

JSR Corporation



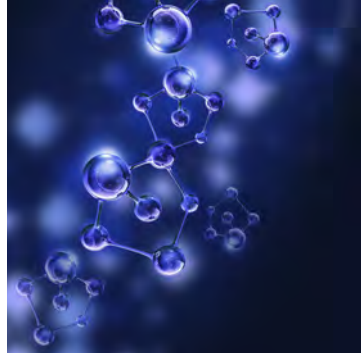
MATERIALS INNOVATION

ANNUAL REPORT 2018

For the year ended March 31, 2018



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* In this report, Fiscal Year (FY) means the year ending March 31.
For example, FY2017 means April 1, 2017 – March 31, 2018.

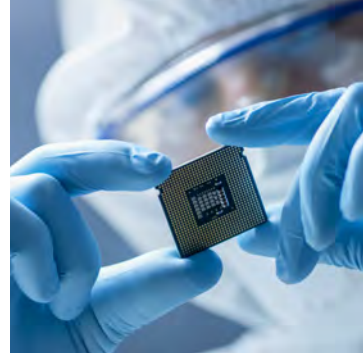
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**FINANCIAL
SECTION**
(Supplementary
Volume)

Forward-Looking Statements

Statements regarding the Company's future plans, strategies, projected performance and outlook are based on information available at the time of writing. Readers are cautioned that economic trends in JSR's target markets and other risks, and factors beyond the Company's control could cause actual results to differ materially from those projected by management.

OVERVIEW

CORPORATE MISSION

MATERIALS INNOVATION

WE CREATE VALUE THROUGH MATERIALS TO ENRICH SOCIETY, PEOPLE AND THE ENVIRONMENT

PROFILE

JSR Corporation (formerly Japan Synthetic Rubber Co., Ltd.) was established in December 1957 under the Special Measures Law for the Synthetic Rubber Manufacturing Industry with the aim of pioneering synthetic rubber production in Japan. Since transitioning into a private corporation in 1969, JSR has expanded its petrochemical business from synthetic rubber to include emulsions, plastics and other materials, and has augmented business operations for the semiconductor, flat panel display and optical materials fields by leveraging proprietary polymer technologies. The promotion of the Fine Chemicals Business based on IT materials has served as a gateway to innovative changes to the company's business structure and we changed our company name to JSR Corporation at the timing of 40th anniversary on December 10, 1997.

Recently, the Life Sciences Business as the third business pillar is expanding its scale through measures such as mergers and acquisitions (M&A). A new company was established at the Plastics Business through a merger, too. Also, the previous Fine Chemicals Business was changed to the Digital Solutions Business to seek new business opportunities. We will achieve sustainable growth by steadily overcoming issues in each business fields and increasing our profits.

BUSINESS OUTLINE

JSR Group aims to create new value through materials and to help in solving social problems.

Social Priorities

1960s

PRODUCTION OF SYNTHETIC RUBBER IN JAPAN

Petrochemicals played a vital role as industrial raw materials during Japan's postwar recovery and reconstruction phase. There was an urgent need to establish synthetic rubber manufacturing in Japan because reliance on imports left Japan vulnerable to a tight supply-demand environment.

1980s

CHANGES IN THE INDUSTRIAL STRUCTURE

Electronic materials were vital to the emergence of the new computer industry and products such as electronic devices with embedded microchips, and digital communications devices.

2000s

SOCIAL PRIORITIES FOR THE FUTURE

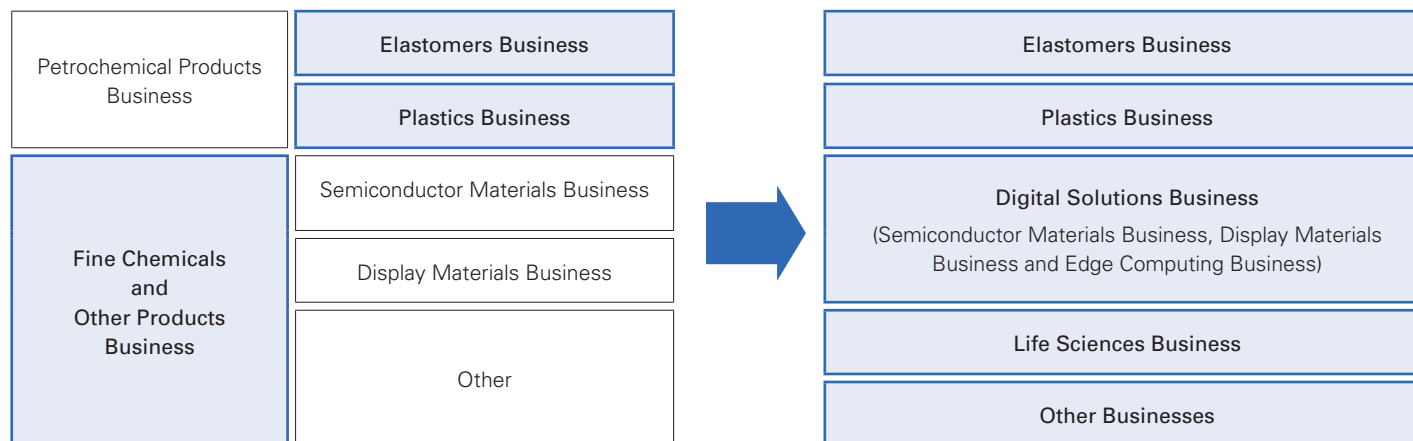
Rising awareness of environmental problems is reflected in the need to create environmentally responsible living. Another major social priority in Japan, which is at the head of the pack in the global trend toward super-aging societies, is the development of medical services.

New Segment Classification

We have changed our disclosure segment classification from FY ending March 2019.

By FY 2017

From FY 2018



CONSOLIDATED FINANCIAL HIGHLIGHTS

In fiscal 2017, we achieved significant year-on-year increases in consolidated revenue and earnings, and also exceeded our full-year guidance.

Revenue
421.9 billion yen
Previous year **388.5** billion yen
↑ +8.6%

Revenue increased substantially thanks to higher sales in the Elastomers Business—stemming from revision of sales prices to reflect rising raw materials costs—as well as our increased adoption of advanced materials in the Semiconductor Materials Business, where market conditions are healthy.

Total Equity
411.6 billion yen
Previous year **376.4** billion yen
↑ +9.4%

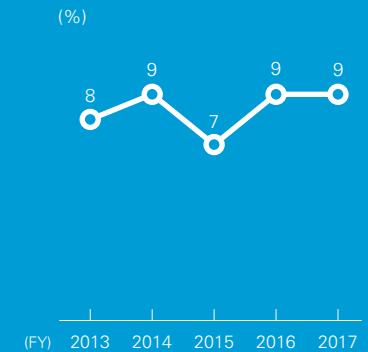
Total equity increased year on year, buoyed by a 22.4 billion yen rise in retained earnings. The equity ratio at fiscal year-end was 60.8%.

Operating Profit
43.6 billion yen
Previous year **35.9** billion yen
↑ +21.2%

Operating profit increased year on year for several reasons. These included revision of sales prices in the Elastomers Business to reflect rising raw materials costs, sales expansion of solution polymerization styrene-butadiene rubber (SSBR) for fuel-efficient tires at our subsidiary in Thailand, and our efforts to expand sales in the Plastics Business.

ROE
8.8 %
Previous year **8.5** %
↑ +0.3%

Return on equity (ROE) increased year on year thanks to growth in profit.



OUR STRATEGY

TOWARD SUSTAINABLE GROWTH

As a company that provides innovative value to society, we will make efforts to address social issues and evolve our organization to achieve sustainable growth.



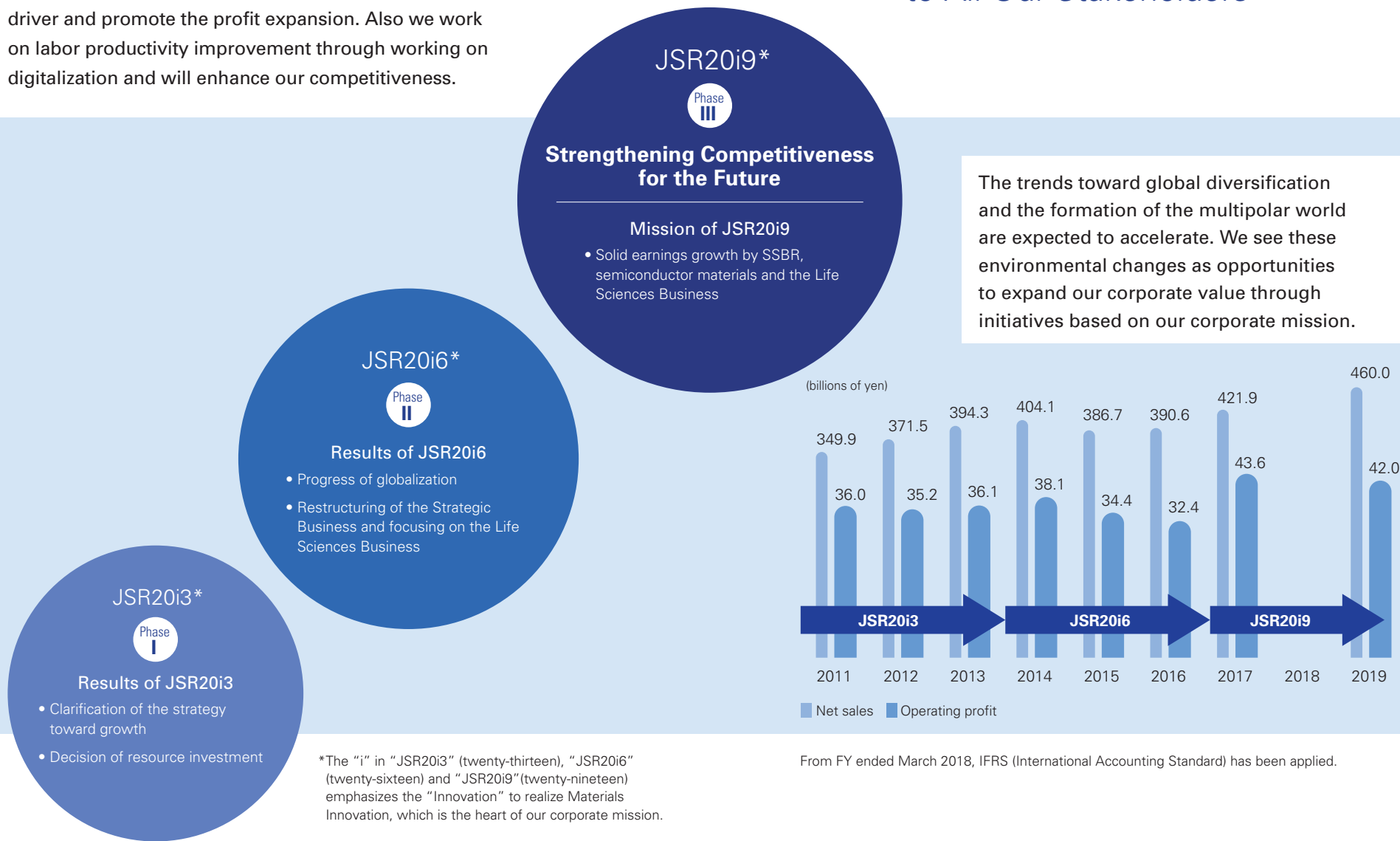
mitsunobu (Nobu) KOSHIBA
Representative Director and President



THE JSR VISION

We launched a three-year mid-term business plan, JSR20i9* from April 2017. We place SSBR, Semiconductor Materials Business and Life Sciences Business as earnings driver and promote the profit expansion. Also we work on labor productivity improvement through working on digitalization and will enhance our competitiveness.

We Will Achieve Sustainable Growth to Fulfill Our Responsibility to All Our Stakeholders



*The "i" in "JSR20i3" (twenty-thirteen), "JSR20i6" (twenty-sixteen) and "JSR20i9" (twenty-nineteen) emphasizes the "Innovation" to realize Materials Innovation, which is the heart of our corporate mission.

TO OUR SHAREHOLDERS

Please explain the reasons for revenue and earnings growth in fiscal 2017.

Among JSR Group's main customer industries, automobile tire production and automobile production rose above the previous year's level globally, but domestic tire production remained mostly unchanged from the previous year. Demand in the semiconductor market grew, and production of panels in the display market was robust. The exchange rate had a slightly weaker yen compared to the previous year.

Amid these circumstances, the Petrochemicals Business of JSR Group saw revenue rise in the Elastomers Business over the previous year, despite a decline in overall sales volume, due to growth in the sales volume of solution polymerization styrene-butadiene rubber (SSBR) for fuel-efficient tires and revisions to sales prices to reflect butadiene prices, which shot up in the fourth quarter of the previous year. The Plastics Business also saw revenue increase from the previous year because of price revisions accompanied by the rise in raw materials prices and because of worldwide sales volume growth. Revenue in the Petrochemicals Business as a whole was also up from the previous year. Operating profit of the Elastomers Business increased significantly over the previous year on the back of improved profitability from the sales price revisions mentioned above. Similarly, the Plastics Business's operating profit was up significantly, driven by increased sales volume and improved profitability from the sales price revisions mentioned above. These factors combined to push the operating profit of the Petrochemicals Business up significantly over the previous year.

In the Fine Chemicals and Other Products Business, the Semiconductor Materials Business saw a significant increase in revenue over the previous year due to larger sales volume of lithography materials, CMP materials, cleaning solutions, and packaging materials. In the Display Materials Business, the sales volume for the China market grew, although prices fell due to competition pressures and the overall sales volume declined. Revenue from the Life Sciences Business, positioned as JSR Group's third core business, saw a notable increase, and revenue from the Fine Chemicals and Other Products Business as a whole increased compared to the previous year. Operating profit of the Fine Chemicals and Other Products Business was mostly unchanged from the previous year due to additional advance capital investment in the Life Sciences Business and other factors.

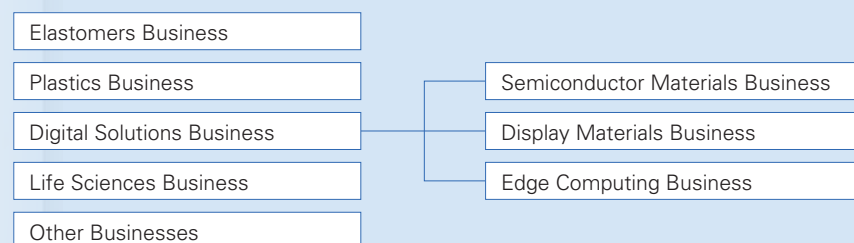
Profit attributable to owners of parent rose above the previous year's level, thanks to increased operating profit.



TO OUR SHAREHOLDERS

In fiscal 2017, we reported revenue of 421,930 million yen (up 8.6% year-on-year), operating profit of 43,569 million yen (up 21.2% year-on-year), and profit attributable to owners of parent of 33,230 million yen (up 9.9% year-on-year).

JSR Group has maintained three reporting segments: Elastomers Business, Plastics Business, and Fine Chemicals and Other Products Business. With the expansion of the Life Sciences Business, however, Life Sciences Business will become a new reporting segment starting in fiscal 2018. Furthermore, the previous Petrochemical Products Business and the Fine Chemicals and Other Products Business will be discontinued, and the Fine Chemicals Business will be renamed Digital Solutions Business and made a reporting segment. Accordingly, the Group reporting segments from fiscal 2018 will be the Elastomers Business, the Digital Solutions Business, the Life Sciences Business, and the Plastics Business led by Techno-UMG Co., Ltd. The positioning of the reporting segments will be as shown below.



Please describe the progress of mid-term business plan, JSR20i9, and how you plan to proceed in the future.

In the JSR20i9, our consolidated numerical targets for fiscal 2019, the final year of the plan, are revenue of 460 billion yen, operating profit of 42 billion yen, and ROE of 8% or higher. In fiscal 2017, we posted revenue of 421.9 billion yen, operating profit of 43.6 billion yen, and ROE of 8.8%. In other words, we exceeded our final-fiscal-year numerical targets for operating profit and ROE. Although we achieved our numerical targets for fiscal 2017, the first year of the plan, we will not change our final targets because we are currently working on major issues in each business.

TO OUR SHAREHOLDERS

In the Elastomers Business, we aim to seize the No. 1 market share of the global market for SSBR, our strategic product. In fiscal 2017, we posted a steady increase in sales volume on the back of expanded production capacity. This reflected the launch of operation at the second-phase facilities of JSR BST Elastomer Co., Ltd. (JBE), our joint venture in Thailand. As for future issues, an important priority for fiscal 2018 is to launch operations at the plant of JSR MOL Synthetic Rubber Ltd., established in Hungary.

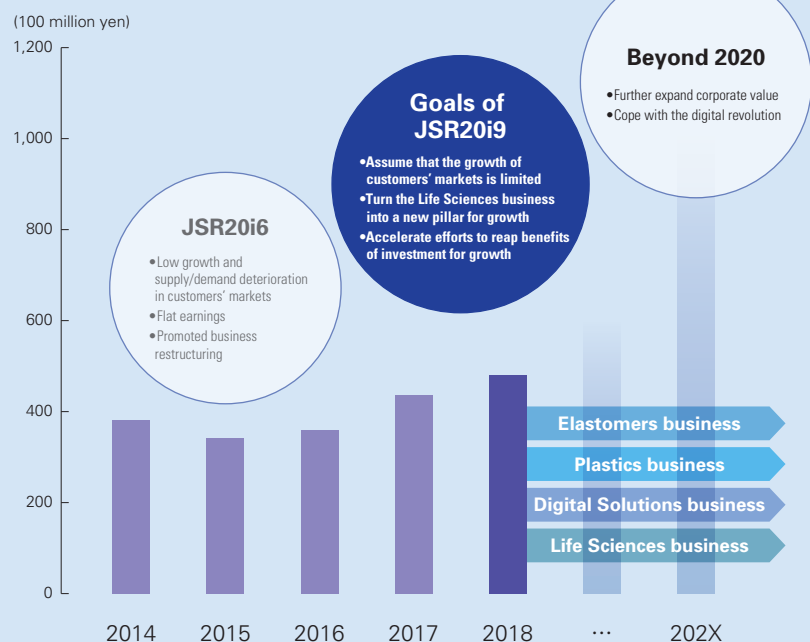
In the Plastics Business, in April 2018 we merged two companies, Techno Polymer Co., Ltd. and UMG ABS, Ltd. to form a new company, Techno-UMG Co., Ltd. This integration of two leading domestic manufacturers will enable us to combine the strengths in manufacturing, R&D, and sales amassed by both companies, which we will utilize to expand sales in high-end overseas markets.

In the Semiconductor Materials Business (a category of the Digital Solutions Business segment), we will continue striving to maintain a high market share for cutting-edge lithography materials while expanding sales of semiconductor peripheral materials. With respect to EUV resists, widely expected to become a next-generation lithography material, we will aim for top-runner status by deploying EUV Resist Manufacturing & Qualification Center N.V., a manufacturing joint venture in Belgium. In the Display Materials Business (a second category of the Digital Solutions Business segment), we will focus on alignment films and insulating films, while in China, a market expected to grow in the future, we will strive to further expand sales by deploying JSR Micro (Changshu) Co., Ltd., a manufacturing joint venture. In the Edge Computing Business (a third category of the Digital Solutions Business segment), we aim to expand our presence in the mobile field, while striving to further expand sales of infrared cut filters for mobile devices.

In the Life Sciences Business, our plan is to broaden our presence in the bio-pharmaceutical field and make it a new pillar of our operations. Specifically, we are targeting revenue in that field in the 50 billion yen range in fiscal 2019, growing to more than 100 billion yen in the 2020s and thereafter. In the life sciences field, in addition to developing our own innovative materials and products, it is very effective to use M&As to incorporate other companies' technologies.

In fiscal 2017, we acquired a Swiss company, Selexis SA, which has a technology in quickly generating cell lines used to culture antibodies efficiently. We also completed our acquisition of Crown Bioscience International, a provider of preclinical drug discovery and development support services, on May 31, 2018. Through these companies, together with

Operating profit



TO OUR SHAREHOLDERS

KBI Biopharma, Inc. and Medical & Biological Laboratories Co., Ltd., both already JSR Group members, we now have a system enabling us to offer a wide range of services and products. In addition, we established an industry-academia collaboration with the opening of the JSR-Keio University Medical and Chemical Innovation Center (JKiC) in October 2017. Our aim is to uncover new themes in the field of advanced medicine. Going forward, JSR Group companies will unite in an effort to expand our drug discovery and development support business in the bio-pharmaceutical field and contribute to reducing the costs and shortening the lead-times of pharmaceutical development.

What is management's view on returning profits to shareholders?

With respect to profit appropriation, the Company regards business growth over the long term as its top priority. To generate sustainable long-term growth, JSR Group strives to increase its competitiveness by developing new businesses through the reinforcement of research and development activities from a long-term perspective.

The Company will appropriate profits by taking into account business performance and mid- and long-term demand for funds, while paying continuous, stable cash dividends based on consideration of taking balance between appropriating profits to our shareholders and retaining earnings necessary for future business advancement. Carefully considering the stock market environment and other factors, we will comprehensively study purchases of treasury shares as a measure to return profits to our shareholders. We allocate retained earnings to a variety of investments linked to future growth of businesses, contributing to the enhancement of corporate value. During the JSR2019 mid-term business plan, we aim for a return to shareholders, through a combination of dividends and share buybacks, of 50 percent or higher.



CREATING CORPORATE VALUE

The three strategic domains for JSR Group are Elastomers Business, Digital Solutions Business and Life Sciences Business. In each of these domains, we are developing business activities based on mid- and long-term perspectives.



Thermoplastic
Elastomers



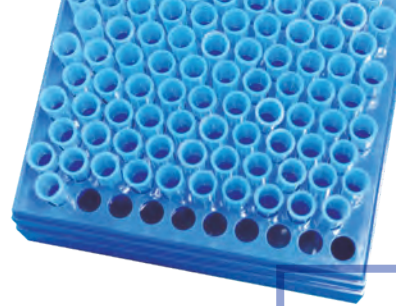
Elastomers



Emulsions



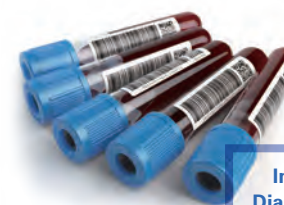
Plastics



Bioprocess
Materials

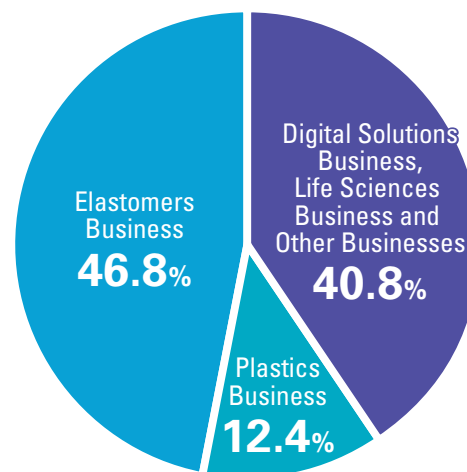


Display
Materials



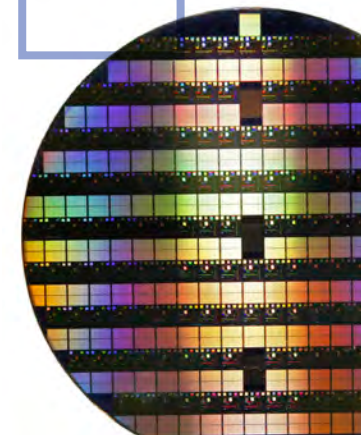
In Vitro
Diagnostics
and Life
Science
Research

Revenue Breakdown by Business Segment



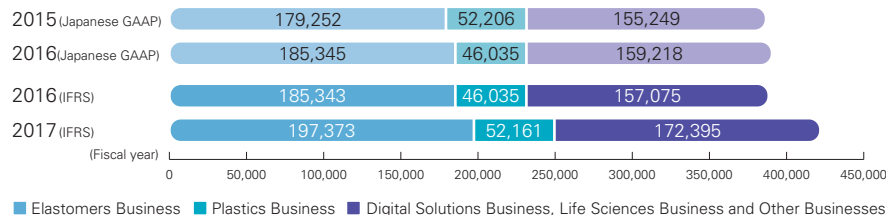
Optical
Materials

Semiconductor
Materials



AT A GLANCE

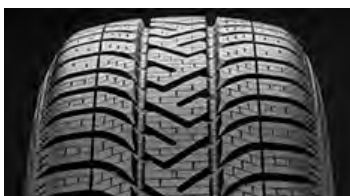
Revenue by Business Segments (Millions of yen)



JSR Group has reclassified its disclosure segments effective from fiscal 2018, the fiscal year ending March 31, 2019. Please refer to page 3 for details.

Pursuant to Paragraph 1 Article 120 of the Rules of Corporate Accounting, the Company's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) effective from fiscal 2017, the fiscal year ended March 31, 2018. Moreover, numerical data for fiscal 2016, the fiscal year ended March 31, 2017 is presented in accordance with IFRS for reference purposes.

ELASTOMERS BUSINESS



General-Purpose Synthetic Rubbers

- SSBR (Solution polymerization styrene-butadiene rubber), ESBR (Emulsion polymerization styrene-butadiene rubber), BR (Polybutadiene rubber), IR (Isoprene rubber), etc.

Special-Purpose Synthetic Rubbers

- NBR (Nitrile rubber), IIR (Butyl rubber), EPM/EPDM (Ethylene-propylene rubber), etc.

Thermoplastic Elastomers (TPE)

- RB (Butadiene type TPE), DYNARON™ (Hydrogenated polymer), TR (Styrene-butadiene type TPE), SIS (Styrene-isoprene type TPE), EXCELINK™ (Olefin type TPE), etc.

Emulsions

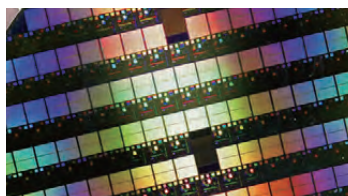
- Paper coating latex, SB latex, Acrylic emulsions, Binders for batteries, SIFCLEAR™ (Water-based durable stain resistant emulsion), etc.

PLASTICS BUSINESS



- ABS resins, AES resins, HUSHILLOY™ (Anti-squeak material), etc.

DIGITAL SOLUTIONS BUSINESS



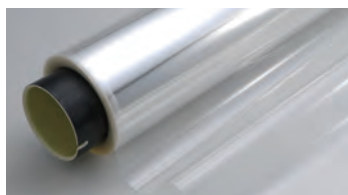
Semiconductor Materials

Lithography Materials

- Photoresists, Multilayer materials, etc.

Advanced Electronic Materials

- CMP slurries, CMP pads, Thick-film photoresists, photosensitive insulation materials, etc.



Edge Computing

- ARTON™ (Heat-resistant transparent resin), etc.
- High-performance UV curable resins, etc.



Display Materials

LCD Materials

- Alignment films, Protective coatings, Color pigment dispersed resists, Photosensitive spacers, Insulating layers, etc.

OLED Materials

- Insulating layers, Planarization layers, etc.

LIFE SCIENCES BUSINESS



In-vitro Diagnostic and Research Reagents

- Beads for clinical diagnostics, Research reagents, Magnetic beads, Size standard beads

Bioprocess Materials

- Amsphere™ A3 (Protein A chromatography resin)

Drug Discovery Support Services

- Development and manufacturing services

OTHER BUSINESSES



- Lithium ion capacitors, next generation technology research, etc.

ELASTOMERS BUSINESS

Performance Overview

Revenue

197.4 billion yen
↑ +6.5%

Operating Profit

14.9 billion yen
↑ +69.0%

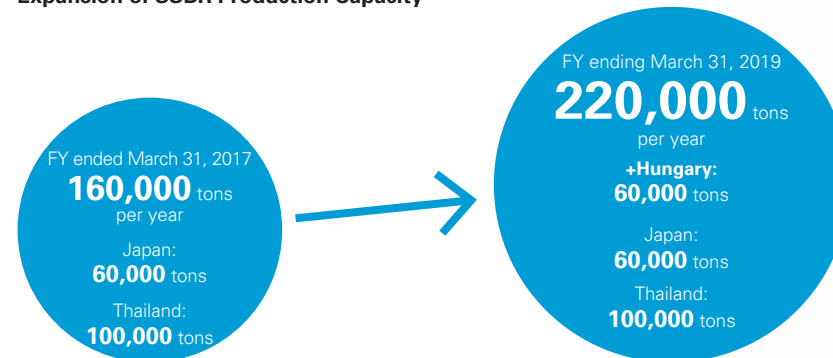
- Production of automobile tires increased year on year in China and elsewhere in Asia, as well as in Europe, but remained mostly unchanged in Japan.
- In the Elastomers Business segment, the sales volume declined slightly from the previous year, when exports had been healthy.
- Segment revenue increased year on year thanks to our revision of sales prices to reflect butadiene prices, which surged in the fourth quarter of the previous year.
- Segment operating profit also rose significantly year on year. This was due to improved profitability stemming from the sales price revision, as well as growth in the sales volume of SSBR for fuel-efficient tires at JSR BST Elastomer Co., Ltd. (JBE), our joint venture in Thailand, where second-phase facilities went into operation.

Three-pronged SSBR Supply System; Tire-related Solutions

The SSBR market is expected to grow 6–7% annually as rising environmental awareness bolsters demand for fuel-efficient tires. Currently, we have a total SSBR production capacity of 160,000 tons (Thailand and Japan combined), but we will raise this to 220,000 tons when we commission a new factory in Hungary in fiscal 2018. By expanding sales of SSBR globally, we will target annual growth in sales volume of 10% or more, which is higher than the market growth rate.

Meanwhile, to strengthen sales in Europe, where demand is expected to grow, we established JSR Elastomer Europe GmbH in Germany, and in Tianjin, China, we established Tianjin Technology Center to provide technical support with close ties to customers. The spread of electric cars and the like is giving rise to growing technical needs for high-performance tires. For example, electric vehicles require tires with high abrasion resistance. In response, we will offer tire-related solutions that combine our comprehensive know-how and processing technologies, in addition to providing materials.

Expansion of SSBR Production Capacity



PLASTICS BUSINESS

Performance Overview

Revenue

52.2 billion yen
↑ **+13.3%**

Operating Profit

5.6 billion yen
↑ **+44.8%**

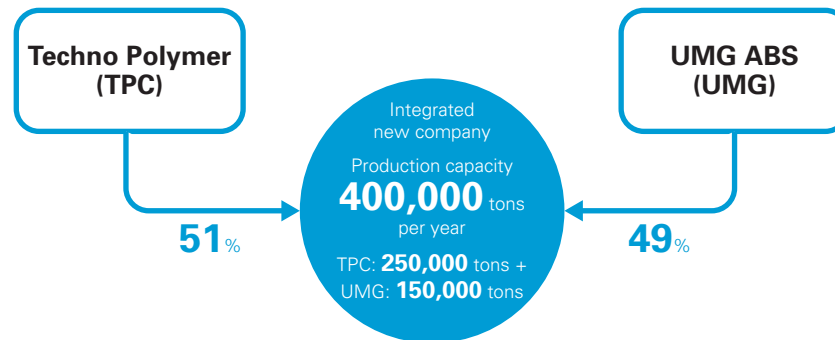
- The sales volume of the Plastics Business increased year on year owing mainly to higher demand among overseas customers for such products as automobiles, one of the segment's main customer industries.
- Segment revenue also increased due to a revision of sales prices to reflect the surge in raw materials costs, as well as the higher sales volume.
- Operating profit jumped significantly thanks to the greater sales volume and improved profitability stemming from the sales price revision.

Merger of Plastics Business

On April 1, 2018, we established a new company, Techno-UMG Co., Ltd., through the merger of two companies: Techno Polymer Co., Ltd. (a wholly owned subsidiary of JSR) and UMG ABS, Ltd. (equally owned by Mitsubishi Chemical Corporation and Ube Industries, Ltd.).

Thanks to this integration of two leading domestic manufacturers of ABS and other styrene-based resins, we have expanded the scale of our Plastics Business in terms of revenue, production capacity, sales operations, and the like. Specifically, the former Techno Polymer has strengths in automotive interior material applications, while the former UMG ABS specializes in automotive exterior material applications. Both companies have accumulated impressive manufacturing, product development, and sales capabilities. We will use these assets to further enhance manufacturing efficiency and cost-competitiveness and thus enjoy stable domestic supply, while increasing the number of differentiated products to expand sales in high-end overseas markets.

Overview of New Company



DIGITAL SOLUTIONS BUSINESS

Performance Overview

Revenue

172.4 billion yen
↑ +9.8%

Operating Profit

23.1 billion yen
↓ -0.7%

- Segment revenue increased year on year, but operating profit remained mostly unchanged.

Semiconductor Materials

Performance Overview

Revenue

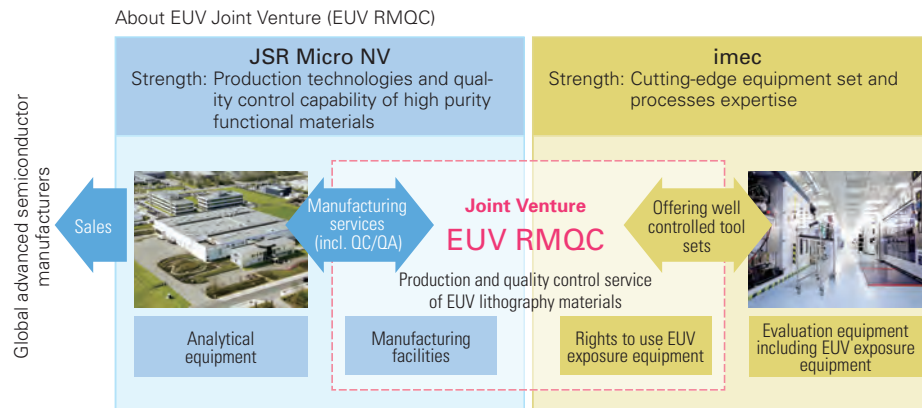
75.4 billion yen
↑ +21.3%

- The Semiconductor Materials Business saw dramatic growth in revenue. In addition to particularly favorable growth in semiconductor demand, this was due to higher volume of sales to the segment's main customers, especially for cutting-edge photoresists, as well as increased sales volume for semiconductor peripheral materials, such as CMP materials, cleaning solutions, and packaging materials.

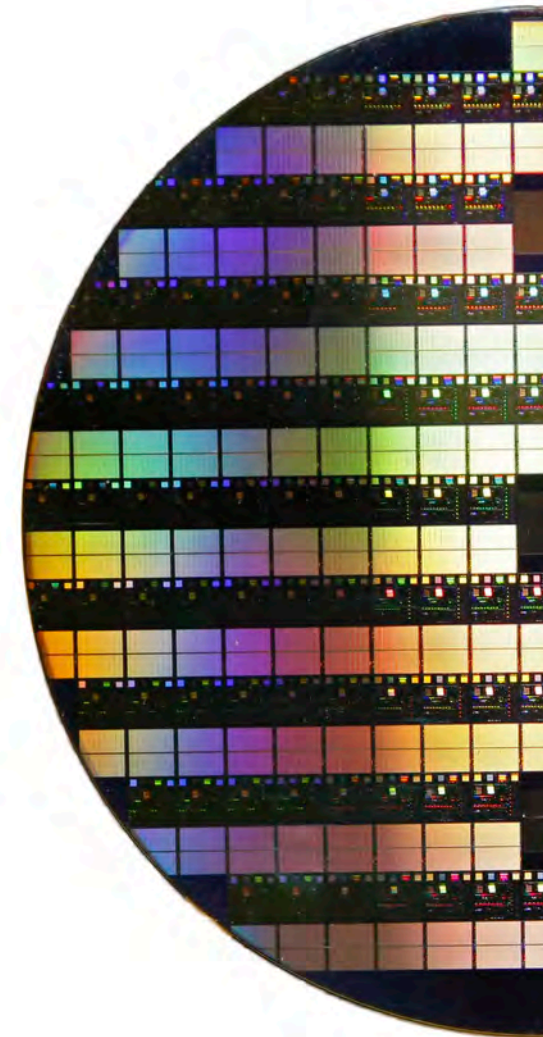
Seeking Top-runner Status in the EUV Sector

We work to maintain the industry top-runner status by securing a high global market share in the field of cutting-edge lithography materials including 10nm generations and engaging in commercial production of EUV lithography materials for next 7nm generations and beyond. In addition, we continuously expand sales of the peripheral materials, such as CMP materials, cleaning solutions and packaging materials.

In March 2017, the production facilities of EUV Resist Manufacturing & Qualification Center N.V. (EUV RMQC) was completed. EUV RMQC is a joint venture with imec, a world-leading research institute for research on cutting-edge nanoelectronics technology in Belgium, providing manufacturing and quality control services of EUV lithography materials. In order to contribute the industry for practical use of EUV lithography, JSR will push forward with its stable commercial production of EUV photoresists through evaluation by the segment's main customers.



Build infrastructure of production and quality control facility of EUV lithography materials to the semiconductor industry for advanced devices.



DIGITAL SOLUTIONS BUSINESS

Display Materials

Performance Overview

Revenue

54.1 billion yen
↓ -4.7%

- We achieved an increase in sales volume in China, where panel production rose dramatically, although prices declined due to competition pressures and the overall sales volume was also down.

Development of the Display Business in the Chinese Market

In the Display Materials Business, we entered China, where LCD panel production is expanding rapidly, and relocated the operating body from our head office (Japan) to there. We also strengthened our sales and technical service systems with the establishment of sales bases in Beijing, Hefei, Chongqing, Fuzhou, and Shenzhen. We particularly focused on sales expansion of alignment films and insulating films, achieving an increased market share, and a new factory built for JSR Micro (Changshu) Co., Ltd. started operations during fiscal 2017. We will continue restructuring our business while targeting further sales expansion in the Chinese market.



LIFE SCIENCES BUSINESS

Performance Overview

Revenue

42.9 billion yen
↑ **+12.5%**

- The Life Sciences Business posted a year-on-year increase in segment revenue on the back of higher sales of diagnostic reagent materials, in addition to increased sales volume by KBI Biopharma, Inc. (KBI), a Group company.

However, operating profit remained mostly unchanged, largely because of additional upfront capital investments targeting future expansion of this business segment.

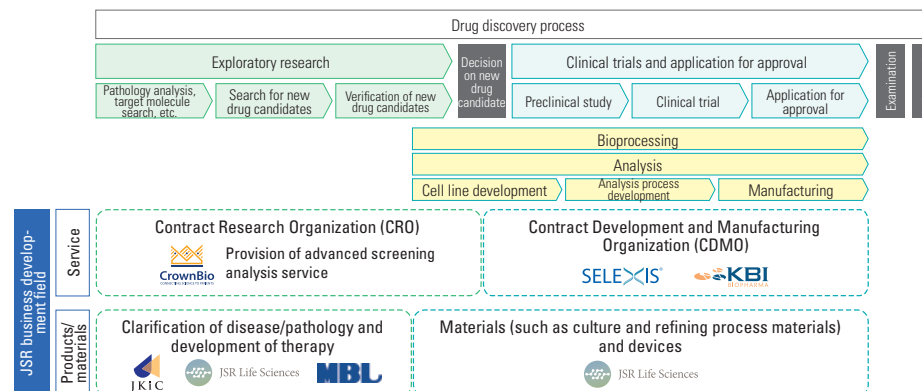
Life Sciences as a New Business Pillar

In the Life Sciences Business, which has grown to become the third pillar of JSR Group's businesses, we established a system capable of providing integrated support for all processes, from antibody drug discovery to manufacturing. In addition to two companies that are already Group members, KBI Biopharma, Inc. and Medical & Biological Laboratories Co., Ltd. (MBL), we acquired two other companies in this business: Switzerland-based Selexis SA, which has a technology in quickly generating cell lines used to culture antibodies efficiently, and U.S.-based Crown Bioscience International, a provider of preclinical drug discovery and development support services. Accordingly, we now have an integrated system in place to support all processes, from antibody drug discovery to manufacturing. All Group companies involved in the Life Sciences Business will unite in an effort to expand our bio-pharmaceutical discovery support business. Our aim is to provide services that improve the probability of success in the drug discovery process for antibody drugs and shorten the development period.

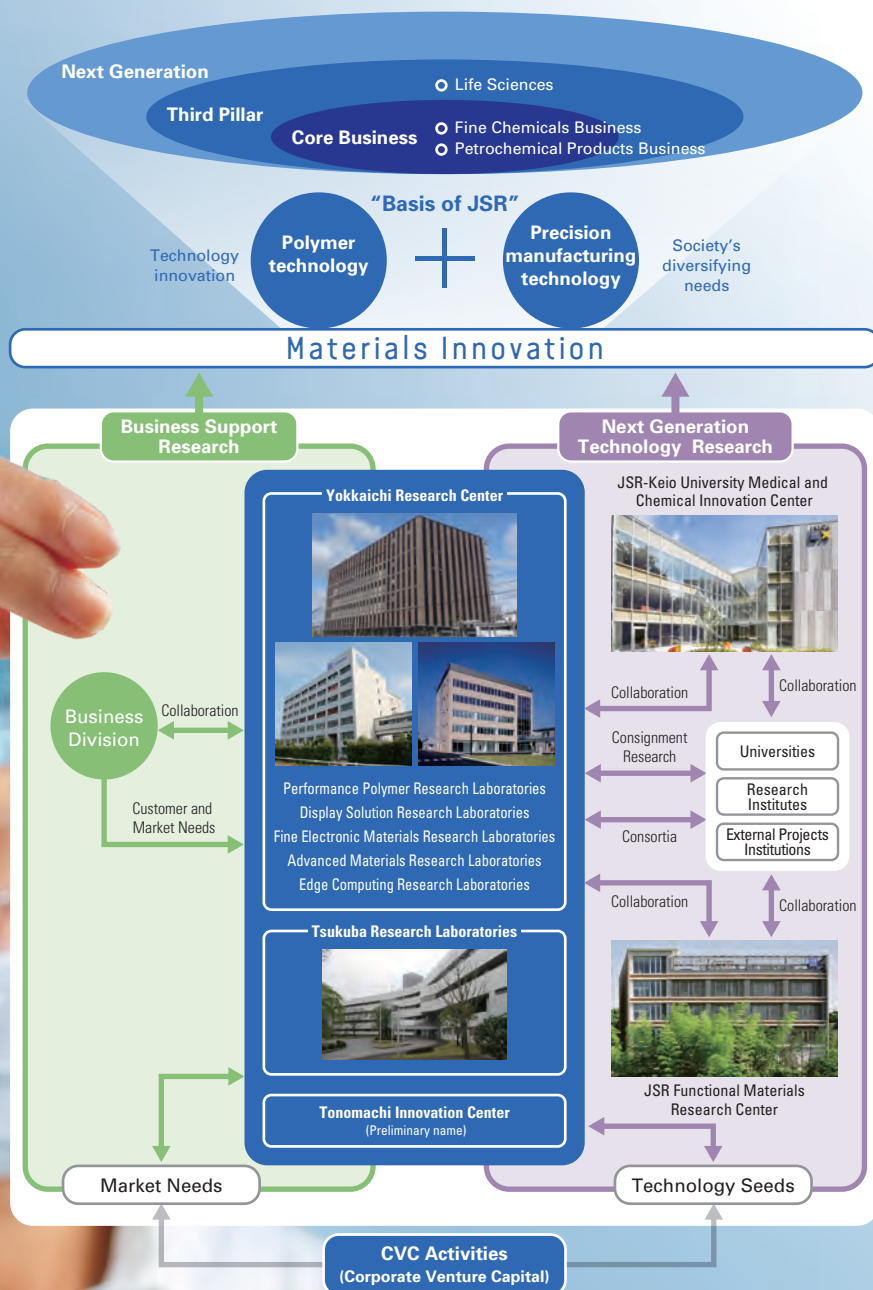
To address demand for commercial-level manufacturing, KBI completed an upgrade of its facilities at the end of 2017 and has started rolling out production. In the first half of 2018, we launched analytical services at a base established on the premises of JSR Micro NV in Europe. In addition, we started commercial production at new manufacturing facilities, also established on NV's premises, to address expected growth in demand from the increased adoption of Amsphere™ A3, chromatography resin for refining use.

Meanwhile, we recently established the JSR-Keio University Medical and Chemical Innovation Center (JKiC) in research alliance with Keio University and Keio University Hospital. Through this industry-academia collaboration, we will work to develop innovative materials and products that support advancements in new medical fields, with the aim of expanding our Life Sciences Business into the future.

We will provide innovative services, products, and materials to pharmaceutical companies, biotechnology companies, and academia covering the entire development process for new medical treatments.



R&D POLICY AND ORGANIZATION



With deep expertise in its core polymer and precision manufacturing technologies, JSR Group has widened the scope of its technological domains by integrating technologies from disparate fields such as photochemistry, inorganic chemistry, precision processing, and biotechnologies. On this basis, the Group has advanced R&D activities, and its accumulated efforts have enabled it to develop unique strengths relative to chemical companies worldwide, which is our driving force to expand superior materials and technologies globally.

JSR Group's main R&D centers are located at Yokkaichi City in Mie Prefecture and Tsukuba City in Ibaraki Prefecture. There we carry out R&D activities aimed at tracking swiftly evolving societal needs such as the changes that are emanating from the digital revolution.

Our R&D mission can be broadly divided into two categories: "business support research" for business domains we are developing, and "next-generation technology research," such as novel and applied research for peripheral fields. In promoting research, we emphasize close linkages in the Group's value chain, ranging from market development to process development and manufacturing technology development, and extending to manufacturing, sales, and distribution. We also promote integration within the system, with researchers themselves making direct contacts to customers to uncover their needs. Moreover, we are enhancing technical services in various countries and building a system capable of providing global and timely support for customers' business promotion activities.

For next-generation technology and seed research, it is necessary for R&D to anticipate latent market needs. Particularly in the case of new R&D fields, we promote open innovation such as joint research with universities and research institutions in Japan and overseas. We have established the JSR-Keio University Medical and Chemical Innovation Center (JKiC), a joint research facility on Keio University's Shinanomachi campus, which opened in October 2017.

We will create innovation through investigating the wholly novel concept of fusing medicine and chemistry, which will lead to establish practical technologies that contribute to global society with people living long and healthy lives.

CREATING SUSTAINABLE VALUE

We are a company that delivers “sustainable growth” toward the future. Our corporate mission, “Materials Innovation,” states that “We create value through materials to enrich society, people, and the environment.” Based on this mission, we are building good relationships with various stakeholders in our quest to become a trusted and indispensable corporate citizen. Accordingly, we are working to resolve social issues based on our belief that our practicing our corporate mission in management and engaging in CSR activities are one and the same.



CORPORATE MISSION AND CSR

Integration of management and CSR creates benefits for both society and JSR Group through its contribution to the development of a sustainable global environment and society.

Corporate Mission and Priority Issues

Corporate Mission

Materials Innovation

We create value through materials to enrich society, people and the environment.

Management Policies:

Fundamental Pillars of Management

- Continuous Creation of Businesses
- Enhancement of Corporate Culture
- Increase in Corporate Value

Management Policies:

Responsibility to Our Stakeholders

- Responsibility to Our Customers/Business Partners
- Responsibility to Our Employees
- Responsibility to Society
- Responsibility to Shareholders

Course of Action: The 4Cs

CHALLENGE
COMMUNICATION
COLLABORATION
CULTIVATION

Issues facing society that need to be addressed

WE SUPPORT



- Business Development for Higher Profitability
- Reinforcement of Global Competitiveness
- Nurturing of Next-Generation Businesses

Innovation

Social Issues that JSR Group Can Help Resolve

- Eco-Friendly Products
- Health and Longevity
- Better Access to Healthcare and Medical Care
- Quality of Life and Happiness

Sustainability

Social Issues Attributable to JSR Group's Corporate Activity

- Health and Safety Initiatives
- Environmental Impact Reduction
- Climate Change Mitigation
- Water Resources Conservation
- Waste Reduction
- Human Rights
- Labor Environment
- Diversity
- Supply Chain Management
- Communication with Stakeholders

Basic Issues in JSR Group's Corporate Activity

- Corporate Governance
- Compliance
- Risk Management
- Responsible Care

Development of a Sustainable Global Environment and Society

CSR MANAGEMENT

Our corporate mission, “Materials Innovation,” states that “We create value through materials to enrich society, people, and the environment.” Based on this mission, we are building good relationships with various stakeholders in our quest to become a trusted and indispensable corporate citizen. Accordingly, we are working to resolve social issues based on our belief that our practicing our corporate mission in management and engaging in CSR activities are one and the same.

CSR Advancement Structure

JSR Group promotes CSR through the CSR Committee, which reports to Representative Directors. There are four committees that function under the supervision of the CSR committee: the Corporate Ethics Committee, which enlightens corporate ethics standards and strengthens compliance; the Responsible Care Committee, which works to realize a sustainable society through promoting responsible care; the Risk Management Committee, which seeks to further strengthen the Group’s risk management system; and the Social Contribution Committee, which considers and promotes the Group’s necessary contribution to society. The CSR Committee coordinates and guides the activities of these four committees and works to strengthen and promote CSR management through regular meetings four times a year, as well as extraordinary meetings.

Compliance

JSR Group practices corporate ethics to fulfill its responsibility to stakeholders, which is its management policy, in addition to ensuring legal compliance as a matter of course. We have also formulated the “JSR Group

Corporate Ethics Guidelines” to provide specific guidance related to corporate ethics. The Corporate Ethics Committee promotes activities to encourage employees to maintain high ethical standards and act with fairness and integrity. We conduct a Corporate Ethics Awareness Survey at business sites in Japan and overseas to ascertain the state of awareness of corporate ethics among employees, identify issues and prepare a follow-up plan to address any issues identified in the survey. To strengthen compliance, in April 2013 we prepared the Compliance Handbook containing key points concerning laws and regulations to be observed and distributed to all employees in Japan. JSR has issued compliance handbooks based on regulations in South Korea and China and distributed to JSR Group companies in South Korea and China.

Risk Management

JSR Group considers preventing major crises from occurring and minimizing the impact of unprecedented crises on its business activities if they were to occur as important management priorities, and engages in risk management activities accordingly. JSR Group operates its own

risk management system to periodically identify, evaluate, and formulate countermeasures for a wide range of risks, including explosions, fires, major earthquakes, and terrorist attacks. Among identified risks, we designate serious risks which are likely to have a big impact on the continuation of business as “major company-wide risks” and we monitor and periodically review the risks that the management itself has identified. In these ways, we are building and maintaining systems to prevent and/or prepare for the occurrence of crises.

JSR holds crisis management training once a year for members of the Disaster Countermeasure Division, which is headed by the president. In fiscal 2017, our annual crisis management training was held assuming that a major earthquake occurred immediately beneath nation’s capital (centered on the northern part of Tokyo Bay) that damaged not only our headquarters but Group companies and other bases across the Kanto District. JSR Group will continue to prepare through training assuming various crises and other ways to ensure safety, reduce damage and keep our businesses running in the event of a serious crisis.

CSR MANAGEMENT

Responsibility to Our Stakeholders

Based on our recognition that “everything derives from social expectations,” we emphasize dialogue with stakeholders to avoid resorting to one-sided judgment criteria. For JSR Group, the term “stakeholder” refers to all customers and business partners, employees, society, and shareholders.

Responsibility to Our Customers and Business Partners

We believe that the most important role for JSR Group is to contribute to the creation of a better society by supplying innovative materials and quality products that meet the needs of our customers. We would like our customers to use our products in relief, and we place particular emphasis on quality assurance and product safety initiatives. These initiatives have been recognized, and we have received top-rank supplier awards from global customers.

Through communication with our business partners, meanwhile, we are improving the business activities of JSR Group.

Responsibility to Our Employees

We strive to develop mechanisms and a corporate culture to help employees accurately perceive and solve issues in order to foster a JSR that not only maintains its organizational capacity but ensures its future growth. We are also focused on

promoting work-style innovation and raising the added value of our operations. At the same time, we have established a global personnel system for JSR Group and are engaged in training and managing the Group’s human resources on a global level. Throughout the entire JSR Group, synergistic effects are being generated from the great successes being achieved by our diverse human resources.

Responsibility to Society

Seeking to earn the deep trust of communities and societies where it conducts its business activities, JSR Group is working to reduce environmental impacts through responsible care initiatives. We are also making efforts aimed at sustainable social development. These include promoting biodiversity, reducing waste, recycling resources, and engaging in social contribution activities.

Responsibility to Our Shareholders

Through our IR activities, we work hard to ensure that shareholders and investors are promptly and accurately informed about our business situation and corporate policies. To facilitate the exercise of shareholders’ voting rights, we convene ordinary general meetings of shareholders early so as to avoid the heaviest-scheduled dates, and send out convocation notices well in

advance of meeting dates. We have also introduced a system that allows shareholders to vote via the Internet. Our wide-ranging mutual communication activities also include quarterly briefings on our financial results and seminars for institutional investors and analysts (including technical seminars).

Aiming to increase corporate value by creating business opportunities through materials

- Constantly enhancing its management efficiencies
- Inspiring trust by being highly transparent and conducting sound corporate management practices
- In April 2009, JSR Group became a participant in the United Nations Global Compact. As a company that conducts business globally, we recognize the need to increase our considerations of human rights, labor, the environment, and anti-corruption cited in the Ten Principles of the UN Global Compact. To this end, we will step up proactive efforts to fulfill our corporate social responsibilities. Moreover through our business activities, we will promote initiatives to achieve the “Sustainable Development Goals (SDGs)” adopted by the United Nations in 2015.

CSR PERFORMANCE

Evaluation by Outside Organizations

The CSR activities of JSR Group have been assessed by external evaluation agencies. We have been selected for inclusion in the ESG indexes and the socially responsible investment (SRI) indexes listed below, and we have also been selected for inclusion in the Global Compact 100. In addition, we received next-generation “Kurumin” accreditation, awarded by the Minister of Health, Labour and Welfare as a company that supports parenting.

Inclusion in ESG indexes and socially responsible investment (SRI) indexes and stocks (AS OF JULY 1, 2018)



FTSE4Good (U.K.)

We have been listed in the FTSE4Good Index Series since 2004.



EURONEXT Vigeo Eiris World 120 (France)

We were selected as one of the top 120 global companies included in the Euronext Vigeo Eiris World 120 Index.



ETHIBEL PIONEER & EXCELLENCE Investment Registers (Belgium)

We have been reconfirmed for inclusion in the Ethibel Pioneer & Excellence Investment Registers since June 2017.



MS-SRI (Japan)*

(January 4, 2018)

We have been selected as a member of the Morningstar Socially Responsible Investment Index, Japan’s major SRI index, since 2009.



SNAM Sustainability Index (Japan)

We were selected for inclusion in the SNAM Sustainability Investment Fund as a company that Sampo Japan Nipponkoa Asset Management (SNAM) evaluates highly on environment, social and governance (ESG).



FTSE Blossom Japan Index (Japan)

We were selected by FTSE Russell for inclusion in the FTSE Blossom Japan Index as a Japanese company that makes exceptional responses in the field of ESG (environment, society, and governance).



MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

We were selected by MSCI for inclusion in the MSCI Japan Empowering Women Index (WIN) as a company that practices exceptional gender diversity.



Health and Productivity Management program 2018 “White 500” (Japan)

We were recognized as a company demonstrating outstanding health and productivity management by the Ministry of Economy, Trade and Industry (METI) and Nippon Kenko Kaigi.

* The Morningstar Socially Responsible Investment Index comprises 150 companies selected from among listed companies in Japan by assessing their social responsibility. This index does not guarantee future performance, accuracy, completeness, etc. Morningstar Japan K.K. and Morningstar, Inc. shall not bear any responsibility for damage that might result from use of the index. Copyright and all other rights rest with Morningstar Japan K.K. and Morningstar, Inc. Copies, reproductions, and citations without permission are prohibited.

CORPORATE GOVERNANCE SYSTEM

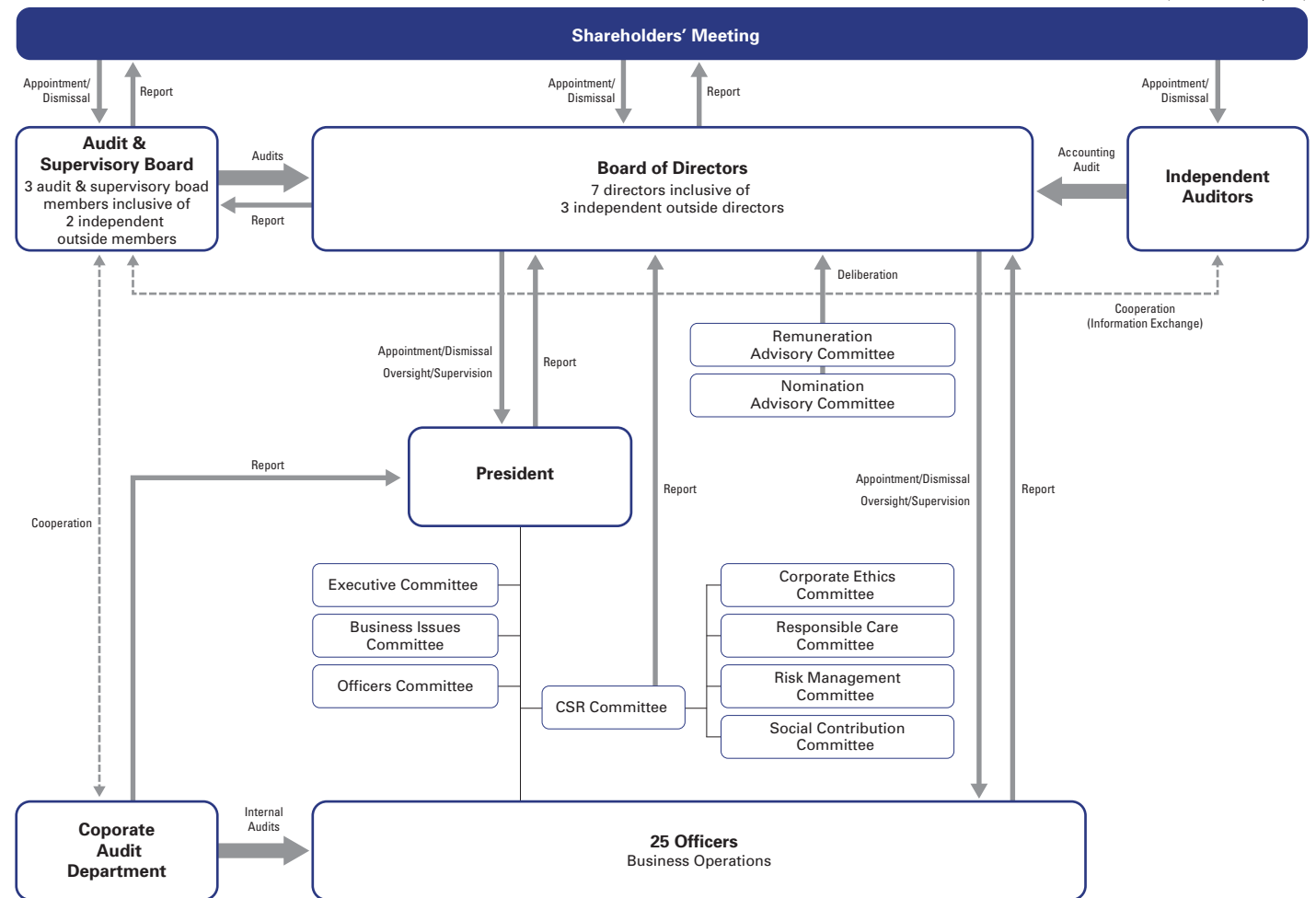
Aiming to Maintain a Trusted, Appealing Corporate Structure

JSR is constantly improving its system of corporate governance with the aim of obtaining the trust of shareholders and all other stakeholders and building an appealing corporate structure. We will strengthen and enhance our corporate governance to ensure that management processes are implemented fairly, transparently and promptly, by implementing initiatives targeting each of the items required under the corporate governance code.

Target Period: April 1, 2017 – March 31, 2018

Corporate Governance Structure Diagram

(As of June 15, 2018)



CORPORATE GOVERNANCE SYSTEM

Basic Views and Policies on Corporate Governance of JSR**1. Basic policy**

- (1) It is 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 values with the hope of becoming an attractive corporation that can earn the trust of and satisfy the interests of all our stakeholders.
- (2) The Company therefore has been and will continue focusing on the enhancement of corporate governance as an important management challenge.

2. Corporate governance structure

- (1) As a company with audit & supervisory board members, JSR principally monitors and oversees the execution of duties by directors and the management through its Board of Directors and audit & supervisory board members.
- (2) 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.

- (3) The Board of Directors has established JSR's corporate mission and makes important decisions including those of the Company's business strategies.
- (4) The Board of Directors has developed an environment where management can take appropriate risks and demonstrate entrepreneurship through the introduction of a performance-based director remuneration scheme.
- (5) The Board of Directors supervises directors and management through the assessment of business performance and appointment of directors.
- (6) 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 two (2) or more independent outside directors with similar expertise in order to increase corporate value and oversee business management.

- (7) 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.
- (8) JSR has established the Remuneration Advisory Committee of which majority members are independent outside directors and the chair of which is an independent 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.

CORPORATE GOVERNANCE SYSTEM

(9) JSR has set basic policies on remuneration of directors as follows: the remuneration scheme should increase corporate value over the mid- and long-term, attract diverse and superior personnel, be linked to short-term, mid-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 mid-term business performance-based bonus linked to the attainment level of the mid- 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.

(10) JSR has established the Nomination Advisory Committee of which majority members are independent outside directors and the chair of which is an independent director to ensure the transparency of the policy and procedures of nominating candidates

for directors. The committee deliberates criteria for the size, diversity in breadth of knowledge, experience, and capability necessary for the Board of Directors as well as criteria and procedures for nominating and/or identifying 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.

3. Relationship with stakeholders

- (1) JSR has set "Responsibility to Our Stakeholders" (responsibility to customers, business partners, employees, society, and shareholders) as one of the important pillars of its management policies in order to express its commitment to its stakeholders.
- (2) JSR has appropriately responded to issues related to sustainability, such as social and environmental issues and also promoted measures to secure diversity including those for encouraging greater participation of female employees. For details of JSR Group's CSR report, please visit the following site: http://www.jsr.co.jp/jsr_e/csr/
- (3) To fulfill its commitment to its stakeholders as stated in its "Responsibility to Our Stakeholders", JSR Group has

established "the JSR Group Principles of Corporate Ethics" as a code of conduct for its directors and employees and endeavored to ensure the code is thoroughly communicated to, and understood and observed by all directors and employees.

For details of the JSR Group Principles of Corporate Ethics, please visit the following site:

http://www.jsr.co.jp/jsr_e/csr/2016/management/compliance.shtml

PDF file :

http://www.jsr.co.jp/csr/pdf/CoC_en.pdf

4. Securing the rights and equal and equitable treatment of shareholders

- (1) JSR has continued to develop an environment where shareholders can appropriately exercise their voting rights at the ordinary general meeting of shareholders.
 - 1) 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

CORPORATE GOVERNANCE SYSTEM

platform for institutional investors; enhancing contents of the convocation notice; and translating the convocation notice into English, etc.

For details of materials prepared for its ordinary general meeting of shareholders, please visit the following site : http://www.jsr.co.jp/jsr_e/ir/shareholder.shtml

- 2) JSR will study measures to deal with institutional investors, etc. who hold the Company's shares under the names of trust banks and who desire to participate in an ordinary general meeting of shareholders of the Company.
- (2) JSR will explain its basic idea on its capital policies to shareholders. Especially in the case of those policies that may undermine the interests of existing shareholders, such as introducing takeover defense measures, MBO, and increase in capital stock, etc., the Company is determined to sufficiently examine their necessity and rationality and to take appropriate procedures to ensure sufficient explanation to shareholders.
- (3) JSR has maintained cross-shareholdings by comprehensively considering the rationality of both business management strategies and economics of holding cross-shareholdings. The Board of Directors will periodically review the status and the policies for maintaining cross-shareholdings. When exercising voting rights of cross-shareholdings, the Company, respecting the judgment of the management of companies in question in principle, 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 mid- and long-term.

5.Capital policy

- (1) While prioritizing growth investment in its Elastomers, Plastics, Digital Solutions and Life Sciences Businesses to continuously create corporate value, JSR has been aiming at providing appropriate returns to shareholders, including combination of dividends and treasury stock acquisitions, by taking into account its business performance and mid- and long-term capital requirements.
- (2) JSR has been continuously endeavoring to improve capital efficiency indices, such as ROE and ROIC.

6.Dialogue with shareholders

- (1) JSR has promoted constructive dialogue with shareholders in the following manner.
 - 1) JSR appoints an officer in charge of IR. The president or the officer in charge of IR explains business performance, financial positions, and the details and progress of the mid-term business plan at the quarterly analyst meeting and mid-term business plan explanatory annual meeting for institutional investors.
 - 2) Every year, the president or the officer in charge of IR holds interviews with institutional investors in Japan and overseas to explain the above matters.
 - 3) Opinions and questions that JSR receives from investors through the above-mentioned dialogues are periodically fed back to management.

- (2) In dialogues with shareholders, JSR has strived to appropriately treat insider information.

7.Information disclosure policy

- (1) JSR has set its information disclosure policy and prepared organizations and systems for information disclosure. The Company has strived to ensure prompt, accurate, active and fair disclosure

CORPORATE GOVERNANCE SYSTEM

of information by establishing a company-wide cooperative framework to improve the quality of information disclosure.

(2) With the aim of actively providing company information to shareholders and investors, JSR posts the information mentioned below on its website: corporation information including business performance, financial position, and details of main businesses, CSR information including efforts to conserve the environment and responsible care (RC), and research and development (R&D) activities.

Management System

1. Board of Directors

The Board of directors consists of seven (7) directors three (3) of whom are independent outside directors with independence and extensive experience of business and management) and holds meetings once monthly, in principle. The Board discusses and makes decisions on important business matters, including the direction of the Company's business strategy, and also supervises directors' and officers' execution of their business duties.

The Board of Directors is chaired by the chairman in principle. However, in the

absence of the chairman, a representative director other than the president is currently serving as the chairman for the purpose of securing corporate governance by distinguishing the rolls of president, the chief executive officer of the Company, from those of chairman of the Board of Directors responsible for monitoring and overseeing the execution of the Company's operations. In addition, all three (3) audit & supervisory board members including two (2) outside audit & supervisory board members regularly attend the Board of Directors meetings to state their opinions.

JSR has established the Remuneration Advisory Committee and Nomination Advisory Committee as an advisory organization to Board of Directors. For details of the committees, please refer to "Basic Views and Policies on Corporate Governance of JSR 2.(8), (10)".

2. Executive Committee

The Executive Committee holds extensive discussions on items relating to fundamental management initiatives, management policies, and management plans, along with important matters concerning the execution of business activities at each department. The committee thus gives direction in relation to these issues or receives reporting. As required, certain items submitted to this committee are passed on to the Board of

Directors for further discussion.

This committee is made up of the president, officers with directorship status, and officers appointed by the president, and responds to important business execution with the aim of expediting decision making and improving the efficiency of such operations. As a rule, this committee meets once a week, and is chaired by the president. The standing audit & supervisory board member also attends these committee meetings.

3. Business Issues Committee

The Business Issues Committee engages in broad-ranging debate about items related to fundamental management strategies and policies, basic policies behind specific projects, and changes to business strategies. It also shares information to ensure a common understanding of such matters and discusses the company's direction. Its findings are reflected in deliberations of the Board of Directors and the Executive Committee. The Business Issues Committee, which meets twice a month, consists of the president, executive managing officers and managing officers, and is chaired by the president.

CORPORATE GOVERNANCE SYSTEM

4. Officers Committee

This committee consists of the president and all officers (except for those of overseas officers who attend the committee meeting at least annually) and aims to ensure members' thorough understanding of management conditions and important management issues. As a rule, this committee, which meets once a month, is chaired by the president and the standing audit & supervisory board member is also present.

5. Audit & Supervisory Board and audit & supervisory board members

The Audit & Supervisory Board, consisting of three (3) audit & supervisory board members and holding meetings once monthly in principle as stipulated in the Regulations of the Audit & Supervisory Board, receives reports on important matters, holds discussions, and makes decisions. The two (2) outside audit & supervisory board members are independent ones, a lawyer and a certified public accountant qualified as a certified public tax accountant as well, and conduct audits from a standpoint independent from the Company and by using their professional expertise.

In accordance with standards for audits by audit & supervisory board members, the audit & supervisory board members attend meetings of the Board of Directors, and other important meetings

including Executive Committee meetings to monitor how important decisions are reached and business activities are executed. The audit & supervisory board members also receive reports from the independent auditors, directors, and employees. Through these activities, audit & supervisory board members holds deliberations in order to form auditing opinions.

6. Outline of Audit by Audit & Supervisory Board Members, Internal Audit, and Independent Auditors

(1) Audit by audit & supervisory board members

The details of audit by audit & supervisory board members are stated as in the above 5. Audit & Supervisory Board and audit & supervisory board members.

(2) Internal Audit

JSR has established the Corporate Audit Department to improve the effectiveness of JSR Group's internal control system. In accordance with the audit plan, the Corporate Audit Department regularly conducts internal audits such as compliance audits and business operation audits at its divisions and departments as well as its Group companies both in Japan and overseas and reports the audit results to the president, related departments, and audit & supervisory board members.

(3) Independent Auditors

JSR's independent auditor is KPMG AZSA LLC. The audit & supervisory board members work closely with the independent auditors. The audit & supervisory board members interview the independent auditors about the audit plan and receive reports on the audit results. Furthermore, the audit & supervisory board members and independent auditors exchange information and opinions as necessary in the course of each fiscal year.

7. CSR Committee

Through JSR Group's Corporate Social Responsibility (CSR) policy, the Company is committed to behave faithfully as a good corporate citizen and meet the expectations of our stakeholders. It has established the CSR Committee to promote CSR. Under the CSR Committee, there are the following four committees: the Corporate Ethics Committee, the Responsible Care (RC) Committee, the Risk Management Committee, and the Social Contribution Committee. The CSR Committee integrates and guides the activities of the above four committees and meets four times each year along with special meetings as necessary to further strengthen the management of the Company's CSR and proceed CSR activities.

CORPORATE GOVERNANCE SYSTEM

Directors and Audit & Supervisory Board Member

(As of March 31, 2018)

Representative Director and President

Mitsunobu Koshiba

Representative Director

Koichi Kawasaki

Director

Nobuo Kawahashi**Hideki Miyazaki**

Standing Audit & Supervisory Board Member

Atsushi Kumano

Independent Outside Director

Yuzuru Matsuda**Shiro Sugata****Tadayuki Seki**

Independent Outside Audit & Supervisory Board Member

Hisako Kato**Sumio Moriwaki****Independent Outside Directors**

(As of March 31, 2017)

The Company has appointed three independent outside directors in order to further reinforce the Board of Directors' monitoring functions as well as the important decision-making functions in an appropriate and timely manner. By welcoming independent outside directors with extensive experience in management of companies and businesses with highly independent and neutral perspectives, the Company ensures reasonable judgement for, and transparent and sound management of, the businesses of the Company.

Yuzuru Matsuda

Mr. Yuzuru Matsuda served as the President and Chief Officer of KYOWA HAKKO KOGYO CO., LTD and Kyowa



Hakko Kirin, Co., Ltd. and the Advisor of Kyowa Hakko Kirin Co., Ltd. He has vast experience in corporate management for global companies especially in the field of medical and biochemical products and pharmaceuticals. He also possesses an independent perspective as outside personnel. He has utilized his experiences and independent viewpoints to help the Company

in making crucial decisions, to supervise the performance of duty at the BOD level, and to strengthen the Company's fair corporate governance through enhancement of fair and reasonable business judgment and transparent and sound management, thereby continually contributing further to the enhancement of JSR Group's corporate value.

[Major activities in the year under review]

Mr. Matsuda participated in all 17 meetings of the Board of Directors held during the current fiscal year. Mr. Matsuda has been greatly contributing to ensuring reasonable judgment for, and transparent and sound management of, the businesses of the Company, by providing necessary appropriate advices at the meetings of the Board of Directors as well as attending Nomination Advisory Committee and Remuneration Advisory Committee.

CORPORATE GOVERNANCE SYSTEM

Shiro Sugata

Mr. Shiro Sugata

served as the
Representative

Director and President
of USHIO INC., where
he currently serves as

Advisor. He also served as Vice Chairman,
Executive Director at the Japan Association
of Corporate Executives. He has vast experi-
ence in the corporate management of
global companies especially in the field
of optical application products and indus-
trial machineries. He also has experience
obtained through activities in the business
community and possesses the perspective
of independent outside personnel.

He has utilized his experiences
and independent viewpoints to help the
Company in making crucial decisions,
to supervise the performance of duty
at the BOD level, and to strengthen the
Company's fair corporate governance
through enhancement of fair and reason-
able business judgment and transparent
and sound management, thereby continu-
ally contributing further to the enhancement
of JSR Group's corporate value.

**[Major activities in the year under review]**

Mr. Sugata participated in all 17 meetings
of the Board of Directors held during the
current fiscal year. Mr. Sugata has been
greatly contributing to ensuring reasonable
judgment for, and transparent and sound
management of, the businesses of the
Company, by providing necessary appropri-
ate advices at the meetings of the Board of
Directors as well as attending Nomination
Advisory Committee and Remuneration
Advisory Committee.

Tadayuki Seki

Mr. Tadayuki Seki

served as the
Representative

Director and
Executive Vice

President and there-

after as an Advisory Member at ITOCHU
Corporation. He has vast experience in the
corporate management of a general trading
company which operates a global trading
business, as well as extensive experience
in financing and accounting matters culti-
vated during his service as CFO, and pos-
sesses the perspectives of independent
outside personnel.

He has utilized his experiences
and independent viewpoints to help the
Company in making crucial decisions,



to supervise the performance of duty
at the BOD level, and to strengthen the
Company's fair corporate governance
through enhancement of fair and reason-
able business judgment and transparent
and sound management, thereby continu-
ally contributing further to the enhancement
of JSR Group's corporate value.

[Major activities in the year under review]

Mr. Seki participated in all 13 meetings
of the Board of Directors held after his
appointment as a Director. Mr. Seki has
been greatly contributing to ensuring rea-
sonable judgment for, and transparent and
sound management of, the businesses
of the Company, by providing necessary
appropriate advices at the meetings of
the Board of Directors as well as attend-
ing Nomination Advisory Committee and
Remuneration Advisory Committee.

CORPORATE GOVERNANCE SYSTEM

Independent Outside Audit & Supervisory Board Members

The Company appoints one standing Audit & Supervisory Board member and two independent outside ones (but not standing) in order to further enhance management monitoring functions of the Audit & Supervisory Board and its members. By appointing certified public accountants and lawyers with respective highly professional knowledge and vast experience in their field with highly independent and neutral perspective, the Company ensures reasonable judgement for, and transparent and sound management of, the businesses of the Company.

Hisako Kato

Ms. Hisako Kato has a vast financial and accounting expertise and experience as a Certified Public Account both in Japan and US and as a Certified Tax Accountant . She has utilized her vast experience, knowledge, and sophisticated expertise as well as her viewpoint as an independent outsider to audit the Directors' decision-making and execution of operation, and to commit to enhancing fair and reasonable judgment for, and accountable and sound management of, the businesses of the Company.

**[Major activities in the year under review]**

Ms. Kato participated in all 17 meetings of the Board of Directors and in all 19 meetings of the Audit & Supervisory Board respectively held during the current fiscal year. Ms. Kato has been greatly contributing to ensuring reasonable judgment for, and transparent and sound management of, the businesses of the Company, by providing necessary and appropriate advices at the meetings of the Board of Directors and Audit & Supervisory Board.

Sumio Moriwaki

Mr. Sumio Moriwaki has a vast legal expertise and experience as a lawyer. He has utilized his vast experience, knowledge, and sophisticated expertise as well as his viewpoint as an independent outsider to audit the Directors' decision-making and execution of operations and has been greatly contributing to ensuring reasonable judgment for, and transparent and sound management of, the businesses of the Company.

**[Major activities in the year under review]**

Mr. Moriwaki participated in all 13 meetings of the Board of Directors and in all 14 meetings of the Audit & Supervisory Board respectively held after his appointment as an Audit & Supervisory Board Member. Mr. Moriwaki has been greatly contributing to ensuring reasonable judgment for, and transparent and sound management of, the businesses of the Company, by providing necessary and appropriate advices at the meetings of the Board of Directors and Audit & Supervisory Board.

CORPORATE GOVERNANCE SYSTEM

Directors and Audit & Supervisory Board Members



Representative Director
and President
Mitsunobu Koshiba



Representative Director
Koichi Kawasaki



Director
Nobuo Kawahashi



Director
Hideki Miyazaki



Outside Director
Yuzuru Matsuda



Outside Director
Shiro Sugata



Outside Audit &
Supervisory Board Member
Hisako Kato



Outside Audit &
Supervisory Board Member
Sumio Moriwaki

Officers (*Directors)

Representative Director and
Executive Managing Officer
Koichi Kawasaki*
Procurement, Logistics, Manufacturing
and Technology, Product Safety & Quality
Assurance, Safety and Environment Affairs
President of Japan Butyl Co., Ltd.

Director and Executive Managing Officer
Nobuo Kawahashi*
Research & Development, Human
Resources, Diversity Development

Managing Officer
Hayato Hirano
Elastomer Business, Plastics Business
General Manager of Elastomer Div.
President of Techno-UMG Co., Ltd.

Managing Officer
Katsuya Inoue
Corporate Planning, Business Planning
and Investment & Development, Digital
Solutions Business
General Manager of Corporate Planning Div.
Chairman of JSR Micro (Changshu) Co., Ltd.

Managing Officer
Eric Johnson
Life Science, North America Business
General Manager of Life Sciences Div.
President of JSR Micro, Inc.

Director and Managing Officer
Hideki Miyazaki*
Accounting, Finance, Corporate
Communications

Senior Officer
Takatoshi Nagatomo
President of JSR MOL Synthetic Rubber Ltd.

Senior Officer
Takeshi Sugimoto
Electronic Materials Business,
General Manager of Electronic Materials Div.

Senior Officer
Takao Shimizu
Office of the President, IT
Strategy, Business Process Renovation
General Manager of Office of the President
General Manager of Office of Business
Process Renovation

Senior Officer
Tsuyoshi Watanabe
China Business, Chairman of JSR
(Shanghai) Co., Ltd.

Senior Officer
Kazumasa Yamawaki
Elastomer Business (deputy)
Deputy General Manager of Elastomer Div.
General Manager of Business Planning
Dept., Elastomer Div. Executive Vice
President of KRATON JSR ELASTOMERS K.
K. Director of JSR Elastomer Europe GmbH

Senior Officer
Makoto Doi
Legal General Manager of Legal Dept.

Senior Officer
Kiichiro Kamiya
Life Sciences(deputy) Deputy General
Manager of Life Sciences Div. Director of
MEDICAL & BIOLOGICAL LABORATORIES
CO., LTD. JSR Life Sciences Limited
Liability Company Executive Officer

Senior Officer
Yoshikazu Yamaguchi
Display Solution Business Representative
Director of JSR Micro Korea Co., Ltd.

Officer
Eiichi Kobayashi
Executive Vice President of JSR Micro, Inc.

Officer
Hiroaki Nemoto
Emerging Business

Officer
Yoichi Mizuno
Edge Computing Business,
General Manager of Edge Computing Div.

Officer
Mika Nakayama
General Manager of Intellectual Property
Dept.

Officer
Koichi Saeki
Yokkaichi Plant, Yokkaichi Plant Manager

Officer
Kazushi Abe
President of ELASTOMIX CO., LTD.,
President of ELASTOMIX (FOSHAN) CO.,
LTD., The Chief Director of JSR Group
Corporate Pension Fund

Officer
Seiji Takahashi
Manufacturing and Technology (deputy)
General Manager of SSSR Global
Manufacturing & Technology Management
Dept.

Officer
Yasufumi Fujii
General Affairs, Secretarial Office, CSR
General Manager of General Affairs Dept.
General Manager of Secretarial Office

Officer
Mikio Yamachika
Lithium Ion Capacitors Business,
President of JM Energy Corporation

Officer
Tim Lowery
Executive Vice President of JSR Micro, Inc.
General Manager of Bioprocess Dept., Life
Sciences Div.

Officer
Koichi Hara
General Manager of Life Sciences Business
Planning Dept. Director of MEDICAL &
BIOLOGICAL LABORATORIES CO., LTD.

JSR GLOBAL NETWORK (AS OF JUNE 30, 2018)



HEAD OFFICE

JSR Corporation
Shiodome Sumitomo Bldg.
1-9-2, Higashi-Shimbashi, Minato-ku, Tokyo
105-8640 Japan

BRANCH OFFICES

Nagoya Branch
Taiwan Branch

PLANTS

Yokkaichi Plant
100, Kawajiricho, Yokkaichi-shi, Mie
510-8552 Japan

Chiba Plant
5, Chigusakaigan, Ichihara-shi, Chiba
299-0108 Japan

Kashima Plant
34-1, Towada, Kamisu-shi, Ibaraki
314-0102 Japan

LABORATORIES

Yokkaichi Research Center
100, Kawajiricho, Yokkaichi-shi, Mie
510-8552 Japan

Tsukuba Research Laboratories
25, Miyukigaoka, Tsukuba-shi, Ibaraki
305-0841 Japan

JSR-Keio University Medical and Chemical Innovation Center
35, Shinanomachi, Shinjuku-ku, Tokyo
160-8582 Japan

JAPAN

Elastomers Business

ELASTOMIX CO., LTD.
Compounding of crude rubber and sales of compounded products

Japan Butyl Co., Ltd.
Production, processing, and sales of butyl rubber

KRATON JSR ELASTOMERS K. K.
Production, purchase, and sales of thermoplastic rubber

Emulsion Technology, Co., Ltd.
Compounding and sales of crude latex

Plastics Business

Techno-UMG Co., Ltd.
Production, sales, and R&D of ABS resin

JAPAN COLORING CO., LTD.
Coloring of synthetic resin and sales of colored products

Digital Solutions Business

D-MEC LTD.
Commissioned generation of 3D models, sales of solid modeling systems, and optically-hardened resins, and commissioned analysis by CAE

JSR Micro Kyushu Co., Ltd.
Production of photoresist, semiconductors, and materials for displays

JAPAN FINE COATINGS Co., Ltd.
Sales and manufacture of coating materials for fiber-optic cables reinforced by ultraviolet or electron radiation and for other apparatus

Life Sciences Business

JSR Life Sciences Corporation
Production and sales of life science related materials

MEDICAL & BIOLOGICAL LABORATORIES CO., LTD.
Research, development, manufacturing, and sales of diagnostic and research reagents

LEXI Co., Ltd.
Development of medical software and hardware, development of engineering and business systems

CMIC JSR Biologics Co., Ltd.
Development of design and manufacturing process for next-generation antibodies and methods for management and quality control of next-generation antibodies

Other Businesses

JM Energy Corporation
Design, development, production and sales of lithium ion capacitors

JSR Trading Co., Ltd.

Exports and imports, purchase and sales of the following: various chemicals, machinery, equipment, physical distribution materials, living necessities, foodstuffs, beverages, real estate

JEY-TRANS CO., LTD.
Freight forwarding, warehousing, and delivery management

JSR Logistics & Customer Center Co., Ltd.
Customer service agent and logistics management

JSR ENGINEERING CO., LTD.
Engineering and consultation for chemical engineering equipment

JSR Business Services Co., Ltd.
Undertaking of human resources, payroll calculation, welfare, general affairs

JN System Partners Co., Ltd.
Computer system design, programming and system operation, and maintenance

Goko Trading Co., Ltd.
Exports and Imports, purchase and sales of synthetic rubber, natural rubber, and rubber related materials

OVERSEAS

Elastomers Business

Kumho Polychem Co., Ltd.
Production and sales of ethylene-propylene rubber (EPR)

ELASTOMIX (THAILAND) CO., LTD.
Compounding of crude rubber and sales of compounded products

PT.ELASTOMIX INDONESIA
Compounding of crude rubber and sales of compounded products

ELASTOMIX (FOSHAN) CO., LTD.
Compounding of crude rubber and sales of compounded products

ELASTOMIX MEXICO, S.A. de C.V.
Production and sales of rubber carbon master batch

Tianjin Kuo Cheng Rubber Industry Co., Ltd.
Compounding of crude rubber and sales of compounded products

JSR BST Elastomer Co., Ltd.
Sales and manufacturing of SSB (Solution Polymerization Styrene-Butadiene Rubber)

JSR MOL Synthetic Rubber, Ltd.
Sales and manufacturing of Solution Polymerization Styrene-Butadiene Rubber (SSBR)

JSR Elastomer Korea Co., Ltd.

Sales agency of products such as synthetic rubber

JSR Elastomer Europe GmbH

Sales agency of products such as synthetic rubber

JSR Elastomer India Private Limited
Sales agent for synthetic rubbers and other elastomer products

Plastics Business

Techno-UMG Hong Kong Co., Ltd.
Sales and technical services of synthetic resin in Hong Kong and neighboring regions

Techno Polymer (Thailand) Co., Ltd.
Sales and technical services of synthetic resin in ASEAN region

Techno Europe N.V.
Sales and technical services of synthetic resin in Europe

Techno-UMG Europe GmbH
Sales and technical services of synthetic resin in Europe

Techno-UMG Shanghai Co., Ltd.
Sales and technical services of synthetic resin in China

Techno-UMG Shanghai Technical Center Co., Ltd.
Production and processing of plastics and technical services related to plastics in China

Techno-UMG Guangzhou Co., Ltd.
Sales and technical services of synthetic resin in Guangzhou and neighboring regions

Techno-UMG America, Inc
Sales of plastics and technical services related to plastics in North America

PT. Techno UMG Indonesia
Sales and technical services of synthetic resin in ASEAN region

Digital Solutions Business

JSR Micro N.V.
Production and sales of semiconductor materials and life sciences related materials

JSR Micro, Inc.
Production and sales of semiconductor materials and sales of life sciences products

JSR Micro Korea Co., Ltd.
Production, development, and sales of display materials

JSR Electronic Materials Korea Co., Ltd.
Sales agent for semiconductor materials

JSR Micro (Changshu) Co., Ltd.
Production of display materials

JSR Micro Taiwan Co., Ltd.
Production, development, and sales of display materials

EUV Resist Manufacturing & Qualification Center N.V.

Production of EUV photoresist for semiconductors

JSR (Shanghai) Co., Ltd.
Sales agency of products such as synthetic rubber, semiconductor materials, liquid crystal display materials, and performance chemicals

Life Sciences Business

JSR Micro N.V.
Production and sales of semiconductor materials and life sciences related materials

JSR Micro, Inc.
Production and sales of semiconductor materials and sales of life sciences products

J&W Beijing Biotech Co., Ltd.
Development, manufacturing and sale of latex reagent intermediates and chemiluminescent reagent intermediates

MBL Beijing Biotech Co., Ltd.
Sales of in-vitro diagnostic reagents, basic research reagents, IVD reagent materials and bioprocess materials, sales and contract manufacturing of gene diagnostic materials and synthetic DNA, RNA products

MBL International Corporation
Development, manufacturing and sales of solutions-based products for both life science research and clinical diagnostics

MBL Hangzhou Biotech Co., Ltd.
Manufacture of clinical diagnostics materials antibody and intermediate

KBI Biopharma, Inc.
Biopharmaceutical contract development and manufacturing services

Selexis SA
Cell-line development services

Crown Bioscience International
Efficiency testing services for candidates of drugs against oncology, inflammation, cardiovascular and metabolic disease and development of antibodies for those diseases

Other Businesses

JSR Trading, Inc.
Purchases and sales of synthetic rubber

JSR Trading (Shanghai) Co., Ltd.
Export, import, sales and purchases of industrial-use chemical products

JSR Trading Bangkok Co., Ltd.
Export, purchases and sales of various chemicals and distribution materials. Purchase and wholesale of various equipment

JSRT Mexico S.A. de C.V.
Sales of synthetic rubber, steel box, materials and market development

CORPORATE DATA (AS OF MARCH 31, 2018)

JSR Corporation

Established

December 10, 1957

Capital (Common Stock)

23,370 million yen

Employees

7,203

Closing date

JSR books are closed on March 31, each year.

Shareholders Information (As of March 31, 2018)

Stock Listing

Tokyo Stock Exchange

Number of Shares Issued

226,126,145 shares

Number of Shareholders

14,811

Major Shareholders

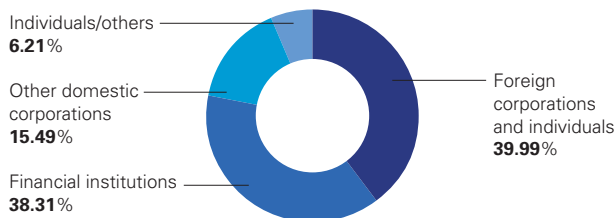
Name of shareholder	Percentage of shares held (voting rights)(%)	Number of shares held (thousands)
Bridgestone Corporation	10.05	22,366
Japan Trustee Services Bank, Ltd. (trust account)	6.22	13,837
The Master Trust Bank of Japan, Ltd. (trust account)	5.47	12,185
Japan Trustee Services Bank, Ltd. (trust account 9)	3.33	7,405
BNYMSAMV AS AGENT/CLIENTS LUX UCITS NON TREATY 1	3.24	7,219
Japan Trustee Services Bank, Ltd. (trust account 5)	1.81	4,024
Mizuho Bank, Ltd.	1.67	3,725
Nippon Life Insurance Company	1.67	3,717
STATE STREET BANK WEST CLIENT-TREATY 505234	1.67	3,708
Meiji Yasuda Life Insurance Company	1.63	3,631

* 3,534,779 shares of treasury stock held by the Company are not included in the above breakdown of major shareholders.

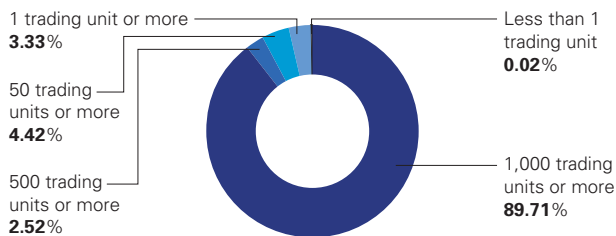
Composition of Shareholders

	Shareholders	Shares held (thousands)
Individuals and others	13,891	13,827
Foreign corporations and individuals	578	89,002
Other domestic corporations	217	34,487
Financial institutions	87	82,028
Securities companies	43	3,247
Treasury stock	1	3,535
Total	14,811	226,126

By Type of Shareholders



By Number of Shares Held



Ordinary General Meeting of Shareholders

The annual General Meeting of Shareholders is held in June each year. The 2018 annual General Meeting was held on June 15, 2018.

Transfer Agent and Register

SUMITOMO MITSUI TRUST BANK, LIMITED

Independent Auditors

KPMG AZSA LLC.

Common stock price range

(Yen/share: Tokyo Stock Exchange)

		1st Q	2nd Q	3rd Q	4th Q
FY2006	High	3,710	2,930	3,170	3,240
	Low	2,535	2,280	2,505	2,530
FY2007	High	2,985	3,120	3,020	2,875
	Low	2,540	2,445	2,465	1,886
FY2008	High	2,460	2,180	1,397	1,312
	Low	2,000	1,246	795	990
FY2009	High	1,687	1,960	1,959	1,974
	Low	1,162	1,561	1,545	1,714
FY2010	High	1,999	1,666	1,543	1,875
	Low	1,436	1,201	1,341	1,183
FY2011	High	1,724	1,655	1,582	1,790
	Low	1,413	1,221	1,218	1,408
FY2012	High	1,695	1,455	1,644	1,994
	Low	1,255	1,274	1,224	1,670
FY2013	High	2,360	2,073	2,049	2,085
	Low	1,748	1,713	1,663	1,694
FY2014	High	1,933	1,975	2,229	2,171
	Low	1,622	1,681	1,711	1,893
FY2015	High	2,296	2,227	2,054	1,903
	Low	1,998	1,626	1,688	1,455
FY2016	High	1,682	1,635	1,872	2,115
	Low	1,292	1,287	1,437	1,835
FY2017	High	2,082	2,177	2,320	2,758
	Low	1,794	1,871	2,035	2,215

