system for business divisions, and a corporate division system for corporate sectors as its business execution system and is working to improve the efficiency of business execution by delegating execution authority and performance responsibility.

	(3) The Company shall decide important individual management issues related to business execution at the Executive Officers Meeting, which in principle is held twice a month.
	(4) The Company shall formulate management plans on a consolidated basis and provide management control and guidance to the Group companies in order to realize such plans.
	(5) The Group companies shall, in principle, belong to their respective business divisions or corporate divisions in terms of organization and their business execution shall be under the direct control of the business divisions or corporate divisions to which they belong.
5. System for reporting to the Company on matters related to the execution of duties by Directors and others of the Company's subsidiaries and other systems to ensure the appropriateness of operations of the corporate group consisting of the Company, its parent company and subsidiaries.	(1) The Internal Audit Department of the Company shall periodically audit the operations of the Group companies to ensure the appropriateness of their operations.
	(2) The Company shall enter into a basic agreement on capital and business alliance with the parent company to ensure autonomy in the management of the Company. In addition, the Company shall endeavor to ensure the appropriateness of transactions with the parent company by, for example, maintaining the same level of terms and conditions as those of transactions between independent parties.
	(3) The Company shall require the Group companies to obtain prior approval from or report to the Company on important management matters.
6. Matters concerning employees to assist the Company's Audit & Supervisory Board members in the performance of their duties	(1) Audit & Supervisory Board members may request the appointment of employees to assist them in their audit duties as necessary.
	(2) Employees who receive instructions necessary for audit duties from Audit & Supervisory Board members shall not be subject to the direction and orders of directors, with respect to such instructions. The transfer, evaluation and disciplinary action, of such employees shall be discussed with the Audit & Supervisory Board.
7. System for reporting to the Company's Audit & Supervisory Board members	(1) Directors and employees shall report to the Audit & Supervisory Board, in accordance with the Regulations of the Audit & Supervisory Board, matters that have a material impact on the JSP Group as well as the status of internal audits conducted by the JSP Group, in addition to legally required matters.
	(2) Audit & Supervisory Board members shall attend meetings of the Board of Directors and other important meetings of the Company and each Group Company to collect information on important management matters of the JSP Group.
	(3) The Risk and Compliance Committee shall report to the Audit & Supervisory Board members the status and content of reports received from the officers and employees of the JSP Group through the Whistleblowing and Consultation Desk. The method of reporting (reporter, recipient, and timing of reporting) shall be determined through consultation between the directors and the Audit & Supervisory Board members.
8. Other systems to ensure that the audits of the Audit & Supervisory Board members are conducted effectively	(4) Any disadvantageous treatment of a person who reports to the Audit & Supervisory Board members by reason of such report shall be prohibited and all officers and employees of the JSP Group shall be informed of such prohibition.
	(1) The Audit & Supervisory Board shall provide regular opportunities for individual hearings with the persons responsible for each business and other relevant personnel.
	(2) The Audit & Supervisory Board shall hold regular meetings to exchange opinions with representative directors and audit firms, respectively.
9. System to ensure reliability of financial reporting	(3) The Audit & Supervisory Board shall set aside a certain amount of budget every year to pay expenses incurred in the performance of their duties.
	The JSP Group shall establish a system to ensure the reliability of financial reporting, continuously evaluate the system and immediately correct or improve any deficiencies.
10. System for eliminating antisocial forces	As a member of society, the JSP Group shall have no relationship with antisocial forces or groups that threaten the order and safety of civil society and shall take a firm stand against them.

List of Corporate Officers As of June 29, 2023

Board of Directors, Audit & Supervisory Board Members



Tomohiko Okubo
President &
Representative Director



Yasushi Komori
Director, Senior Executive
Officer, General Manager
Finance & Accounting
Division
Manager of Accounting
Department



Hisashi Shinozuka
Outside Director



Makoto Ogawa
Audit & Supervisory
Board Member (full-time)



Koichi Wakabayashi
Director,
Executive Vice President
Extrusion Business Division



Yoshikazu Shima
Director,
Senior Executive Officer
Research & Development
Division, New Business
Development Division



Takayuki Ikeda
Outside Director



Yoshiaki Sawada
Audit & Supervisory
Board Member (full-time)



Yasuo Oikawa
Director,
Executive Vice President
Bead Business Division,
Global Business Division



Tomoyuki Kiura
Director,
Senior Executive Officer
Assistant to the President,
Corporate Planning Division



Kiyoshi Itou
Outside Director



Hideki Honda
Audit & Supervisory
Board Member (part-time)



Kosuke Uchida
Director,
Senior Executive Officer
General &
Personnel Affairs Division,
Internal Audit Department



Yoshihisa Ishihara
Director, Senior Executive
Officer, General Manager
General Technology
Division, Logistics &
Purchasing Division



Ryoko Sugiyama
Outside Director



Yoshiyuki Kawakami
Outside member of
Audit & Supervisory
Board (part-time)

List of Corporate Officers As of June 29, 2023

Senior Executive Officers/Executive Officers

Title	Name	Responsibilities
Senior Executive Officer	Shinya Ougi	General Manager of EPS Division
Senior Executive Officer	Kazuo Monji	General Manager of Industrial Materials Division
Senior Executive Officer	Tadao Yabiki	General Manager of Research & Development Division
Senior Executive Officer	Kazutoshi Sasaki	General Manager of Advanced Materials Sales Division
Executive Officer	Masato Naito	General Manager of New Business Development Division
Executive Officer	Shingo Takahashi	General Manager of Global Business Division

Title	Name	Responsibilities
Executive Officer	Yosuke Takemura	General Manager of General & Personnel Affairs Division and Manager of General Affairs Department
Executive Officer	Kazuhiro Nakajima	General Manager of Corporate Planning Division, Corporate Planning Department, and Public and Investor Relations Department, and Information System Department
Executive Officer	Atsuo Shimizu	General Manager of Yokkaichi Research Center, Research & Development Division
Executive Officer	Hiroaki Fukui	General Manager of Living Materials Division
Executive Officer	Takashi Hanne	General Manager of Construction and Civil Engineering Materials Division
Executive Officer	Masaharu Oikawa	Deputy General Manager of Global Business Division and Manager of Business Management Department Director and President of JSP Plastics (Shanghai) Co., Ltd. Director and President of JSP Advanced Materials (Wuxi) Co., Ltd. Director and President of JSP Advanced Materials (Dongguan) Co., Ltd. Director and President of JSP Advanced Materials (Wuhan) Co., Ltd.