

# JSR Group ESG Data

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Unless otherwise noted, FY (Fiscal Year) means the year starting April 1st.  
For example, FY2017 means April 1, 2017 - March 31, 2018



JSR Corporation

Created June, 2018  
Partially revised December, 2018

## ◆ Environment Data

### Environmental Impact of Business Activities

Category	Items	Boundary ※			Unit	FY2013	FY2014	FY2015	FY2016	FY2017
		A	B	C						
Input Data	Energy consumption	(Crude oil equivalent)	○ ○ ○	/	1,000 kL	514	527	559	558	579
			○ / /			267	265	268	267	266
			/ ○ /			128	112	126	118	118
			/ / ○			119	150	165	173	195
		○ / /	Per-unit change (4-year average.)	%	-0.6	-0.6	0.7	2.9	0.7	
	○ ○ ○	Intensity	kL/ton	0.31	0.30	0.30	0.30	0.27	0.27	
	Water consumption	(Excluding seawater)	○ ○ ○	/	1,000 m <sup>3</sup>	20,242	20,699	20,822	20,725	21,097
			○ / /			15,114	14,855	14,581	14,423	14,238
			/ ○ /			3,038	2,985	3,009	2,673	2,768
			/ / ○			2,090	2,859	3,232	3,629	4,091
		○ / /	Industrial water	1,000 m <sup>3</sup>	14,733	14,359	14,190	13,916	13,667	
		○ / /	Groundwater		234	357	253	354	393	
		○ / /	Tap water		147	139	138	153	178	
		○ / /	Seawater		59,830	57,395	54,725	55,413	55,011	
○ / /	Recycled water	4,496	4,249	4,159	4,193	4,250				
○ / /	Effective recycling ratio	%	29.7	28.6	28.5	29.1	29.8			
○ ○ ○	Intensity	m <sup>3</sup> /ton	7.3	7.9	7.3	6.7	6.4			
○ / /	Raw materials consumption	1,000 tons	10.4	11.7	12.2	12.7	12.4			
Output Data	Greenhouse gas emissions	Scope1 + Scope2	○ ○ ○	/	1,000 tons CO <sub>2</sub>	1,256	1,329	1,407	1,415	1,437
			○ / /			646	659	651	657	653
			/ ○ /			295	271	302	295	268
			/ / ○			315	399	454	463	516
		○ / /	Comparison with FY2013	%	0.0	2.0	0.8	1.7	1.1	
	○ ○ ○	Intensity	Tons/tons	0.71	0.72	0.73	0.74	0.62		
	Waste water	Total amount of waste water	○ ○ ○	/	1,000 m <sup>3</sup>	17,489	17,317	17,455	17,854	18,008
			○ / /			12,511	11,974	11,755	12,161	12,108
			/ ○ /			3,272	3,064	3,273	3,173	3,265
			/ / ○			1,706	2,279	2,427	2,520	2,635
		○ / /	Intensity	m <sup>3</sup> /ton	7.8	8.1	7.9	8.0	7.6	
		○ ○ ○	COD	/	Tons	469	515	516	546	548
		○ / /				444	445	444	459	457
		/ ○ /				25	70	72	87	91
		/ / ○				Intensity	x10 <sup>-6</sup> tons/tons	60	186	174
		○ ○ ○	Total nitrogen	/	Tons	154	129	156	145	164
		○ / /				147	124	148	139	156
		/ ○ /				6.5	5.4	8.1	6.0	7.6
		/ / ○				Intensity	x10 <sup>-6</sup> tons/tons	15.7	14.4	19.5
○ ○ ○		Total phosphorus	/	Tons	1	1	1	1	1	
○ / /	0.3				0.3	0.4	0.7	0.7		
/ ○ /	0.3				0.3	0.2	0.3	0.2		
/ / ○	Intensity				x10 <sup>-6</sup> tons/tons	0.7	0.7	0.6	0.6	0.5
Atmospheric emissions	SO <sub>x</sub>	○ ○ ○	/	Tons	6	6	5	6	5	
		○ / /			5	5	4	5	5	
		/ ○ /			1	1	1	1	1	
	○ ○ ○	Intensity	/	x10 <sup>-5</sup> tons/tons	0.1	0.2	0.2	0.2	0.1	
	○ / /				383	372	406	363	403	
	/ ○ /				328	322	342	305	335	
○ ○ ○	NO <sub>x</sub>	/	Tons	55	50	64	58	68		
○ / /				55	50	64	58	68		
/ ○ /				Intensity	x10 <sup>-5</sup> tons/tons	13.3	13.3	15.5	14.6	15.8
○ ○ ○	VOC	/	Tons	1,080	995	971	983	912		

\*Boundaries A: JSR Corporation B: Group companies in Japan C: Group companies in other countries

Category	Items	Boundary ※			Unit	FY2013	FY2014	FY2015	FY2016	FY2017	
		A	B	C							
O u t p u t  D a t a	Waste generated	Industrial waste generation	○	○	○	1,000 tons	75	78	82	78	71
			○	○	○	52	59	58	55	49	
			○	○	○	15	9	13	12	11	
			○	○	○	7	10	11	10	11	
		Comparison with FY2013	○	○	○	%	0.0	12.8	11.1	6.2	-5.5
		Recycled waste	○	○	○	1,000 tons	43	41	46	43	40
			○	○	○	23	25	25	25	23	
			○	○	○	15	9	13	12	10	
		Amount of final offsite-landfills	○	○	○	1,000 tons	0.5	1.0	0.8	1.1	0.9
			○	○	○	0	0	0	0	0	
	○		○	○	0.2	0.2	0.2	0.2	0.2		
	○		○	○	0.3	0.8	0.6	1.0	0.7		
	Total generated	○	○	○	1,000 tons	1,422	1,383	1,410	1,420	1,513	
		○	○	○	804	764	730	738	752		
○		○	○	417	376	415	397	431			
○		○	○	201	243	265	285	331			
PRTR (In Japan only)	Amount handled	○	○	○	Tons	1,109,000	1,072,000	1,014,000	1,036,000	1,074,000	
		○	○	○	932,000	932,000	851,000	881,000	903,000		
		○	○	○	177,000	140,000	163,000	155,000	171,000		
	Atmospheric emissions	○	○	○	Tons	531	482	505	519	548	
		○	○	○	309	262	287	273	290		
		○	○	○	222	220	218	246	258		
	Water supply discharge	○	○	○	Tons	9	8	8	8	7	
		○	○	○	3	3	2	3	2		
	Transported waste	○	○	○	Tons	6	5	6	5	5	
		○	○	○	1,927	385	481	420	636		
○		○	○	1,645	330	429	342	536			
		○	○	282	55	52	78	100			

\*Boundaries A: JSR Corporation B: Group companies in Japan C: Group companies in other countries

## Accounting for Greenhouse Gas Emissions Throughout the Supply Chain

Category	Boundary	FY2014 Emission		FY2015 Emission		FY2016 Emission		FY2017 Emission	
		t-CO <sub>2</sub>	ratio (%)	t-CO <sub>2</sub>	ratio (%)	t-CO <sub>2</sub>	ratio (%)	t-CO <sub>2</sub>	ratio (%)
I. Direct emissions (Scope 1)	JSR Group	641,906	47.2	681,074	46.4	500,532	22.9	458,843	20.8
II. Energy-derived indirect emissions (Scope 2)		653,509	48.1	721,082	49.2	915,473	41.9	977,662	44.2
III. Other indirect emissions (Scope 3)		64,226	4.7	64,540	4.4	771,050	35.3	774,232	35.0
I. Direct emissions (Scope 1)	JSR Corporation	397,548	56.5	379,019	54.8	397,252	28.2	382,808	27.3
II. Energy-derived indirect emissions (Scope 2)		261,351	37.2	272,225	39.3	260,455	18.5	269,766	19.2
III. Other indirect emissions (Scope 3)		44,219	6.3	40,597	5.9	749,048	53.2	750,414	53.5
I. Direct emissions (Scope 1)	Group companies in Japan	82,836	29.6	84,990	27.1	94,251	30.9	66,970	24.0
II. Energy-derived indirect emissions (Scope 2)		188,597	67.4	217,231	69.1	200,558	65.8	201,172	72.0
III. Other indirect emissions (Scope 3)		8,401	3.0	12,065	3.8	10,179	3.3	11,233	4.0
I. Direct emissions (Scope 1)	Group companies in other countries	161,522	42.9	217,065	47.1	9,029	1.9	9,065	1.7
II. Energy-derived indirect emissions (Scope 2)		203,561	54	231,626	50.3	454,460	95.6	506,724	95.9
III. Other indirect emissions (Scope 3)		11,606	3.1	11,878	2.6	11,823	2.5	12,585	2.4

### Other indirect emissions (Breakdown of Scope 3)

#### (1) JSR Corporation

Category	Items	FY2014 Emission		FY2015 Emission		FY2016 Emission		FY2017 Emission	
		t-CO <sub>2</sub>	ratio (%)	t-CO <sub>2</sub>	ratio (%)	t-CO <sub>2</sub>	ratio (%)	t-CO <sub>2</sub>	ratio (%)
Category 1	Purchased goods and services	–	–	–	–	668,734	89.3	666,950	88.9
Category 2	Capital goods	–	–	–	–	37,553	5.0	40,628	5.4
Category 3	Fuel and energy related activities not included in Scope 1 or 2	10,273	23.2	6,551	16.1	6,713	0.9	6,788	0.9
Category 4	Transportation and delivery (upstream)	12,028	27.2	12,172	30.0	14,133	1.9	13,177	1.8
Category 5	Waste from business operations	8,569	19.4	9,343	23.0	9,152	1.2	10,254	1.4
Category 6	Business travel	321	0.7	327	0.8	330	0.0	328	0.0
Category 7	Employee commuting	1,159	2.6	1,182	2.9	1,194	0.2	1,184	0.2
Category 8	Leased assets (upstream)	43	0.1	47	0.1	46	0.0	40	0.0
Category 9	Transportation and delivery (downstream)	11,770	26.6	10,916	26.9	11,156	1.5	11,065	1.5
Category 10	Processing of sold products	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Category 11	Use of sold products	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Category 12	Disposal of sold products	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Category 13	Leased assets (downstream)	56	0.1	59	0.2	38	0.0	0	0
Category 14	Franchises	0	0	0	0	0	0	0	0
Category 15	Investments	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total of Scope 3 (Category 1- Category 15)		44,219	100	40,597	100	749,048	100	750,414	100

(N/A: not applicable, –: no data)

## (2) Group companies in Japan

Category	Items	FY2014 Emission		FY2015 Emission		FY2016 Emission		FY2017 Emission	
		t-CO <sub>2</sub>	ratio (%)	t-CO <sub>2</sub>	ratio (%)	t-CO <sub>2</sub>	ratio (%)	t-CO <sub>2</sub>	ratio (%)
Category 1	Purchased goods and services	-	-	-	-	-	-	-	-
Category 2	Capital goods	-	-	-	-	-	-	-	-
Category 3	Fuel and energy related activities not included in Scope 1 or 2	-	-	-	-	-	-	-	-
Category 4	Transportation and delivery (upstream)	-	-	-	-	-	-	-	-
Category 5	Waste from business operations	7,140	85.0	10,914	90.5	8,986	88.3	10,036	89.3
Category 6	Business travel	329	3.9	240	2.0	237	2.3	233	2.1
Category 7	Employee commuting	865	10.3	848	7.0	836	8.2	822	7.3
Category 8	Leased assets (upstream)	63	0.8	54	0.4	45	0.4	41	0.4
Category 9	Transportation and delivery (downstream)	-	-	-	-	-	-	-	-
Category 10	Processing of sold products	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Category 11	Use of sold products	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Category 12	Disposal of sold products	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Category 13	Leased assets (downstream)	3	0.0	9	0.1	74	0.7	101	0.9
Category 14	Franchises	0	0	0	0	0	0	0	0
Category 15	Investments	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total of Scope3 (Category 1- Category 15)		8,401	100	12,065	100	10,179	100	11,233	100

(N/A: not applicable, -: no data)

## (3) Group Companies in other countries

Category	Items	FY2014 Emission		FY2015 Emission		FY2016 Emission		FY2017 Emission	
		t-CO <sub>2</sub>	ratio (%)	t-CO <sub>2</sub>	ratio (%)	t-CO <sub>2</sub>	ratio (%)	t-CO <sub>2</sub>	ratio (%)
Category 1	Purchased goods and services	-	-	-	-	-	-	-	-
Category 2	Capital goods	-	-	-	-	-	-	-	-
Category 3	Fuel and energy related activities not included in Scope 1 or 2	-	-	-	-	-	-	-	-
Category 4	Transportation and delivery (upstream)	-	-	-	-	-	-	-	-
Category 5	Waste from business operations	9,465	81.5	10,209	85.9	9,814	83.0	10,684	84.9
Category 6	Business travel	208	1.8	225	1.9	216	1.8	226	1.8
Category 7	Employee commuting	753	6.5	813	6.8	781	6.6	815	6.5
Category 8	Leased assets (upstream)	1,090	9.4	625	5.3	927	7.8	810	6.4
Category 9	Transportation and delivery (downstream)	-	-	-	-	-	-	-	-
Category 10	Processing of sold products	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Category 11	Use of sold products	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Category 12	Disposal of sold products	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Category 13	Leased assets (downstream)	90	0.8	6	0.1	85	0.7	50	0.4
Category 14	Franchises	0	0	0	0	0	0	0	0
Category 15	Investments	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total of Scope3 (Category 1- Category 15)		11,606	100	11,878	100	11,823	100	12,585	100

(N/A: not applicable, -: no data)

## Categories of Greenhouse Gas Emissions Throughout the Supply Chain and Emissions Subject to Calculation

Category	Emissions subject to calculation
I. Direct emissions (Scope 1)	■ Direct emissions from the use of fuel and industrial processes by the reporting company
II. Energy-derived indirect emissions (Scope 2)	■ Emissions from the use of electricity and heat purchased by the reporting company
III. Other indirect emissions (Scope 3)	- Added as a new calculation item in FY2016

### Other indirect emissions (Breakdown of Scope 3)

Category 1	Emissions from activities up to the manufacture of raw materials, parts, purchased goods, sales-related materials, etc. -Calculated for JSR only from FY2016.
Category 2	Emissions from the construction and manufacturing of the reporting company's capital goods - Calculated for JSR only from FY2016.
Category 3	Emissions from the procurement of fuel used in power generation, etc., for electricity and heat procured from other entities - Calculated for JSR only.
Category 4	(1) Emissions from the distribution of raw materials, parts, purchased goods, sales-related materials, etc., up to delivery to the reporting company (2) Emissions (emissions from the distribution paid for by the reporting company) amount of activity from distribution services other than (1) above (transport, handling, and storage) purchased in the fiscal year of the report: Amount of shipment distribution in Japan and other countries - Calculated for JSR only.
Category 5	Emissions from the transportation and processing of waste generated by the reporting company
Category 6	Emissions from employee business travel
Category 7	Emissions from employee transportation when commuting to and from the place of business
Category 8	Emissions from the operation of assets leased to the reporting company (excluding emissions calculated under Scope 1 or 2)
Category 9	Emissions from the transport, storage, cargo handling, and retail sales of products (limited to those items not paid for by the reporting company) - Calculated for JSR only.
Category 10	Emissions from the processing of intermediate products by the reporting company
Category 11	Emissions from the use of products by users (consumers and companies) - This category is excluded from calculation because the company is a chemical intermediates manufacturer and the category is not applicable to the use of sold products.
Category 12	Emissions from the transportation and processing of products upon disposal by users (consumers and companies) - This category is excluded from calculation because the company is a chemical intermediates manufacturer.
Category 13	Emissions from the operation of assets leased to other entities
Category 14	Emissions from franchises - No emissions; business structures are not franchises.
Category 15	Emissions from investment to earn profit - This category is excluded from calculation because it is not applicable to "investment to earn profit."

## FY2017 Emissions of Chemical Substances (PRTR)

Totals for JSR Corporation, Techno-UMG Co., Ltd.,<sup>\*1</sup> Kraton JSR Elastomers K.K., and Japan Butyl Co., Ltd.'s Kashima Plant

Ordinance designated number	Substance	Amounts handled* <sup>2</sup> (t)	Emissions			Transfers* <sup>3</sup> (t)
			Atmosphere (t)	Water (t)	Soil (t)	
1	Zinc compounds (water-soluble)	1.2	0.0	1.2	0.0	0.0
2	Acrylamide	120.6	0.0	0.0	0.0	0.0
4	Acrylic acid and its water-soluble salts	1,391.3	0.0	0.0	0.0	0.0
7	n-Butyl acrylate	1,826.0	0.0	0.0	0.0	0.2
9	Acrylonitrile	43,014.9	7.8	0.0	0.0	7.9
13	Acetonitrile	107.9	0.2	0.6	0.0	3.7
20	2-Aminoethanol	2.6	0.0	0.0	0.0	0.0
28	Allyl alcohol	5.5	0.0	0.0	0.0	3.9
30	n-Alkylbenzenesulfonic acid and its salts (limited to those with 10 to 14 alkyl group carbons and their mixtures)	1,122.9	0.0	0.0	0.0	0.0
36	Isoprene	107,862.6	0.5	0.0	0.0	2.5
71	Ferric chloride	1.1	0.0	0.0	0.0	0.0
80	Xylene	15.5	0.0	0.0	0.0	0.0
83	Cumene	2.4	0.0	0.0	0.0	0.0
86	Cresol	21.7	0.3	0.0	0.0	0.1
150	1,4-Dioxane	6.9	0.0	0.0	0.0	0.0
186	Dichloromethane (also called methylene chloride)	11.4	1.8	0.0	0.0	7.2
190	Dicyclopentadiene	14,912.0	0.1	0.0	0.0	23.9
202	Divinylbenzene	23.2	0.0	0.0	0.0	0.0
203	Diphenylamine	2.4	0.0	0.0	0.0	0.0
207	2,6-di-tert-butyl-4-cresol (also called BHT)	736.7	1.1	0.0	0.0	99.0
220	Water-soluble salts of dimethyldithiocarbamic acid	57.8	0.0	0.0	0.0	0.0
230	N-(1,3-dimethylbutyl)-N'-phenyl-p-phenylenediamine	261.1	0.0	0.0	0.0	0.0
234	Bromine	1,736.1	0.0	0.0	0.0	0.0
240	Styrene	127,075.1	20.4	0.0	0.0	8.7
274	Tert-dodecanethiol	990.9	0.2	0.0	0.0	0.9
276	3, 6, 9-triazaundecane-1, 11-diamine (also called tetraethylenepentamine)	9.8	0.0	0.0	0.0	1.1
300	Toluene	2,993.1	63.2	0.2	0.0	247.4
321	Vanadium compounds	40.5	0.0	0.0	0.0	39.7
330	Bis (1-methyl-1-phenylethyl) peroxide	13.4	0.0	0.0	0.0	0.0
337	4-Vinyl-1-cyclohexene	103.4	0.0	0.0	0.0	0.3
351	1,3-Butadiene	582,081.5	9.7	0.0	0.0	0.9
366	Tert-butyl hydroperoxide	7.1	0.0	0.0	0.0	0.0
392	n-Hexane	1,199.2	181.5	0.0	0.0	82.3
395	Water-soluble salts of peroxodisulfuric acid	572.2	0.0	0.0	0.0	0.0
405	Boron compounds	1.1	0.0	0.5	0.0	0.0
411	Formaldehyde	1.7	0.0	0.0	0.0	0.0
415	Methacrylic acid	84.8	0.0	0.0	0.0	0.0
417	2, 3-Epoxypropyl methacrylate	9.9	0.0	0.0	0.0	0.0
420	Methyl methacrylate	3,038.9	0.9	0.0	0.0	5.2
436	α-Methylstyrene	11,504.2	2.0	0.0	0.0	0.8
440	1- Methyl-1-phenylethyl hydroperoxide	110.0	0.0	0.0	0.0	0.5
	Total	903,080.7	289.8	2.5	0.0	536.4
243	Dioxins* <sup>4</sup>	—	0.1478	0.0020	0.0000	0.0000

\*1 Techno Polymer Co., Ltd. merged with UMG ABS Ltd. as of April 1st, 2018 and became Techno-UMG Co., Ltd.

\*2 The handling amount represents the value after base deduction (1 ton/year per place of business)

\*3 The transfer amount is the amount committed to intermediate waste service companies plus the amount discharged into public sewers

\*4 Dioxin category unit: mg-TEQ

## ◆ Social Data

Human Resources Data								
	Boundary	Unit	FY2013	FY2014	FY2015	FY2016	FY2017	
Consolidated number of employees	JSR Group	Person	5,548	5,990	6,587	6,790	7,203	
Non-regular employee ratio (non-regular / employee + non-regular )	JSR Group	%	–	–	10	11	9	
Employee ratios by region	Japan	JSR Group	%	–	–	70	68	64
	Asia (excluding Japan)			–	–	20	18	19
	United States			–	–	8	9	13
	Europe			–	–	2	5	4

As of the end of each fiscal year (March 31)

	Boundary	Unit	FY2013	FY2014	FY2015	FY2016	FY2017
Number of employees	JSR Corporation	Person	2,743	2,782	2,824	2,858	2,883
			458	464	468	470	497
			3,201	3,246	3,292	3,328	3,380
Number of hires	JSR Corporation	Person	95	82	83	80	66
			23	15	6	15	15
			118	97	89	95	81
			22	32	62	19	23
			4	7	8	3	4
			26	39	70	22	27
Average number of years of continuous service	JSR Corporation	Year	12.9	13.4	13.2	13.0	13.2
			13.0	13.6	14.2	14.8	15.1
			12.9	13.4	13.3	13.2	13.5
Turnover rate for personal reasons	JSR Corporation	%	–	–	0.9	1.1	1.1
Turnover rate within three years of joining company	JSR Corporation	%	6.3	4.2	3.4	2.1	1.1

As of the end of each fiscal year (March 31)

\*1 As of the beginning of each fiscal year (April 1)

Annual Total Working Hours/Annual Total Overtime Hours							
	Boundary	Unit	FY2013	FY2014	FY2015	FY2016	FY2017
Per-person total working hours	JSR Corporation	Hour	–	–	1,986	1,977	1,966
Per-person total overtime hours	JSR Corporation	Hour	–	–	231	225	215



## ◆ Social Data

Education/Training and Overseas Assignments							
	Boundary	Unit	FY2013	FY2014	FY2015	FY2016	FY2017
Per-person total training hours* <sup>2</sup>	JSR Corporation	Hour	–	–	18.8	17.7	16.8
e-learning program on the Principles of Corporate Ethics	JSR Corporation & its group companies in Japan	Hour/ Person	–	0.5	0.5	0.5	0.5
e-learning program on the confidential information management			–	–	0.5	0.5	0.5
e-learning program on anti-monopoly law · anti-corruption · subcontract law			–	–	–	0.5	0.5
e-learning program on information security			–	–	–	–	0.5
e-learning program on quality compliance			–	–	–	–	0.5
Number of employees sent to overseas training	JSR Corporation	Person	–	–	12	12	9

\*This total was calculated by including technology and skill training, employee level-based training, and other training organized by human resources departments. It therefore does not include hours spent in education provided by organizations other than human resources departments, education provided independently by individual departments, or external education.

Diversity Development								
	Boundary	Unit	FY2013	FY2014	FY2015	FY2016	FY2017	
Percentage of women hired annually per position* <sup>1</sup>	College graduates, engineering positions	JSR Corporation	%	20	9	15	20	18
	College graduates, administrative position			20	33	60	50	45
Percentage of women in managerial positions* <sup>1</sup>				4.0	3.8	3.6	3.8	4.1
Career Re-Entry System	Registered	JSR Corporation	Person	7	8	4	5	4
	Rehired			0	0	0	1	1
Hiring of foreign nationals	JSR Corporation	Person	–	–	9	10	7	
Employment rate of individuals with disabilities	JSR Corporation	%	2.19	2.28	2.23	2.32	2.47	

As of the end of each fiscal year (March 31)

\*1 As of the beginning of each fiscal year (April 1)

## ◆ Social Data

Work-Life Management Data									
Number of work-balance support benefit users		Boundary	Unit	FY2013	FY2014	FY2015	FY2016	FY2017	
Fertility treatment	Shortened working hours	JSR Corporation	Person	0	0	0	0	1	
Childbirth	Prenatal & postpartum maternity leave system <sup>*3</sup>			14	15	20	23	20	
	Childcare leave system <sup>*3</sup>			Female	15	18	20	19	24
				Male	6	2	5	11	41
				Total	21	20	25	30	65
	Extended childcare leave counseling			17	13	12	14	14	
Balancing work and childcare	Shortened working hours <sup>*4</sup>			79	77	81	87	91	
	Work from home <sup>*4</sup>			12	11	10	10	9	
Balancing work and nursing care	Shortened working hours			0	3	4	2	3	
	Work from home			0	0	2	1	1	
	Nursing-care leave <sup>*3</sup>			2	1	6	3	8	
	Extended nursing-care leave			0	0	1	1	0	
Other	Lending of mobile devices with remote access to the company network			4	3	2	4	4	
	Discretionary labor system <sup>*1</sup>			107	107	103	107	108	
	Special volunteer leave(The value in parentheses represents the total number of leave days taken)			4 (10)	3 (5)	4 (11)	3 (7)	0 (-)	

As of the end of each fiscal year (March 31)

\*1 As of the beginning of each fiscal year (April 1)

\*3 Per employee request, mobile devices with remote access to the company network are provided under this benefit.

\*4 Number includes pregnant benefit users.

Number of employees eligible for work-balance support allowances		Boundary	Unit	FY2013	FY2014	FY2015	FY2016	FY2017
Extended childcare leave allowance	JSR Corporation	Person	21	18	25	26	67	
Post-childcare leave reinstatement allowance			19	23	15	19	16	
Daycare allowance			6	2	5	6	7	

As of the end of each fiscal year (March 31)

## ◆ Social Data

Workplace Accidents								
		Boundary	Unit	FY2013	FY2014	FY2015	FY2016	FY2017
Number of Workplace Accidents	JSR Corporation	Same as shown at left	Accident	3	1	1	0	2
	Group companies			1	1	2	1	1
	Manufacturing partners of JSR or Group			2	2	2	3	4
Accidents requiring time off from work (frequency per year) <sup>*6</sup>			–	0.67	0.22	0.22	0.00	0.48

\*5 Figures for 2013 and 2014 are fiscal year figures.

\*6 Frequency = (Deaths or injuries in workplace accidents resulting in absence from work ÷ total working hours for all employees) x 1

## ◆ Governance Data

Corporate Governance									
			Boundary	Unit	FY2013	FY2014	FY2015	FY2016	FY2017
Board of Directors	Inside Directors (executive directors)	Male	JSR Corporation	Person	4	4	5	4	4
		Female			0	0	0	0	0
		Total			4	4	5	4	4
	Independent Outside Directors (non-executive directors)	Male			3	3	3	3	3
		Female			0	0	0	0	0
		Total			3	3	3	3	3
	Total	Male			7	7	8	7	7
		Female			0	0	0	0	0
		Total			7	7	8	7	7
	% Independent Outsider		JSR Corporation	%	43	43	43	43	43
	% Female Director		JSR Corporation	%	0	0	0	0	0
	Term of Office		JSR Corporation	Year/Term	1	1	1	1	1
Maximum age limit for directors		JSR Corporation	Years old	Not specified					
Number of BOD meetings held in a fiscal year			JSR Corporation	Times	17	17	17	17	17
Corporate Governance									
			Boundary	Unit	FY2013	FY2014	FY2015	FY2016	FY2017
Audit & Supervisory Board (formerly known as Statutory Auditors Board)	Insider	Male	JSR Corporation	Person	1	1	1	1	1
		Female			0	0	0	0	0
		Total			1	1	1	1	1
	Independent Outsider	Male			1	1	1	1	1
		Female			1	1	1	1	1
		Total			2	2	2	2	2
	Total	Male			2	2	2	2	2
		Female			1	1	1	1	1
		Total			3	3	3	3	3
	% Independent Outsider		JSR Corporation	%	67	67	67	67	67
	% Female Audit & Supervisory Board Member		JSR Corporation	%	33	33	33	33	33
	Term of office		JSR Corporation	Year/Term	4	4	4	4	4
Number of Audit & Supervisory Board meetings held in a year			JSR Corporation	Times	16	19	19	19	19

## ◆ Governance Data

		Boundary	Unit	FY2013	FY2014	FY2015	FY2016	FY2017	
Nomination Advisory Committee	Chaired by Independent Outside Director	JSR Corporation	Yes/No	–	–	Yes	Yes	Yes	
	Committee Member		Person	Independent Outside Directors	–	–	3	3	3
				Inside Director	–	–	2	2	2
				Total	–	–	5	5	5
	Number of meetings held in a year		Times	–	–	1	3	3	
Remuneration Advisory Committee	Chaired by Independent Outside Director	JSR Corporation	Yes/No	–	Yes	Yes	Yes	Yes	
	Committee Member		Person	Independent Outside Directors	–	3	3	3	3
				Inside Director	–	1	1	1	1
				Total	–	4	4	4	4
	Number of meetings held in a year		Times	–	3	3	4	4	
		Boundary	Unit	FY2013	FY2014	FY2015	FY2016	FY2017	
Number of officers*	Male	JSR Corporation	Person	20	20	22	20	21	
	Female			0	1	1	1	1	
	Total			20	21	23	21	22	

\*Does not include directors concurrently serving as executive managing officers.

## ◆ Governance Data

Remuneration for Directors and Audit & Supervisory Board Members										
			Boundary	Unit	FY2013	FY2014	FY2015	FY2016	FY2017	
Remuneration for Directors	Inside Directors	Basic Remuneration (Fixed remuneration)	JSR Corporation	Million yen	160	153	158	195	183	
		Annual Bonuses (Short term performance linked remuneration)			31	39	21	48	69	
		Restricted Stock Shares (Remuneration in share stock)			-	-	-	-	28	
		Deep Discounted Stock Option (Remuneration in share stock)			34	29	30	34	9	
		Sub-total			225	221	209	277	289	
	Outside Directors	Basic Remuneration (Fixed remuneration)			36	36	39	40	40	
		Sub-total			36	36	39	40	40	
	Total				261	257	248	317	329	
	Remuneration for Audit & Supervisory Board members	Inside Audit & Supervisory Board Member			Basic Remuneration (Fixed remuneration)	27	27	28	28	28
					Sub-total	27	27	28	28	28
Outside Audit & Supervisory Board Members		Basic Remuneration (Fixed remuneration)	12	11	15	17	17			
		Sub-total	12	11	15	17	17			
Total		39	38	43	45	45				

### List of Remuneration for individual Directors paid in FY2017

Name	Position	Name of Company	Unit	Description of consolidated remuneration				
				Basic Remuneration	Annual Bonuses	Restricted Stock shares	Stock Option as Remuneration	Total
Mitsunobu Koshiba	Director	JSR Corporation	Million yen	78	37	15	4	134

\* the above list is limited to Directors whose annual remuneration amounted for one (1) hundred million yen or more.

## ◆ Governance Data

### Accounting Auditors

		Boundary	Unit	FY2013	FY2014	FY2015	FY2016	FY2017
Amount of remuneration for Accounting Auditors	Remuneration for services relating to auditing or certifying the financial documents	JSR Corporation and its consolidated subsidiaries	Million yen	64	63	69	68	67
	Remuneration for non-auditing services			0	0	16	5	24

### Compliance

		Boundary	Unit	FY2013	FY2014	FY2015	FY2016	FY2017
Amount of corporate income tax paid	JSR Corporation and consolidated subsidiary in Japan	same as the left hand column	Million yen	-	-	-	-	12,565
	Consolidated Subsidiaries in other countries			-	-	-	-	2,204
Political Donations		JSR Corporation		-	-	-	-	0

		Boundary	Unit	FY2013	FY2014	FY2015	FY2016	FY2017
Number of CSR Committee meetings held in a year		JSR Corporation	Times	5	6	5	6	7
Violation of each country's anti-corruption laws and international standards	Number of violations	JSR Group	Times	0	0	0	0	0
	Penalty	JSR Group	Yen	0	0	0	0	0

## ◆Policy / Guidelines / Philosophy

### Environment

#### Environment and Safety Management Policy

JSR Group developed its Environment Safety Management Policy promotion items with reference to management policies based on our responsibility to stakeholders and the Japan Chemical Industry Association's policies on the environment and safety.

##### **Promotion Items and Policy**

##### **1. Development of safety-focused and environmentally friendly products**

When developing new products, JSR Group evaluates the environmental, safety and health impact at every stage from research and development to production, transport, use and disposal, and makes the utmost effort to provide products that take such evaluations into consideration.

##### **2. Provide safety and environmental information related to products**

JSR Group sets in place a system for the management of product-related safety and environmental information, and provides Safety Data Sheets (SDS) to customers and yellow cards to transporters as necessary.

##### **3. Preserve the environment and assure safety for local residents**

JSR Group takes a positive approach in its measures for preserving the global environment, facility safety, and protection against major earthquakes, taking into consideration the impact its business activities have on the environment. JSR Group's objective is to earn even greater trust at its business locations.

##### **4. Reduce environmental impact**

JSR Group conducts studies on the environmental impact of chemical substances and works toward the systematic reduction of emissions. JSR Group engages in thorough efforts to reduce sources of emissions, reuse materials, and recycle resources in order to reduce environmental impact.

##### **5. Assure safety and environmental preservation in international operations**

JSR Group cooperates with cross-border transfers of environmental and safety technologies. Regarding corporate activities overseas, JSR Group strictly complies with the regulations of Japan and other nations, and makes every effort to assure safety and environmental compliance at each operating site outside Japan.

##### **6. Ensure employee health and safety**

Constantly at work on the pre-assessment of safety matters related to chemical substances and their handling, JSR Group is dedicated to improving operations and facilities, and to creating a healthy and safe workplace environment.



## Philosophy concerning Climate Change

JSR Group's Environment and Safety Management Policy establishes its philosophy concerning the environment, safety, and health and includes climate change.

### **1. Development of safety-focused and environmentally friendly products**

When developing new products, JSR Group evaluates the environmental, safety and health impact at every stage from research and development to production, transport, use and disposal, and makes the utmost effort to provide products that take such evaluations into consideration.

## Philosophy concerning Industrial Waste Reduction

JSR Group's Environment and Safety Management Policy establishes its philosophy concerning waste.

### **1. Development of safety-focused and environmentally friendly products**

When developing new products, JSR Group evaluates the environmental, safety and health impact at every stage from research and development to production, transport, use and disposal, and makes the utmost effort to provide products that take such evaluations into consideration.

## Philosophy concerning Biodiversity Conservation

JSR Group has formed biodiversity policies based on issues identified through conservation activities conducted in the past. We are currently promoting various activities in accordance with these policies.

### **JSR Group Biodiversity Policies**

To contribute to the establishment of a sustainable society, JSR Group strives to identify how our business activities depend on and impact biodiversity, and to promote efforts in consideration of biodiversity.

1. We prioritize biodiversity conservation in procuring naturally derived raw and processed materials.
2. We work to make the green spaces of our business establishments biodiversity-friendly.
3. We strive to develop biodiversity-friendly products.
4. We emphasize staff engagement and cooperation with local communities.

established in April 2012

## Social

### Philosophy concerning Human Rights

#### Philosophy concerning Respect for Human Rights

JSR Group's Principles of Corporate Ethics establish its philosophy concerning human rights.

##### **Code of Conduct for Respecting Human Rights**

① We will respect and uphold basic human rights, such as United Nations "The Universal Declaration of Human Rights", United Nations "Guiding Principles on Business and Human Rights", declared internationally and protected under constitution and legal precedents of respective countries, and will not infringe basic human rights.

##### **Code of Conduct for Fair and Proper Transactions**

④ With regard to purchase transactions, we shall conduct transactions that are fair, transparent, and based on economic rationality, as well as consider our responsibility to society, such as compliance with laws and ordinances, protection of resources, environmental conservation, safety and human rights.

##### **Code of Conduct for Providing a Comfortable Work Environment**

⑦ In the event that a staff member reports the violation or possible violation of the law and/or the Principles of Corporate Ethics to his/her superiors and/or internal/external hotline, we shall fully protect the said staff member's identity and protect him or her from unfavorable treatment.

The JSR Group Principles of Corporate Ethics, revised in October, 2017.

#### Philosophy concerning Inhumane Acts (Harassment)

JSR Group's Principles of Corporate Ethics establish its philosophy concerning inhumane acts (harassment).

##### **Code of Conduct for Providing a Comfortable Work Environment**

⑤ We shall provide a workplace free from sexual harassment and any harassment arising from positions of power. In addition, we will not engage in or make verbal comments with sexual connotations that will make counterparts feel uncomfortable.

The JSR Group Principles of Corporate Ethics, revised in October, 2017.

## Philosophy concerning Prevention of Discrimination

JSR Group's Principles of Corporate Ethics establish its philosophy concerning prevention of discrimination.

### Code of Conduct for Providing a Comfortable Work Environment

- ① We shall ensure the fair treatment of employees, based on each person's tasks, roles, and level of commitment.
- ③ We shall respect the human rights and diverse characteristics of all individuals, and shall not discriminate against gender, age, nationality, race, ethnic group, origin, religion, beliefs, social status, physical disability or other relevant conditions when determining employment status and/or working conditions.
- ④ We shall not force religion and/or belief on others.

The JSR Group Principles of Corporate Ethics, revised in October, 2017.

## Philosophy concerning Child Labor and Forced Labor

JSR Group's Principles of Corporate Ethics establish its philosophy concerning child labor and forced labor.

### Code of Conduct for Respecting Human Rights

- ③ We shall never allow child labor or forced compulsory labor, whether at the JSR Group or in the workplaces of business partners and collaborating companies.

The JSR Group Principles of Corporate Ethics, revised in October, 2017.

## Philosophy concerning Collective Bargaining

JSR Group enters into labor agreements with labor unions based on its Principles of Corporate Ethics, which establish its philosophy concerning collective bargaining.

### Code of Conduct for Respecting Human Rights

- ② We will abide by national and international labor codes and respect workers' right of association and right for collective negotiation in the realm of basic labor rights.

The JSR Group Principles of Corporate Ethics, revised in October, 2017.

## Philosophy concerning Customers

JSR Group's Management Policies establish its philosophy concerning its customers.

### Management Policies

Responsibility to Our Stakeholders

Responsibility to Our Customers / Business Partners

- Constantly evolve to meet the demand for new materials
- Always strive to increase customer satisfaction
- Act in good faith and maintain fair and equitable business relations
- Continue to be socially and environmentally conscious throughout the supply chain

## Philosophy concerning Social Contribution

JSR Group has been involved in various social contribution programs with a focus on community activities. In January 2009 we established our "Basic Approach to Social Contribution" as a philosophy aimed at further strengthening our activities. We are currently implementing the initiatives outlined in this philosophy.

### Basic Philosophy concerning Social Contribution

- (1) Our Corporate Mission dictates that we contribute to society through our business activities. Further, we are actively engaged in providing solutions to social requirements and issues as a responsible member of society.
- (2) We are continuously engaged in positive social contribution activities, capitalizing on the chemical and technical knowledge and skills that form the core of JSR business.
- (3) Every employee is a point of contact between the Company and society, and we actively support our employees in their voluntary participation in social contribution activities.

Basic Approach to Social Contribution, established in January 2009

# Fundamental Philosophy concerning Employees

## Fundamental Human Resource Philosophy

JSR Group drives its organization and personnel forward based upon the following measures:

1. Develop mechanisms and a corporate culture with a healthy balance of 'Freedom' and 'Discipline,' guided by the Course of Action's 4Cs to enable managers and junior staff to grow together, help all employees accurately perceive and solve issues in order to foster a JSR that not only maintains its organizational capacity, but ensures its future growth.
2. Promote the globalization of JSR corporation employees while developing a globalized workforce within JSR Group as well as train and manage the Group's human resources on a global level.
3. Generate synergies which take full advantage of the increasing range of diversity (in terms of nationality, culture, gender, values, etc.) throughout JSR Group's vast human resource pool.

## Course of Action: 4C

### CHALLENGE

All employees of JSR Group should share a common global focus and desire to succeed. Employees should feel confident to autonomously take on new challenges, and learn from success while viewing setbacks as opportunities for growth and improvement.

### COMMUNICATION

All employees of JSR Group should base their actions on the common fundamental values of JSR Group, strive for organizational transparency, and maintain open, direct communication as the best means of sharing values and achieving common goals.

### COLLABORATION

All employees of JSR Group will work together in the spirit of cooperation, valuing common, corporate goals over internal or departmental barriers. Employees will also be encouraged to actively collaborate with external resources and to not be bound by conventional ideas.

### CULTIVATION

All employees of JSR group will be supported by a work environment that provides opportunities for, and encourages bi-directional communication between managers and subordinates in order for them to develop together as individuals and members of productive, supportive teams.



## Human Resource Development Philosophy

We are working on human resource development with the understanding that it is the greatest priority for achieving sustainable, long-term corporate growth. In particular, we are promoting human resource development in order to strengthen our organizational capacity by implementing the Course of Action "The 4Cs" - "Challenge," "Communication," "Collaboration," and "Cultivation" - of our Course of Action at a higher level, and with focus on "skill/know-how" and "awareness/motivation."

### Human Resources = Skill and Know-How x Motivation

As a key goal, we will also strengthen our employees' international communication abilities.

#### **(1) Human Resource Development Policy**

1. Respect each employee's desire for personal growth and provide adequate support for employees who take the initiative to raise their skills and develop their careers.
2. Based on the idea that the development of employee skills is the foundation of a company, make "growth through work" a primary consideration and, from a long-term perspective, conduct systematic, planned, and continuous training at all group companies to support this.

#### **(2) Types of Personnel Sought by JSR**

##### All Employees

1. Professionals who are competitive on a global level in all areas of their responsibility.
2. Individuals who are willing to take on new challenges and who respond flexibly to changes in the environment, supporting innovation and advancement without settling for the status quo.
3. Team players with high ethical standards who emphasize communication, collaboration, cultivation, and taking on challenges.

##### Management

4. Supervisors who can delegate work and responsibilities to their junior staff while also leading by example, always mindful of organizational management and human resource development.
5. Leaders who effectively oversee the achievement of organizational goals and can also lead reforms.

## **Work-Life Management Philosophy**

JSR is actively promoting its Work-Life Management initiative. Employees are encouraged to not only develop work-related skills, but to also actively participate in social, and personal activities (e.g., social and community groups, family, volunteer activities, self-development, and hobbies). JSR believes that by encouraging our employees to become well-rounded individuals, and by finding a personal sense of self-fulfillment and satisfaction that they will then be able to bring that energy into their work.

JSR encourages all of our employees to closely manage their personal time and maintain a balanced work schedule. We are also working on implementing various systems that support flexible work styles, with special consideration for childbirth, childcare and family-nursing needs.

Work-life management is vital in the implementation of diversity management, because in order to create an organization with a diverse workforce, we must also promote a corporate culture that is open to diverse values and work styles.

We also ensure wages at wages that exceed the minimum wage based on the laws and ordinances stipulated by each country / region, and strive not to violate working time regulations.

## **Philosophy concerning Employees' Mental and Physical Health**

JSR feels that a healthy mind and body are extremely important for employees and their families to live happy lives. We also feel that they are imperative in the creation of a productive and vibrant workplace. Because of this, we have adopted various measures to help our employees work in good health, both mentally and physically.

## **Philosophy concerning the JSR Workers' Union's activities**

Through routinely-convened labor-management councils, labor agreement revision consultations and the like, we strive to maintain a relationship with the union that allows constructive exchanges of opinions. We also work with the union to create better working environments from the standpoints of "wage policy", "workplace environment policy", "welfare policy", "leisure time, public relations, and volunteer activities policy" and "organization policy", which are important matters for the union.

# Governance

## Corporate Governance

Please refer to JSR's Corporate Governance Report by clicking the URL shown below. The following are the gist of the report.

[http://www.jsr.co.jp/jsr\\_e/pdf/company/governance.pdf](http://www.jsr.co.jp/jsr_e/pdf/company/governance.pdf)

## Basic Views on Corporate Governance

It is the JSR Group's goal to make steady progress in realizing its corporate mission (Materials Innovation: We create value through materials to enrich society, people and the environment). This shall be done through efficient and transparent business management, by sustaining sound and healthy business practices. The Group will also continuously strive to create new corporate value with the hope of becoming an attractive corporation that can earn the trust of and satisfy the interests of all our stakeholders.

The Company therefore has been and will continue focusing on the enhancement of corporate governance as an important management challenge.

## Corporate governance structure

As a company with audit & supervisory board members (formerly known as statutory auditors), JSR principally monitors and oversees the execution of duties by directors and the management through its Board of Directors and audit & supervisory board members. JSR has continuously strengthened the function of management supervision, improved efficiency in decision making and execution of business duties, and enhanced the transparency and soundness of business management through the introduction of an officer system and the appointment of outside directors and audit & supervisory board members, who are independent from the Company and have extensive business experience and a high level of expertise.

## Composition of Board of Directors

The current Board of Directors consists of seven (7) directors, three (3) of whom are independent outside directors with vast experience and extensive expertise in management of corporations and businesses. In the future, the Company will elect 1/3 (one third) or more independent outside directors with similar expertise in order to increase corporate value and oversee business management.



## **Composition of Audit & Supervisory Board (formerly known as Statutory Auditors Board)**

The current Audit & Supervisory Board consists of three (3) audit & supervisory board members, two (2) of whom are independent outside audit & supervisory board members with extensive and sophisticated expertise (one is a lawyer and the other is a certified public accountant qualified as a certified public tax accountant as well). In the future, the Company will elect two independent outside audit & supervisory board members with vast experience and extensive and sophisticated expertise in such fields as law, accounting, and etc., to effectively audit the execution of duties by directors and the management.

## **Basic Policies on Remuneration for Directors and framework for determining the remuneration**

### **Basic Policies**

JSR set basic policies on remuneration of directors as follows: the remuneration scheme should increase corporate value over the medium and long-term, attract diverse and superior personnel, be linked to short-term, medium-term and long-term business performance, have management and shareholders share profits, and ensure high transparency. Remuneration for directors consists of a fixed basic remuneration, an annual bonus linked to the attainment level of business performance in each fiscal year, a medium-term business performance-based bonus linked to the attainment level of the medium and long-term business performance, and restricted stock shares as remuneration designed to facilitate earlier sharing of corporate values between directors and the shareholders of the Company. In light of their roles, remuneration for outside directors and audit and supervisory board members consists of basic remuneration only.

### **Remuneration Advisory Committee**

JSR established the Remuneration Advisory Committee of which majority members are independent outside directors and the chair of which is an independent outside director in order to ensure the objectivity and transparency of its directors' remuneration scheme. The committee deliberates the basic policy of remuneration, the remuneration structure, the mechanism of a performance-based remuneration, the setting of targets, and assessment of performance, and submits its findings to the Board of Directors.

## **Policies and procedures for nominating candidates for Directors and Audit & Supervisory Board members**

### **Nomination Advisory Committee**

1) JSR established the Nomination Advisory Committee of which majority members are independent outside directors and the chair of which is an independent outside director to ensure the transparency of the policy and procedures of nominating candidates for directors, audit & supervisory board member and officers with directorship status (including senior officers). At the committee, any of the members is not eligible for voting in the agenda in which such member has special interest.

2) The committee deliberates the standard for the diversity in breadth of knowledge, experience, and capability necessary for the Board of Directors, criteria and procedures for the nomination, and candidates for future appointment as president, directors, officers with directorship status (including senior officers), and audit & supervisory board members, and submits its findings to the Board of Directors. In order to ensure transparency of the deliberation, the committee takes necessary measures as deliberation solely among outside independent directors for the agenda relating to appointment/reappointment or dismissal of CEO.

3) The committee systematically develops and selects candidates for the successor to CEO in an objective and transparent manner by providing the pool of candidates with necessary training and coaching to enhance skills and leadership and by actively participating in selection process through interviews etc.

### **Criteria for nominating candidates for Directors**

1) When nominating candidates for directors, JSR makes it a rule to ensure an appropriate balance among diversity in breadth of knowledge, experience, and capability essential to the Board of Directors and the size thereof in order to make important management decisions and oversee the execution of duties in appropriate and timely fashion. JSR nominates persons who are mentally and physically sound and have an exceptional personality and popularity, and high principles and ethical view.

2) Candidates for inside directors:

JSR nominates persons who have extensive knowledge, experience, and high capability with a superior track record in such fields as business management (including global one), R&D, manufacturing, manufacturing technology, human resources, and finance and accounting, etc.

3) Candidates for outside directors:

JSR nominates persons who have independence, vast experience and extensive expertise of management of the major companies in various fields and of business management both in Japan and overseas as well as the capability to actively express opinions and raise issues on growth strategy and enhancement of governance from a broad perspective.

4) The Nomination Advisory Committee will deliberate and report to the Board of Directors in a timely fashion when the committee judges there arises a reason that necessitates dismissal of CEO and/or other directors.

### **Criteria for nominating candidates for audit & supervisory board member**

1) From the perspective of ensuring the transparency and soundness of business management through auditing the process of directors' decision making and execution of duties in accordance with laws and regulations, such as the Companies Act, the articles of incorporation and internal rules, JSR nominates persons with vast experience and extensive and sophisticated expertise necessary for audit (including one person with sufficient knowledge of finance and accounting) among those who are mentally and physically sound and have an exceptional personality and popularity, and high principles and ethical view.

2) Regarding candidates for outside audit & supervisory board members, in particular, JSR nominates persons who have independence and extensive experience and knowledge of laws and accounting.

### **Views on capability and diversity of the Board of Directors as a whole**

1) With the aim of overseeing important management decision making and the execution of duties in appropriate and timely fashion in order to increase corporate value over medium and long-term, JSR considers it important that the Board of Directors as a whole effectively utilize both i) the extensive knowledge, experience and high capability in such fields as business management (including those of global businesses), R&D, manufacturing, manufacturing technology, human resources, and finance and accounting, etc. held by inside directors and ii) vast experience and extensive expertise of management of the companies in various fields and business and management both in Japan and overseas, and capability to actively express opinions and raise issues on growth strategy and enhancement of governance from a broad perspective held by independent outside directors and that the Board of Directors thus ensures such diversity in knowledge, experiences (including international ones) and skills as the Board of Directors deems fit and necessary.

2) The Company believes that its Board of Directors has acquired necessary diversities so that the Board is functioning effectively at present. JSR will continue to ensure the sufficient diversity in knowledge, experience, and capability that are essential for the Board of Directors and maintain its optimum size but not exceeding 12 people in accordance with the deliberation to be made by the Nomination Advisory Committee and with its business strategies in the future.

## **Securing equitable Shareholders' rights**

JSR has continued to develop an environment where shareholders can appropriately exercise their voting rights at the ordinary general meeting of shareholders.

JSR will continue to implement the following measures: holding an ordinary general meeting of shareholders earlier than other companies (in the middle of June each year); dispatching the notice of convocation of an ordinary general meeting of shareholders three (3) weeks prior to the date of the meeting; introducing an electronic voting platform via the Internet, etc.; participating in the electronic voting platform for institutional investors; enhancing contents of the convocation notice; and translating the convocation notice into English, etc.

## **Reduction of cross-shareholdings**

JSR holds listed shares as cross-shareholdings\* only after comprehensively reviewing the rationality of holding such shares in the light of business management strategies and economics of such shareholdings while it has been reducing cross-shareholdings when holding such shares has become irrational.

The Board of Directors periodically reviews the status and the policies for holding individual cross-shareholdings by taking such factors into consideration as the purpose of holding, potential risk and expected return, and cost of capital required for holding such individual shares.

When exercising voting rights of cross-shareholdings, JSR comprehensively determines to vote for or against their proposals after reviewing whether or not their corporate governance system and proposals will contribute to the improvement of their corporate value over the medium and long-term.

## **Ways to avoid conflict of interest transactions arising from the act of Directors**

1) In accordance with the Companies Act and JSR's "Regulations of the Board of Directors", JSR has obtained the Board of Directors' prior approval for competitive and conflict-of-interest transactions and reported important facts regarding such transactions to the Board of Directors after completion.

2) In accordance with applicable laws and regulations, JSR has disclosed the outline of transactions with related parties in notes to consolidated financial statements of the Securities Report and notes to non-consolidated financial statements of the ordinary general meeting of shareholders.

3) JSR has been determining the terms and conditions for the transactions with major shareholders by negotiating prices considering market conditions in the same way as it deals with third parties.

# Compliance

## Code of Conduct and Corporate Ethics

JSR Group has established a Code of Conduct as the rules that all JSR Group companies, their directors and employees (full-time, contract, part-time, and temporary employees as well as employees on short-term contracts) should comply with, in order to execute the management policies "Our Responsibility to our Stakeholders" in engaging in business activities. JSR Group shall not require its directors or employees to act in violation of the Code of Conduct. Additionally, JSR Group shall not disadvantage any director or employee who refuses to execute an order to perform an act that is in violation of the Code of Conduct for the reason of said refusal.

Please click on the following link for the English version of "The Group Principles of Corporate Ethics"

[http://www.jsr.co.jp/csr/pdf/CoC\\_en.pdf](http://www.jsr.co.jp/csr/pdf/CoC_en.pdf)

## Code of Conduct for anti-bribery and anti-corruption

The JSR Group established "Standards on Providing and Accepting Gifts and Entertainment" and "Regulations for Compliance with Anticorruption Laws" based on the principles of anti-bribery and anti-corruption established in "The JSR Group Principles of Corporate Ethics".

### Code of Conduct for Gifts and Entertainment

- 1) Whether inside or outside the country, we shall not give gifts to and/or entertain politicians, government officials or other relevant parties in a manner that may generate profits through illegal means or violate bribery regulations.
- 2) When making contributions to political figures/parties or other organizations, we shall do so in a proper manner and observe all applicable laws and regulations, such as the Political Funds Control Law.
- 3) We shall not give or receive gifts and provide or receive entertainment to or from customers, suppliers and other stakeholders, which may be regarded as bribery or unfair acts. We shall not be involved in the exchange of gifts or entertainment that may go beyond the accepted social norms.
- 4) Within the JSR Group, we shall not give and/or receive gifts and/or provide entertainment.

The JSR Group Principles of Corporate Ethics, revised in October, 2017.

## **Policies Protection of Whistleblowers**

The JSR Group specifies its policies on protection of whistleblower in its "JSR Group's Principles of Corporate Ethics" as below;

### **Code of Conduct for Providing a Comfortable Work Environment**

7) In the event that a staff member reports the violation or possible violation of the law and/or the Principles of Corporate Ethics to his/her superiors and/or internal/external hotline, we shall fully protect the said staff member's identity and protect him or her from unfavorable treatment.

The JSR Group Principles of Corporate Ethics, revised in October, 2017.

## **Policies against Antisocial Forces**

The JSR Group expresses its principles against antisocial forces in "The JSR Group Principles of Corporate Ethics".

### **Code of Conduct against Antisocial Forces**

Our basic policy, upheld by our top executive and company as a whole, is to reject any relation with antisocial forces including any business transactions, and firmly reject any demand with collaboration from police and external organizations specialized in security issues.

The JSR Group Principles of Corporate Ethics, revised in October, 2017.

## Information Security Policy

JSR Group endeavors to manage information in an appropriate and secure manner by establishing Information Security Policy and by thoroughly disseminating the policy to its employees.

### Information Security Policy

- 1) The JSR Group, by complying with laws and regulations and by observing other social norms relating to the handling of information, will protect information that belong to the JSR Group, its customers, business partners and other third parties.
- 2) The JSR Group will strive to develop and actively use its information assets for the efficient execution of its business. The Group's officers and employees will only use these information assets for the purposes of their work and within the scope of their authority.
- 3) The JSR Group will improve organizations and systems, provide education on information security, thoroughly disseminate this policy and related regulations, and implement measures to ensure information security.
- 4) The JSR Group will implement appropriate human, organizational, and technological measures and work to prevent unauthorized access to information assets from outside the company, as well as leaks, falsification, loss, theft and destruction of information assets.
- 5) If an information security-related problem occurs, the JSR Group will promptly identify the cause and take measures to minimize damage and prevent recurrences.
- 6) The JSR Group will periodically assess and review its information security measures to respond appropriately to changes in external environments.



## JSR Group CSR Report 2018 Independent Review Report

July 18, 2018

To: Mitsunobu Koshiba  
Representative Director and President,  
JSR Corporation

### ■ Objective of Verification

This Responsible Care® report verification is performed by the Responsible Care Verification Center with respect to the “JSR Group CSR Report 2018 (Online Version)” (hereinafter, “Report”), with the objective of verifying the following and reporting opinions from the perspective of an independent third-party specialist in the chemical industry.

- 1) The reasonableness of the calculation and aggregation methods of performance indices (numerical data) and the accuracy of the numerical data
- 2) The accuracy of information other than numerical data
- 3) Responsible Care and CSR activities
- 4) Characteristics of the Report

### ■ Verification Methodology

- At the Head Office: An inspection concerning the reasonableness of the aggregation method of numerical data reported from each site (office, plant) as well as the accuracy of information other than numerical data. It was conducted by interviewing relevant business managers and Report editors concerning the content as well as receiving necessary documents and explanation.
- At the Yokkaichi Plant: An inspection concerning the reasonableness of the calculation methods of numerical data reported to the Head Office and the accuracy of numerical data as well as the accuracy of information other than numerical data. It was conducted by interviewing relevant business managers and Report editors, receiving necessary documents and explanations, and checking them against evidence.
- The numerical data and other information provided in the Report were inspected by sampling.

### ■ Opinion

- 1) The reasonableness of the calculation and aggregation methods of performance indices (numerical data) and the accuracy of the numerical data
  - Reasonable methods were adopted for the calculation and aggregation of numerical data at both the Head Office and the Yokkaichi Plant.
  - Within the inspection, the numerical data are calculated and aggregated accurately.
  - It should be noted that the scope of the inspection contains data for Scope 1 to 3 for greenhouse gas emissions, and we confirm that the data are aggregated accurately based on received materials.
- 2) The accuracy of information other than numerical data
  - Information provided in the Report is accurate. Some suggestions were given at the drafting stage concerning inappropriate expressions and difficult-to-understand text; however, all of those problems have been corrected in the current Report.
- 3) Responsible Care and CSR activities
  - We positively acknowledge the fact that information on workplace accidents, facility accidents, and external circumstances is being utilized to prevent similar accidents through its distribution to departments in charge in JSR and group companies and prompt communication to all employees via the intranet with efforts to share and spread it throughout the organization. Moreover, we positively acknowledge that consideration is being given to the necessity of safety education that is matched to the characteristics of specific age groups, which was identified as a result of recent workplace accidents, and that initiatives toward this end are commencing.



- We positively acknowledge the fact that a plan to complete safety measures by FY2020 is moving forward. This plan includes seismic retrofitting projects focused on high-pressure gas facilities in plants, installation of an earthquake early-warning system at all plants and offices, and, in response to the Great East Japan Earthquake, improvement of earthquake resistance and measures to prevent tsunami damage. We also positively acknowledge that crisis management training envisioning a major earthquake in Tokyo and BCP training for Group companies were provided in FY2017.
  - We positively acknowledge the fact that requests vis-à-vis the CSR Report and CSR Department are identified based on the reports of “CSR Report Presentation Meetings” that employees hold each year and are reflected in the preparation of the CSR Report and in CSR activities.
  - We positively acknowledge the fact that the Yokkaichi Plant maintained its current status of zero environmental complaints from FY2008 to FY2017.
- 4) Characteristics of the Report
- The Report includes a section titled “JSR Group ESG Data” that allows stakeholders to find ESG data at a glance.



Shigeki Nagamatsu  
Chief Director, Responsible Care Verification Center  
Japan Chemical Industry Association