

JSR Corporation



Materials Innovation

JSR Group
CSR Report
2016



With chemistry,
we can.

JSR Corporation

CSR Department
Shiodome Sumitomo Building,
1-9-2 Higashi-Shinbashi, Minato-ku, Tokyo, Japan 105-8640
Telephone: 81-3-6218-3518 Facsimile: 81-3-6218-3682
http://www.jsr.co.jp/jsr_e/



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Materials Innovation

We all face the challenges presented by global environmental issues, issues such as climate change, conservation of resources and biodiversity, health-related issues such as safe water, food and health care, and issues related to the development of a society where all people are respected and have hope for the future.

Various materials are utilized to effectively manage these issues and challenges as well as to form the basis of products and mechanisms designed to improve the world.

By pursuing new possibilities for materials through the potential of chemistry, and contributing to the development of society and a sustainable global environment, the JSR Group would like to ensure its own sustainable growth.

“Materials Innovation - We create value through materials to enrich society, people and the environment.”

It is our corporate mission to pursue such possibilities through the integration of business activities and CSR initiatives.

Editorial Policy

Under the corporate mission “Materials Innovation - We create value through materials to enrich society, people and the environment,” the JSR Group aims to build and maintain good relationship with all of our stakeholders and become an indispensable corporate citizen. We intend to resolve key social issues by integrating management and CSR as well as demonstrating our corporate mission with actual results.

In FY2016, we identified the priority CSR issues for the first time and focused our initiatives on the identified four priority issues. In addition, we aimed to improve the level of our CSR by increasing the transparency and validity of the identification process of the priority issues. In doing so, we have gathered opinions from various stakeholders and held dialogues with experts.

In this report, we aim to communicate our CSR activities in FY2016 to all stakeholders based on the views organized through these dialogues.

In the online version, activities are communicated with a focus on the four priority issues of Safety and Disaster Prevention, Environmental Impact and Resource Reduction, and Climate Change Countermeasures, Sustainable Society where People Can Enjoy Health and Longevity, and Communication with Stakeholders to provide an overall view. Details, including data, are reported. The printed version focuses on highlights of the activities of FY2016 with easy-to-understand descriptions.

Third-Party Opinion and Independent Review

- Third-Party Opinion by Toshihiko Goto, Chief Executive Officer, Sustainability Forum Japan (specified non-profit organization)
- Independent review by the Responsible Care Verification Center (The Independent Review Report is available online)

Referenced Guidelines

- *Sustainability Reporting Guidelines*, 4th Edition, Global Reporting Initiative (GRI)
- *Environmental Accounting Guidelines for Chemical Companies*, Japan Chemical Industry Association (JCIA)
- *Environmental Accounting Guidelines 2005 and Environmental Reporting Guidelines 2012*, Ministry of the Environment

* Details on this report's conformity to GRI Guidelines are available online.

Target Period and Fiscal Year

April 1, 2015 – March 31, 2016

(Some parts of CSR Report 2016 include activities and initiatives conducted since April 2016.)

Fiscal Year (FY) means the year ending March 31.

For example, FY2016 means April 1, 2015 – March 31, 2016.

Operations Covered

JSR Corporation and 49 Group Companies (total of 50 Companies)

- Operations for which data was collected on “Responsible Care” (environment, safety and health)
- Head Office, Yokkaichi Plant, Chiba Plant, Kashima Plant, Performance Polymer Research Lab., Display Materials Research Lab., Fine Electronic Materials Research Lab., Advanced Materials Research Lab., and Tsukuba Research Lab.
- 14 domestic Group companies and 10 overseas Group companies*

* See companies listed with the asterisk (*) in the JSR Group Company list on page 17-18.

Publication Information

Date of publication: Nov. 2016

Next scheduled issue: Sep. 2017

(Previous issue: Oct. 2015)

Responsible Care®

(“Responsible Care” is referred to as “RC” in this report.)

In the chemical industry, each company handling chemical substances is responsible for ensuring that safety, health, and environmental issues are addressed throughout the chemical lifecycle, from development and production to distribution, use and disposal, publishing the results of their activities and maintaining dialogue and communication with society—all voluntarily. This initiative is called “Responsible Care.”

Source: Japan Chemical Industry Association pamphlet
“Do You Know about Responsible Care?”

Information on RC is available online

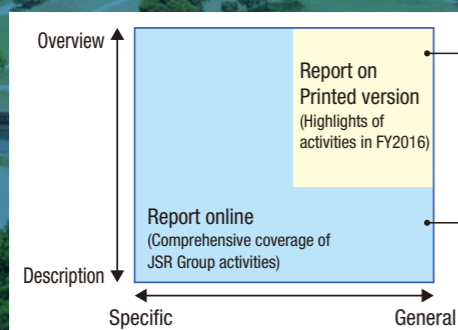


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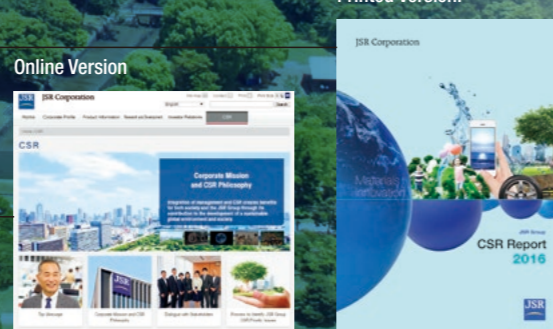
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JSR Group Profile

The JSR Group's CSR Report 2016 is available both in printed and online versions.
Online Version: The online version presents a comprehensive report on the JSR Group's CSR activities.
http://www.jsr.co.jp/jsr_e/csr/
Printed Version: The printed version features highlights of JSR Group's CSR activities in FY2016.

Other corporate information (products, services, financial information, etc.) can be found on the JSR website:
http://www.jsr.co.jp/jsr_e/



Printed Version:



http://www.jsr.co.jp/jsr_e/csr/

Participation in the United Nations Global Compact

As of April 14, 2009, the JSR Group became a participant in the United Nations Global Compact. Amidst increasing pressure to engage in corporate social responsibility, businesses operating on a global level are required to make a greater commitment to human rights, labor, the environment and anti-corruption, as expressed in The Ten Principles of the United Nations Global Compact. We consider our participation in the Global Compact to be a proclamation of our dedication to acting responsibly in the international community and will strive to work even harder to fulfill our corporate social responsibility.



Promoting the integration of Management and CSR to enhance the significance of our presence in society through “Materials Innovation.”



Corporate activities responding to unforeseen global changes

It is said that we are now living in a G-Zero World, a world in which no single country has the capacity to take the lead in the world. Geopolitical risks such as fluctuations in crude oil prices and the performance of related resource companies, worldwide corporate restructuring, large-scale Chinese investment in advanced semiconductor companies, Brexit, disorder in the Middle East and East Asia, currency fluctuations, and negative interest rates have become increasingly evident, and are significantly affecting business development and sustainability. In addition, the value in capitalistic economies is shifting from “ownership” to “sharing.” Furthermore, changes that have never been seen before are occurring, changes including rapid digitization through IoT and AI, and the virtualization of society through advances in the Internet. Looking at Japanese society, rapid ageing of the population and a low birthrate have become a reality. These structural changes in society are significantly altering the role of business, individual values, and the relationship between companies and individuals. Responding to these social changes requires that they be recognized and included by corporations through the integration of management and CSR.

Our Path to Growth: JSR Group Challenges

FY2015 marked the halfway point of the JSR 2016 Mid-Term Business Plan. The plastics business within the Petrochemical Products Business has performed well; however, the elastomers business has experienced a decrease in sales and profits due to reduced demand for domestic tires,

reduced sales resulting from a slowdown in the growth of Asian markets, and the continued deterioration of market conditions. Within our Fine Chemicals and Other Products Business, the Life Sciences Business has experienced significant growth, though, overall sales and profits have decreased due to the significant negative impact of the slowdown in the flat panel display market.

In each business, we have continued to establish new joint ventures both domestically and overseas, construct new plants, and review the capital investment and systems that form the base of our businesses. We plan to continue working to fulfill our business development mission of reaching our financial targets.

Globally, there are currently 7,000 Group employees, of which 2,300 are working overseas. Our global development strategy up to the present has positioned Japan as a hub connecting each region. With approximately 55% of our total sales coming from overseas, however, we intend to change this strategy going forward by establishing bases in the most important markets to enhance decision making at the local level. These bases will then be connected in a mesh formation in an effort to facilitate a faster response to global changes.

As the JSR Group approaches its 60th anniversary in 2017, I believe we must begin now to chart our course for the next 60 years. Important keywords as we consider management and CSR for the future are sustainability and innovation. As concepts imperative to the integration of management and CSR for the next 60 years, our task is to identify new directions for the JSR Group as we strive to nurture employees that will be responsible for taking us into the next generation.

Integrating management and CSR

The JSR Group’s corporate mission is to create value through materials innovation for the enrichment of society, people and the environment. Striving to achieve this corporate mission and fulfill our role as a responsible corporate citizen, we continue forward with corresponding activities aimed at fostering and maintaining solid relationships with all stakeholders.

We intend to address key issues facing society by integrating management and CSR as we demonstrate our commitment to the JSR Group’s Corporate Mission by delivering actual results. To achieve the ultimate goal of sustainability, we have organized our approach to CSR into active and passive activities, both of which based on the core focal points of environment (E), society (S), and governance (G).

In active CSR, we work to root the concept of environmentally-friendly products developed under our E2 initiative™ with our customers and society. In addition, we aim to provide products and services that bring with them new value such as health and longevity through the expansion of the Life Sciences Business.

In passive CSR, we promote both supply chain management and responsible care activities in the E,S and G domains.

As a corporation in the chemical industry, we also realize our responsibility to place the highest priority on ensuring safety. To that end, we continue to improve our safety infrastructure as we deepen our safety culture. Although there were no serious injuries or deaths during FY2016, fires did occur at the Yokkaichi Plant on August 3 and October 6, 2015. While we responded quickly and extinguished the fires before they could become serious, we sincerely apologize for inconveniencing stakeholders, especially local area residents and authorities. In the wake of these accidents, we have redoubled our commitment to safety as our most important responsibility and continue our sincere efforts to ensure a high level of safety throughout the entire Group. As we approach the 60th anniversary of our founding, we are also looking ahead with plans to replace aging equipment while advancing seismic reinforcement at our plants to better protect them against earthquakes. Through this process, we continue to move forward with initiatives to ensure stable and safe operations for the next 60 years.

As a critical factor in both active and passive CSR aimed at ensuring corporate sustainability through human resource development, we have been instituting various initiatives. As an example of our success in promoting diversity, we were designated a Nadeshiko Brand corporation in FY2016. Successful human resource development requires that all members of the organization recognize one another’s individual pride and ethic as important values. In doing so, we enhance the level of communication between management and employees as we continue to expand our ability to respond to change.

Message to Stakeholders

We have signed the UN Global Compact and promote CSR initiatives with a focus on 10 Principles. As a corporation that operates on a global scale, we promote diversity in our workforce by hiring a wide range of new employees even as we work to enable existing employees to demonstrate their diverse capabilities. We place a priority on developing human resources, especially young employees with rich and diverse potential, so that we can respond to



rapid changes and expand into new fields of business. I encourage all Group employees to free themselves from existing frameworks, stereotypes and biases so that they can think creatively and nurture a diverse set of values. Regarding governance, we have reorganized our system in response to the release of the Corporate Governance Code last year. Here again, “people” are at the foundation of governance. Each and every JSR group member must have a strong sense of pride and responsibility for the proper execution of these activities.

We will continue to place our focus as a chemical manufacturer on safety and environmental activities. As I have already mentioned, safety is the highest priority. We have been making greater effort to improve communication, especially with local residents and authorities, as well as to disclose information in a timelier and more transparent manner; and as we continue to contribute to the environment through our products, we are also promoting initiatives for the creation of a recycling society through the effective use of resources, including those moving through our supply chain. In addition, initiatives to address the issue of water resources, which has become a global issue, also need to be promoted.

COP21 (21st United Nations Framework Convention on Climate Change) was held in December 2015 in Paris, France. At this convention, the “Paris Treaty,” international regulations regarding climate change for 2020 and after, was officially adopted. The goal of these regulations is to keep the average rise in global temperature to less than 2°C in comparison to levels before the industrial revolution. Japan has established the goal of a 26% reduction in greenhouse gases against 2013 levels by FY2031, with this to be followed by an 80% reduction by FY2051. We have accepted this significant challenge as a corporation that produces these gases to take action that contributes to the mitigation of global warming through materials to help Japan to keep its promise to the rest of the world.

We will continue working toward the creation of a sustainable society through the ongoing integration of management and CSR. At the same time, we uphold the Corporate Mission of “Materials Innovation,” never forgetting that these words represent the significance of JSR Group.

Mitsunobu Koshiba
Representative Director and President
JSR Corporation

Dialogue with Stakeholders:

(Identification of priority issues and the Corresponding Process)



As part of our efforts to create a sustainable global environment and society, and to integrate management and CSR, we identified and disclosed JSR Group CSR priority issues in the CSR Report for the first time in FY2016.

During this fiscal year, we have focused on the following four priority issues: Safety and Disaster Prevention, Energy Saving, Resource Saving and Climate Change Countermeasures, Sustainable Society where People Can Enjoy Health and Longevity, and Communication with Stakeholders. For more detailed and specific CSR activities in the future, we have gathered and exchanged opinions with various stakeholders and experts in various fields to analyze issues. We aim for the JSR Group to reaffirm the importance of implementing CSR activities through its business. We also hope that this will facilitate better disclosure of information to the full range of stakeholders.

Going forward, we plan to incorporate newly identified priority issues, advice and opinions discussed during this dialogue into future activity plans.

<Date of meeting>: April 19, 2016 <Location>: JSR Headquarter Officer Executive Meeting Room

Attended experts

IntegreX Inc. President One Akiyama
 E-Square Inc. President Hiro Motoki
 Caux Round Table (CRT) - Japan Director Sayaho Noda

Participants from JSR

Hayato Hirano - Director (Accounting & Finance, Corporate Communications, Group Companies, and Human Resource Development)
 Nobuo Kawahashi - Senior Officer (Research & Development)
 Mika Nakayama - Officer (Diversity Development and Corporate Planning)
 Kazumi Nejigaki - General Manager (CSR)

JSR Group and Stakeholders

JSR Group is clarifying our responsibility to stakeholders in management policies.



Opinions from the experts

(The entire dialogue is available online)

- The resolve to integrate corporate missions, CSR, and issues facing society, and to review already identified priority issues is notable.
- The process of identifying CSR priority issues can be praised, even comparing it with international standards. The selected issues are important in the chemical industry.
- Aligning our strength in enabling an effective, high-quality, and stable supply, which is expected both internally and by society, with key initiatives is an excellent demonstration of our active CSR approach.
- Initiatives to accept diverse values and change thinking to create new values are now required. This will come to be required in and outside Japan. There should be a shift in focus to "glocal" as opposed to global, which is to say, thinking on a global scale while acting on a local scale.
- The scope of issues facing society should extend throughout the entire value chain.
- Investors choose JSR Group not only based on performance but also because of the non-financial factors as disclosed in the CSR Report and other available information. As such, CSR should be improved further while prioritizing environmental, social, and governance efforts without forgetting the importance of passive CSR.
- Presenting scenarios and social vision for business development in 10 to 20 years and their realization in the context of current business and CSR will enable JSR Group CSR communication.
- Mutual understanding should be further improved through communication with stakeholders.

Priority issues identified by the JSR Group

We identified priority issues that the JSR Group should engage in from issues facing society that need to be addressed. Incorporating opinions from various stakeholders and opinions from experts, we set the following as priority issues for FY2107.

Safety and Disaster Prevention	Environmental Impact and Resource Reduction, and Climate Change Countermeasures
<p>With the advice received from experts that JSR priority issues can be highly evaluated even when comparing them to international standards. We will continue to position these as priority issues.</p> <ul style="list-style-type: none"> • Environment and Safety Management • Safety and Health Initiatives 	<p>Energy Saving, Resource Saving and Climate Change Countermeasures in 2015 has been renamed Environmental Impact and Resource Reduction, and Climate Change Countermeasures. Environmental impact reduction includes the research and development conducted in the area of environmentally friendly products as part of our active CSR. This is clearly one of our biggest strengths.</p> <ul style="list-style-type: none"> • Environment and Safety Management • Environmental Impact Reduction • Climate Change Countermeasures • Biodiversity Conservation • Resource Recycling • E2 Initiative™ • Environmentally Friendly Products (R&D)
Sustainable Society where People Can Enjoy Health and Longevity	Communication with Stakeholders
<p>Business development of the next 10 to 20 years and the realization our vision of society are priority issues, and we will continue to position them as such.</p> <ul style="list-style-type: none"> • Life Sciences Business (R&D) 	<p>The opinion was expressed that initiatives to accept diverse values and change thinking to create new values are now required for a global company. The opinion was also expressed that initiatives for human rights that include the supply chain were needed. We will continue to position them as priority issues.</p> <ul style="list-style-type: none"> • Customer Satisfaction • Supply chain management • Employee Human Rights, Healthy Mind and Body, Work-Life Balance, Human Resources Development, Diversity, and Labor Practices • Communication with Communities and Society • Communication with Shareholders
CSR Foundation	
<p>We have re-added CSR Foundation with the advice that it was important in supporting other priority issues from the perspective of ESG.</p> <ul style="list-style-type: none"> • CSR Management • Corporate Governance • Compliance • Risk Management • Information Security 	

Participation in the United Nations Global Compact

As of April 2009, JSR Group became a participant in the United Nations Global Compact. Amidst increasing pressure to engage in corporate social responsibility, businesses operating on a global level need to make a greater commitment to human rights, labor, the environment and anti-corruption, as expressed in The Ten Principles of the United Nations Global Compact. We consider our participation in the Global Compact to be a proclamation of our dedication to acting responsibly in the international community and will strive to work even harder to fulfill our corporate social responsibility.



The Ten Principles of the United Nations Global Compact

1. Businesses should support and respect the protection of internationally proclaimed human rights; and
2. make sure that they are not complicit in human rights abuses.
3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. the elimination of all forms of forced and compulsory labour;
5. the effective abolition of child labour; and
6. the elimination of discrimination in respect of employment and occupation.
7. Businesses should support a precautionary approach to environmental challenges;
8. undertake initiatives to promote greater environmental responsibility; and
9. encourage the development and diffusion of environmentally friendly technologies.
10. Businesses should work against corruption in all its forms, including extortion and bribery.

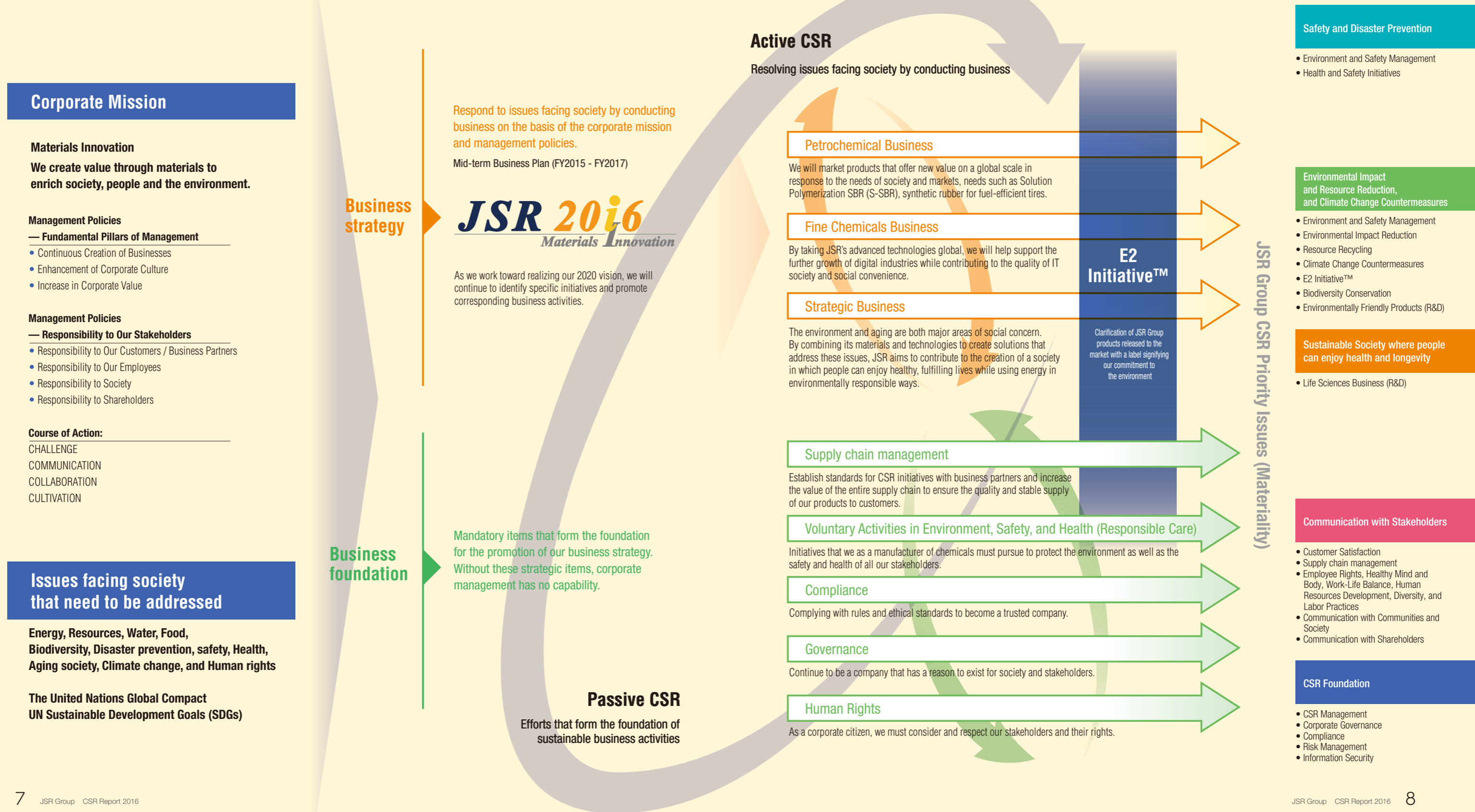
UN Sustainable Development Goals (SDGs)

Selected at the United Nations Sustainable Development Summit held in September 2015. Seventeen Goals that all the world needs to work on such as severe poverty, the eradication of inequality and injustice, responding to worsening environmental problems, etc.

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

Under the corporate mission "Materials Innovation - We create value through materials to enrich society, people and the environment," the JSR Group aims to build and maintain good relationship with all of our stakeholders and become an indispensable corporate citizen. We intend to resolve key social issues by integrating management and CSR as well as demonstrating our corporate mission with actual results.

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:

- CHALLENGE
- COMMUNICATION
- COLLABORATION
- CULTIVATION

Issues facing society that need to be addressed

Energy, Resources, Water, Food, Biodiversity, Disaster prevention, safety, Health, Aging society, Climate change, and Human rights

The United Nations Global Compact
UN Sustainable Development Goals (SDGs)

Business strategy

Respond to issues facing society by conducting business on the basis of the corporate mission and management policies.

Mid-term Business Plan (FY2015 - FY2017)

JSR 20i6
Materials Innovation

As we work toward realizing our 2020 vision, we will continue to identify specific initiatives and promote corresponding business activities.

Business foundation

Mandatory items that form the foundation for the promotion of our business strategy. Without these strategic items, corporate management has no capability.

Active CSR

Resolving issues facing society by conducting business

Petrochemical Business

We will market products that offer new value on a global scale in response to the needs of society and markets, needs such as Solution Polymerization SBR (S-SBR), synthetic rubber for fuel-efficient tires.

Fine Chemicals Business

By taking JSR's advanced technologies global, we will help support the further growth of digital industries while contributing to the quality of IT society and social convenience.

Strategic Business

The environment and aging are both major areas of social concern. By combining its materials and technologies to create solutions that address these issues, JSR aims to contribute to the creation of a society in which people can enjoy healthy, fulfilling lives while using energy in environmentally responsible ways.

E2 Initiative™

Clarification of JSR Group products released to the market with a label signifying our commitment to the environment

Supply chain management

Establish standards for CSR initiatives with business partners and increase the value of the entire supply chain to ensure the quality and stable supply of our products to customers.

Voluntary Activities in Environment, Safety, and Health (Responsible Care)

Initiatives that we as a manufacturer of chemicals must pursue to protect the environment as well as the safety and health of all our stakeholders.

Compliance

Complying with rules and ethical standards to become a trusted company.

Governance

Continue to be a company that has a reason to exist for society and stakeholders.

Human Rights

As a corporate citizen, we must consider and respect our stakeholders and their rights.

Passive CSR

Efforts that form the foundation of sustainable business activities

Safety and Disaster Prevention

- Environment and Safety Management
- Health and Safety Initiatives

Environmental Impact and Resource Reduction, and Climate Change Countermeasures

- Environment and Safety Management
- Environmental Impact Reduction
- Resource Recycling
- Climate Change Countermeasures
- E2 Initiative™
- Biodiversity Conservation
- Environmentally Friendly Products (R&D)

Sustainable Society where people can enjoy health and longevity

- Life Sciences Business (R&D)

Communication with Stakeholders

- Customer Satisfaction
- Supply chain management
- Employee Rights, Healthy Mind and Body, Work-Life Balance, Human Resources Development, Diversity, and Labor Practices
- Communication with Communities and Society
- Communication with Shareholders

CSR Foundation

- CSR Management
- Corporate Governance
- Compliance
- Risk Management
- Information Security

Safety is the most important factor for everyone working in the manufacturing industry and on the premises of our business activities. We are engaged in various activities as we remain conscious of our dedication to safety.

Safety Monument:

Featuring rough fieldstones, the outsides of the three monuments represent unpredictable elements; namely, risk factors, natural disasters, and conceit, respectively. Meanwhile, the perfect circles inside of the three monuments respectively represent “will, wisdom and practice of the top management, managers, and employees,” thereby symbolizing our determination to place the highest priority on safety to overcome the previously-mentioned unpredictable elements.

The harmony created by the three perfect circles reminds us that human life is precious and must be protected. The supporting platform that extends horizontally represents a wide variety of backgrounds and foundations that underpin “will, wisdom and practice” and, at the same time, our prayers for the tranquil repose of the soul of the precious human life that was lost.



Safety Monument (Entrance of Yokkaichi Plant Main Building)
After experiencing a serious workplace accident, we made a promise to strive for zero accidents and not to forget the lesson learned from this tragic event. We have resolved to develop a strong culture of safety to protect precious human life.

Becoming a Safety-focused Organization

Safety affects all stakeholders and is a fundamental challenge for management. With this in mind, the JSR Group has made it a goal to achieve zero facility accidents and zero accidents requiring time off from work. However, a serious work accident occurred at the Yokkaichi Plant in July, 2014. Under the philosophy that safety is the most important factor for everyone working in the manufacturing industry and a major premise of business, the JSR Group has taken this feedback seriously and has started two projects to regain safe workplace and safety awareness, and reestablish the culture of safety and safety infrastructure. The figure on the right illustrates the purpose of these two projects. The Safety Infrastructure Reform Project serves as a way to review and strengthen our safety infrastructure. The Workplace Accident Eradication Project serves to ensure the eradication of workplace accidents and to discover and resolve any remaining safety culture challenges.

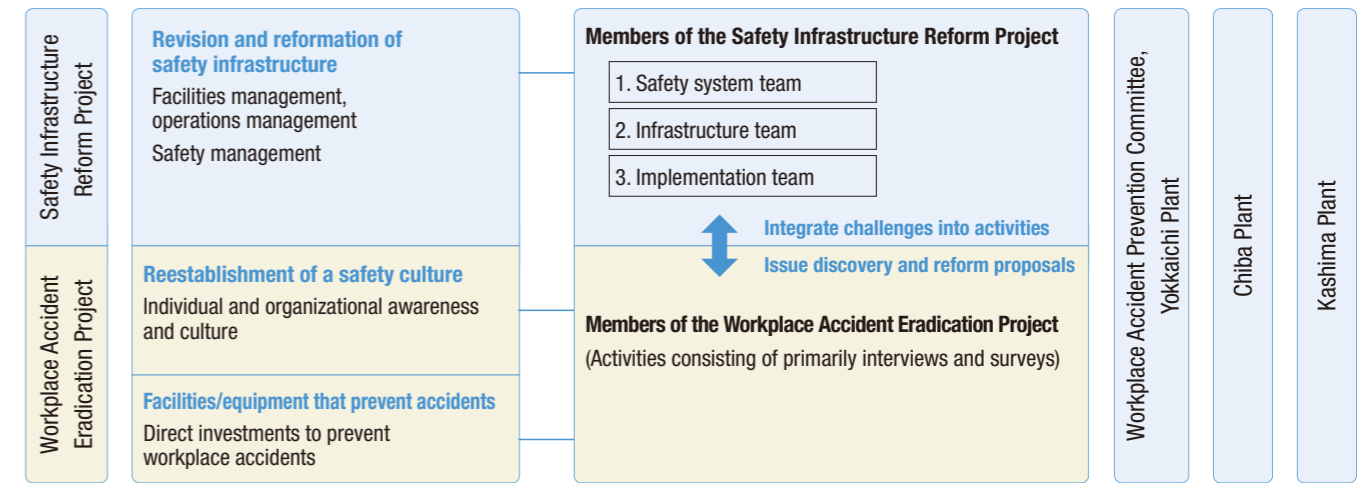
These two projects are scheduled to be complete in FY2016. The Safety and Health Promotion Department established in FY2016 and the Disaster Prevention Office within the department are currently engaged in proactive and aggressive implementation of current project activities.

Achievements and Challenges in FY2016

FY2016 was focused on developing the framework of our safety infrastructure. Development of infrastructure-related high-level initiatives has finished on schedule. The strengthening of plant-related departments and the development of our safety system is scheduled to be complete in FY2017. Implementation of initiatives will start in FY2017 in order to ensure their completion with full-scale implementation scheduled for FY2018. Details of safety culture activities scheduled to be conducted in FY2016 have been verified. Implementation of these activities is scheduled to begin in FY2017.

With the serious workplace accident that occurred in 2014, we have made a promise to strive for zero accidents and not to forget the lesson learned from this tragic event. As a demonstration of our resolution to develop a strong culture of safety to protect precious human life, we erected safety monuments in front of the administration building at the Yokkaichi Plant. We held the unveiling ceremony and safety ceremony on the anniversary of the accident on July 23 of the following year. From this point forward, we will hold a company-wide ceremony called the Pledge to Safety Day. On this day, all employees must reflect on the safety activities conducted during the year.

Roles of the Safety Infrastructure Reform Project and Workplace Accident Eradication Project



Achievements and Challenges in FY2016

		Safety infrastructure	Progress*1	Safety culture	Progress*1	
Infrastructure	Short term	Facility measurement to help prevent accidents	○	Review of educational systems and competency evaluations	△	
		Development and implementation of safety infrastructure standards	○		Development of standards to ensure that current employees perform work safely and reliably	△
		Development and completion of safety infrastructure information	○			
	Long term	Reconstruction of risk assessment and infrastructure budgeting systems	○	Enhancement of education and training (Hands-on training, KY activities, accident case studies, etc.)	—	
		Systematic removal of idle facilities	○		Organizational enhancement (increase in employees and effective placement of the most-experienced employees)	△
Advanced technologies	PHA*2 full-scale implementation	○	Establishment of safety behavior (day-to-day and emergency procedures)	—		
	Analysis regarding the implementation of operations monitoring support systems (Alarm management, ICT activities, etc.)	○		Enhanced bi-directional communication (reporting, contacting, and consulting)	△	
Organization	Manufacturing Department	Review of appropriate organizational sizing and operational systems	○		Review of safe and reliable production capability	○
	Related departments	Establishment of dedicated safety organization	○	Improve awareness of the value of safety (safety definitions and philosophies)		△
Systems	Safety system	Analysis regarding the strengthening of system and functionality for plant-related department	△		Creating a culture of discipline (fundamental safety rules, plant protective gear rules, etc.)	○
		Reforming safety and health management systems (Based on OHSAS*3)	○	Motivation to improve safety (Safety awards, personnel evaluations, etc.)		△
		Review of effective procedures (Risk assessment, audits, etc.)	△		Improvement of mutual understanding and cooperation in the workplace and between organizations	—

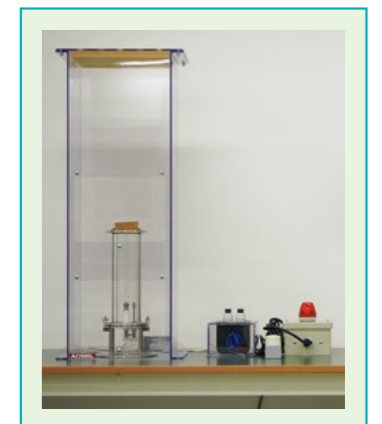
*1 Progress: On schedule (○), Delayed (△), Not started (—)

*2 Process Hazard Analysis (PHA): Analysis method used to identify and evaluate risks in processes established to handle hazardous materials

*3 Occupational Health and Safety Assessment (OHSAS): International standards to establish and maintain occupational health and safety management systems



A protective cover (perforated metal) was installed to prevent people from getting caught in the agitator shaft



Training equipment used to provide hands-on experience with combustion and explosion of solvents

Serving society while remaining aware of the global environment. Our aim is to keep these two goals in mind as we develop our business.

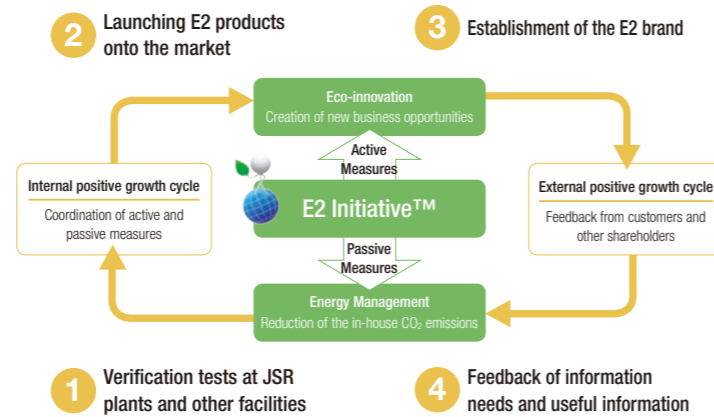
The JSR Group's "E2 Initiative™" is a clear and important concept of "environmental value creation" that we constantly have in mind as we manufacture our products and develop our business. It is also used as a concept that allows us to work toward solving problems in environmental impact, resources, and climate change when we carry out our business activities.

Working to Solve Environmental Issues through the Deployment of E2 Initiative™

Because both humans and a large number of other living things share planet earth and its resources, we must make an earnest effort to deal with environmental issues. The JSR Group has adopted its E2 Initiative™ as a concept to simultaneously reduce environmental impact and create new business opportunities using the environmentally-friendly aspects of our products.

The E2 Initiative™ is based on "Eco-innovation," which is designed to create business opportunities based on the environment, and "Energy Management," which is focused on reducing CO₂ emissions. It is a concept that allows us to create value both in active and passive ways. As we shifted our concept of value from the conventional two approaches of "differentiation" and "cost," our new concept of "environmental performance" has become essential. By using the Lifecycle Assessment (LCA) to evaluate the environmental impact of our products from the design stage in the product development to the use of the product, we are working to solve environmental problems throughout business operations.

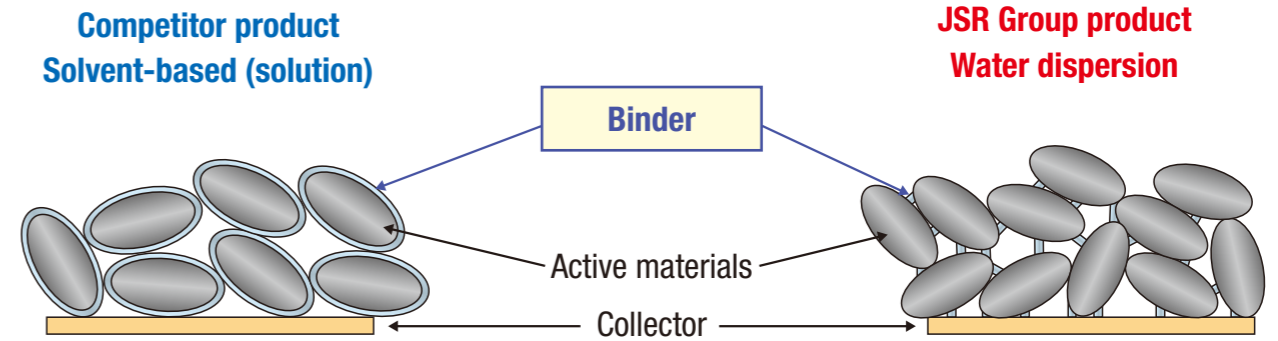
E2 Initiative™ Concept



Electrode binders for lithium-ion secondary batteries as part of JSR's efforts to create a low-carbon society

The JSR Group offers electrode binders (adhesive) for lithium-ion secondary batteries. Demand for these binders has increased due to efforts in the effective use of energy and creating a low-carbon society. Lithium-ion secondary batteries are used in hybrid and electric vehicles. As with normal dry-cell batteries, these batteries have positive and negative electrodes. These electrodes are made from bonding carbon materials or metal oxide particles, which function as the activating material, to copper or aluminum foil (collector). Binders provided by the JSR Group are used in this binding process. JSR Group binders are made by dispersing resin in water, which has small environmental impact. This point bonding method also significantly reduces the bonding area of the resin that interferes with the electrical continuity of the active substance. This results in the creation of electrodes with low electrical resistance.

Water dispersion enables low electrical resistance via point bonding



This was made possible by JSR Group's polymer design technologies, water dispersion technologies, and battery performance evaluation technologies. Not limited to electric vehicles, our materials are used in a wide variety of products, including computers, cellphones, electric vacuum cleaners, and so on.

mask resist material developed by JSR can resist temperatures up to approximately 250°C, which is the temperature at which solder is used. This enables extremely fine solder bump*2 patterns of 30 microns to be formed anywhere on substrates.

This eliminates the significant amount of plating required with conventional electrode position methods, and the corresponding maintenance and large amount of waste disposal. With a 100% utilization ratio of solder, this environmentally friendly process generates zero process inefficiency and reduces waste products.

In comparison with conventional methods, this method simplifies processes and has low environmental impact, and so we hope that this method will be increasingly utilized.

Mask resist material*1 for injection molded solder processes that significantly simplifies processing and reduces environmental impact

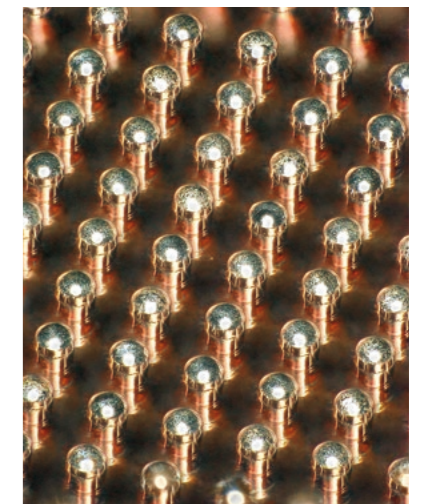
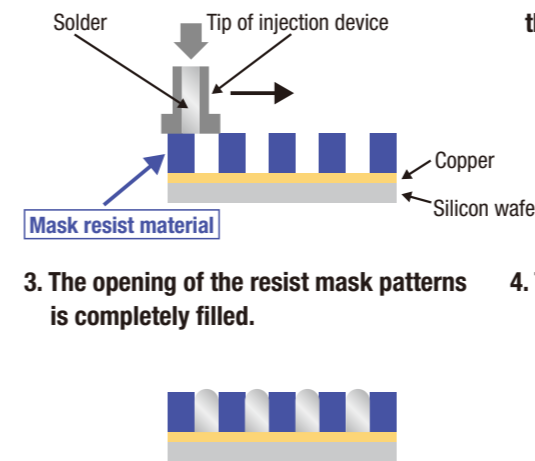
As the miniaturization of transistors and wiring in IC chips continues to advance, demand for high-performance equipment used to build IC chips during semiconductor mounting processes continues to increase. JSR, IBM Japan, and Senju Metal Industry Co., Ltd. have worked together to develop a revolutionary injection molded solder (IMS) process that enables advanced high-density semiconductor mounting processes.

IMS is a technology in which a specialized soldering device directly injects solder into the opening of mask resist material formed on substrates. The

*1 Mask (photo) resist material: Resin for which solubility changes with light. Patterns can be formed by applying this material to wafers and then exposing it to light and developing it with chemicals. This material protects the wafer surface.
*2 Bump: A protrusion of solder that acts as an electrode to electrically connect the semiconductor device to the substrate.

Solder bump forming process using injection molding

1. Solder is injected directly with the application of pressure.
2. Solder is injected into the opening of the resist mask patterns as the tip of the injection device moves around the substrate.
3. The opening of the resist mask patterns is completely filled.
4. The solder bump that uses chemicals to dissolve the resist material acts as the electrical conductor.



Finished solder bumps (bump diameter: 50 microns)



Through Life Science Businesses, the JSR Group aims to contribute to the realization of a society where people can enjoy health and longevity.

One in every three Japanese persons is expected to be over 65 years of age by 2035 (according to the survey conducted by Statistics Bureau, Ministry of Internal Affairs and Communications in September 2014). The extension of healthy longevity and the reduction of healthcare costs are priorities in such a super-aging society. The JSR Group has positioned the Life Science business as the third pillar of growth to resolve these issues.

JSR Group Life Science Businesses

A super-aging society is already creating issues such as increased healthcare expenses and elder-to-elder nursing. Extending the number of years people can live healthily without daily assistance or care is now an issue that our society faces. Development of personalized medicines which enhance the effectiveness of therapies by matching treatment methods more precisely to the condition of the individual patient will increase healthy life expectancy in the future. Healthcare methodologies and techniques will likely change during the coming years. Examples of this shift include the development of diagnostic technologies for early detection of disease as well as advances in highly effective treatments and pharmaceuticals to treat serious diseases at early stages.

Life Science Businesses in the JSR Group is working to help advance this area of personalized care. While this business was originally developed as part of our diversification strategy, we have decided to promote the Life Sciences Business as a new base business in the JSR Group along with the Fine Chemicals Business in anticipation of the expanded scale of this industry.

Structure of initiatives in Life Science Businesses

We actively work with medical/pharmaceutical world where diagnostic reagents are actually used or biopharmaceutical are manufactured, so that we can receive feedbacks to specify the technologies needed and develop the products. To achieve this, we must cooperate and work with other companies that have experiences, technologies, and expertise in obtaining governmental permission and authorization unique to the pharmaceuticals industry. We have made progress in providing capital support to companies that possess excellent technologies, and we are engaged in initiatives that enable us as a materials manufacturer to reach the end user with our products to quickly and appropriately meet the demand of pharmaceuticals companies and medical facilities that use final products.

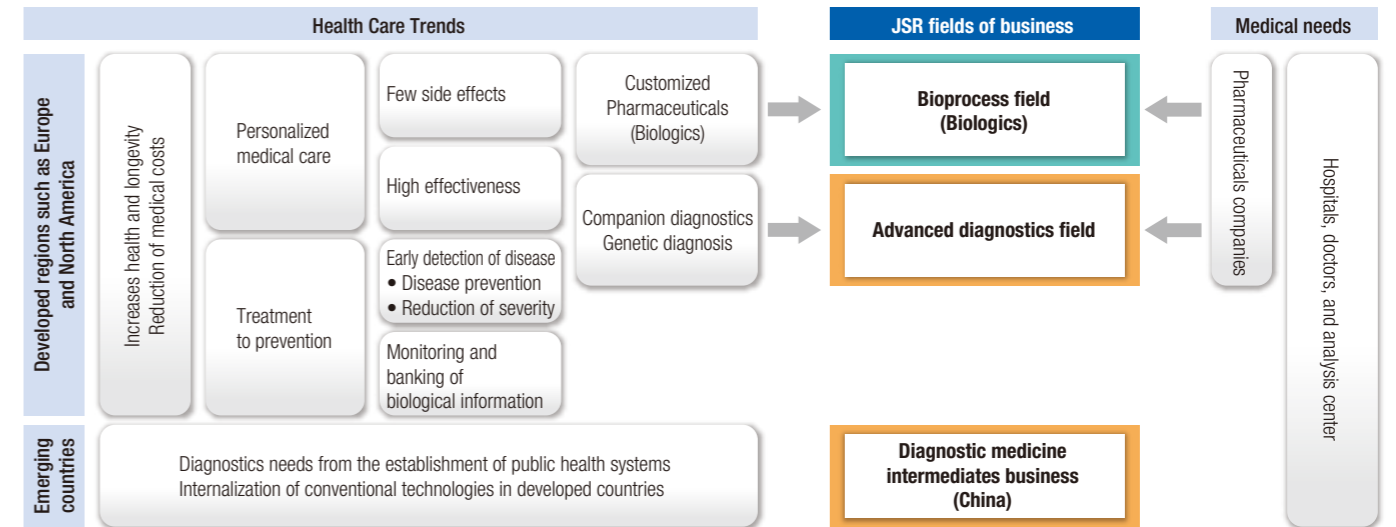
Bioprocess materials used for biopharmaceuticals

—JSR products used in manufacturing processes of bio-pharmaceuticals used in therapies for cancer and other diseases—

Bio-pharmaceuticals are developed and manufactured using bio-technologies. Bio-pharmaceuticals include antibodies*, vaccines, cells and nucleic acids. Specifically, antibodies for treatment of cancer and other serious diseases are being rapidly developed and utilized as pharmaceuticals because of their high degree of effectiveness and few side effects. Antibodies are manufactured by first cultured microorganisms or cells in which large amounts of antibodies are biologically synthesized. Antibodies are then collected from the culture and purified. The JSR Group Life Science Businesses provides bioprocess culture fluid used in the purification process. The purification of antibodies is both a technological and financial challenge. Advancement of purification technologies will reduce the cost of manufacturing, which will lead to widespread use of antibodies. This will



Artist's concept of the JSR-Keio University Medical and Chemistry Innovation Center (JKIC) It is expected to begin operations from October 2017.

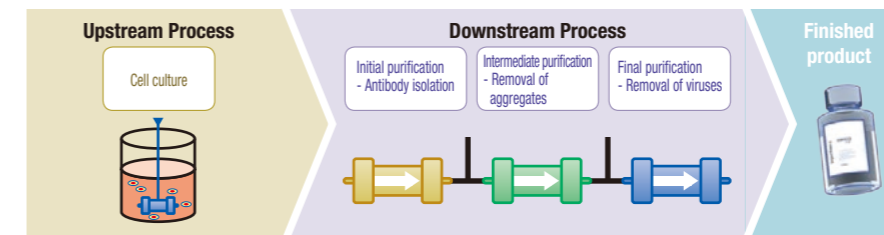


enable the manufacturing of antibodies with new functionality. The JSR Life Sciences Amsphere™ A3 is a chromatography resin used in the initial purifying process to extract necessary antibody components from culture. Amsphere™ A3 can extract and purify a larger amount of antibody efficiently than other conventional products in the marketplace can. It can also be reused with minimal degradation of performance. With a high level of mechanical strength, it can be used in higher-flow rate purification processes, which also increases efficiency. Amsphere™ A3 was announced at the Bioprocess International Conference & Exhibition held in October

2015. It has been commercially available since January of 2016. The JSR Group will continue its efforts to provide solutions for antibody manufacturing processes through the expansion of our base of strategic partners. We also provide reagents to help advance the research and development of next-generation antibodies and other bio-pharmaceuticals.

*Antibodies: Biomolecules produced by the immune system as a defensive response to eliminate foreign substances in the body. They consist of bio-derived proteins.

Simplified manufacturing process diagram of Bio-pharmaceuticals (Ex. for antibodies)



Collaborative research project with Keio University to develop and demonstrate prosthetic limbs produced with 3D printing

JSR and the Keio University SFC Research Institute collaborated to develop the FABRIAL™ R Series, which is an elastomer-based biocompatible material for 3D printer. With support from JSR and the Frontier Makers Project, promoted by the Ministry of Economy, Trade and Industry, researchers from the Keio University SFC Research Institute held a demonstration in the Philippines showcasing prosthetic legs created with 3D printing technology. There are approximately 1,200,000 amputees in the Philippines. Unfortunately, the country is only capable of manufacturing 470 prosthetic legs per year, which results in many amputees being unable to leave their homes. Many amputees are also unable to afford the high cost of prosthetic legs. However, designs for prosthetic legs created using 3D printers are easily customizable, have replaceable parts, and are relatively inexpensive. The flexibility

provided by JSR FABRIAL™ 3D printer resin can be used for the sections that make contact with the amputated leg to reduce stress at these sections. The JSR Group will continue to explore ways in which it can apply Fabrial™ to other areas health care.



Improving communication to deepen relationships with stakeholders and become an indispensable benefit to society.

Responsibilities to our stakeholders defined by the JSR Group management policies include:

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

We will continue to deepen mutual understanding with stakeholders and live up to their expectations. It is also our desire to create new values for society through cooperation and communication with stakeholders.



Participating in food education activities at local elementary school
At commendation ceremony
JSR Micro Taiwan Co., Ltd. (Taiwan)

Responsibility to Customers and Business Partners

Communication with Customers

The Corporate Mission of the JSR Group is "Materials Innovation - We create value through materials to enrich society, people and the environment." We believe that the JSR Group's most important role is to offer innovative materials and outstanding products that meet customer needs and contribute to a better society. We strive to carry out initiatives to ensure the quality and safety of our products so that our customers can use them with peace of mind.

1. Participation in the Pirelli Global Stakeholder Dialogue

We attended the Pirelli Global Stakeholder Dialogue held on February 4, 2016 at Maison de l'Automobile in Brussels. We participated in this dialogue as a supplier to Pirelli. Through the dialogue, Pirelli wanted to gather opinions from various stakeholders, including policymakers, academia, suppliers, the financial community, customers, and NGOs regarding their Industrial & Sustainability Plan in effect until 2020.

2. Successive awarding of Intel's Supplier Continuous Quality Improvement (SCQI) Award

We received the Supplier Continuous Quality Improvement (SCQI) Award from Intel Corporation, a world-class semiconductor manufacturer based in California, the United States. The SCQI Award is Intel's most prestigious award given to suppliers. This is the seventh time that we have received the award in the past eight years. This award serves as acknowledgment of our advanced lithography and CMP materials as well as our highly functional chemicals.

3. Best Supplier Award from LG Display

One of two major LCD manufacturers in South Korea, LG Display held a New Year's party in celebration of accompanied growth. JSR received the Best Supplier Award and with it, a commemorative plaque and a 55-inch organic LED (OLED) television as a gift.

* Accompanied growth: Expression of the balanced growth of both major industries and partners that South Korea has experienced since 2010.



Best Supplier Award presentation ceremony

Responsibility to Employees

Diversity

JSR was selected as a Nadeshiko Brand* initiative in March 2016

We were selected as a 2016 Nadeshiko Brand initiative by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange, in recognition of our efforts to advance women in the workforce, and our support of a health work-life balance. As part of the Nadeshiko Brand selection process, companies' efforts in the promotion of female career advancement and betterment of work-life balance are evaluated. The JSR Group is rapidly expanding its various business activities around the world, and we believe that harnessing diverse human resources is crucial for the advancement of our wide-ranging business strategies. To JSR, diversity expands beyond providing support for female employees, extending through our dedication to creating a corporate culture that values and respects individuality and diversity in the workforce.



* The Nadeshiko Brand program aims to distinguish companies that show outstanding support for women in the workplace, in order to elevate their investment status in the marketplace, and propel their corporate values over the mid and long-term. Ultimately, the goal of the Nadeshiko Brand initiative is to accelerate the adoption of women support initiatives throughout Japan. This year, initiative were evaluated on the basis of management level staffs commitment and actual performance regarding female career advancement and the promotion of a healthy work-life balance. In FY2015, A total of 45 companies were selected.

Responsibility to Employees

Supporting Healthy Body and Mind

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.

JSR supports its employee's physical health by providing various examinations. Subsidies are also provided to employees who receive complete medical screenings and brain scans such as MRIs. The JSR Health Insurance Society has promoted lifestyle disease prevention screenings (diabetes, high blood pressure, and obesity) paired with health guidance and counseling to achieving promising results. JSR has taken measures to improve employee mental health since the issue first began drawing attention.

JSR Employee Mental Health Support

- Online JMI health survey for employees
- Counseling through third party mental health care professionals
- Occupational health care professionals present at all of JSR's offices and plants
- Mental health care training programs at each level of the corporate hierarchy



Employees practicing accidental fall prevention exercises
(ELASTOMIX CO.,LTD)

Responsibility to Society

Social Welfare Activities

The JSR Group continues to implement social contribution activities at domestic and overseas offices and plants.

In June 2015, JSR (Shanghai) Co., Ltd. (China) donated to a liver transplant program that provides support to children of poor families. This program is sponsored by Semiconductor Manufacturing International Corp., one of our electronics materials customers. JSR Micro, Inc. (US), donations of clothes, socks, and blankets were donated to homeless shelters near the company. Each site engages in blood donation activities as part of their volunteer program.



Blood donation activity
(JSR Micro Korea Co., Ltd) (South Korea)

Responsibility to Society

Education and Social Education

JSR Group sites in Japan and overseas contribute to the education of children and students through utilization of employee knowledge on chemistry. Employees of the Kashima Plant conducted visiting presentations for 106 junior high school students. Three experiments were performed in these classes, including Synthetic Rubber, Difference Between Balls that Bounce and Ones that Don't, and Unbreakable Plastic. We have created a mascot character known as Mr. Molecule to help explain the relationships between molecules and material characteristics.



Visiting lecture
(JSR Kashima Plant)

Responsibility to Society

Clean-up activity

The JSR Group continues to help with local clean-up activities for roads, coastlines, and rivers at domestic and overseas offices and plants. JSR BST Elastomer Co., Ltd. (Thailand) participated for the first time in the International Coastal Cleanup organized by the Ocean Conservancy NPO based in the U.S. Employees and their families helped clean the beach in cooperation with educational institutions and community volunteers. In addition, the Yokkaichi Plant regularly holds local clean-up activities.



Local clean-up activity
(Yokkaichi Plant)

Inclusion in International Indices and universe for international Socially Responsible Investment (SRI) (as of June 30, 2016)

The JSR Group CSR activities have been independently review by related institutions. We have earned inclusion in the following socially responsible investment (SRI) indices and brands.



We have been a constituent of the FTSE4Good Index Series since 2004.



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



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

January 4, 2016



We were reconfirmed for inclusion in the Ethibel Pioneer & Excellence Investment Registers on June 11, 2015.

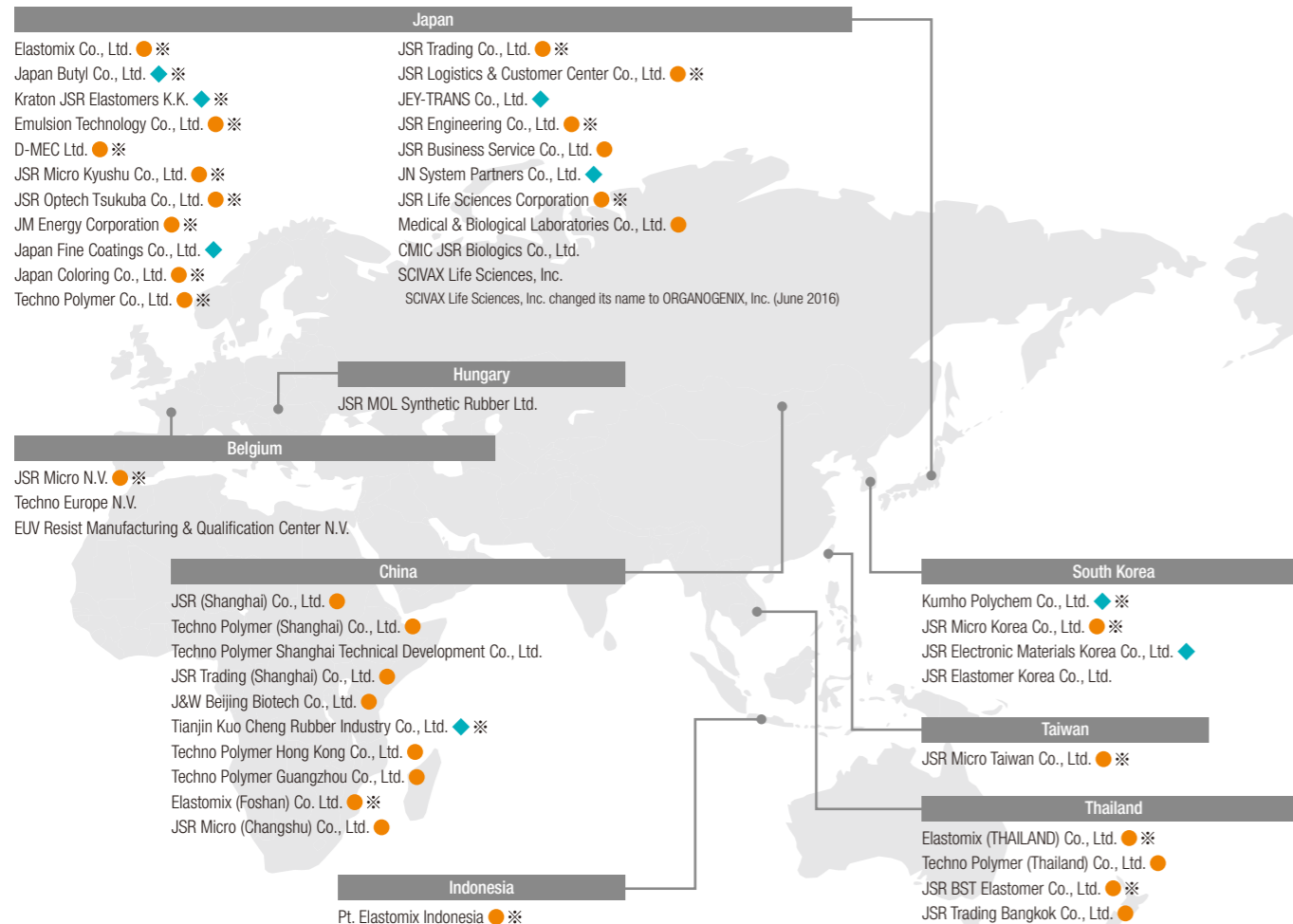


In March of 2016, we were selected as a Nadeshiko Brand enterprise by the Ministry of Economy and Tokyo Stock Exchange in recognition of our efforts to support female employees.

* The Morningstar Socially Responsible Investment Index represents 150 domestic companies selected as being exceptionally socially responsible. This stock index does not guarantee future performance nor does it assume any responsibility. 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.

We have also been a member of the Global Compact 100 since FY2014.

JSR Group Companies (as of March 31, 2016)



JSR Profile (as of March 31, 2016)

Company name: JSR Corporation
 Established: December 10, 1957
 Head office: Shiodome Sumitomo Building, 1-9-2 Higashi-Shinbashi, Minato-ku, Tokyo, Japan
 Representative Director: Mitsunobu Koshiba
 Capital: 23.3 billion yen
 Number of employees: 6,587 (consolidated)

JSR Operations (as of March 31, 2016)

Branches	Nagoya Branch	Nagoya City, Aichi Prefecture
Plants	Yokkaichi Plant	Yokkaichi City, Mie Prefecture
	Chiba Plant	Ichihara City, Chiba Prefecture
	Kashima Plant	Kamisu City, Ibaraki Prefecture
	Performance Polymer Research Laboratories	Yokkaichi City, Mie Prefecture
Research centers and laboratories	Display Materials Research Laboratories	Yokkaichi City, Mie Prefecture
	Fine Electronic Materials Research Laboratories	Yokkaichi City, Mie Prefecture
	Advanced Materials Research Laboratories	Yokkaichi City, Mie Prefecture
	Tsukuba Research Laboratories	Tsukuba City, Ibaraki Prefecture
	Overseas	Swiss Branch
	Singapore Branch	Singapore
	Taiwan Branch	Taiwan

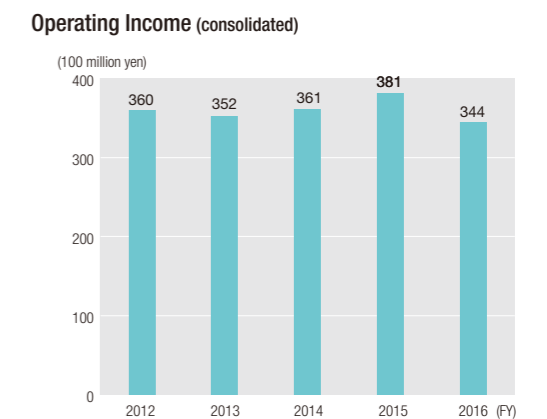
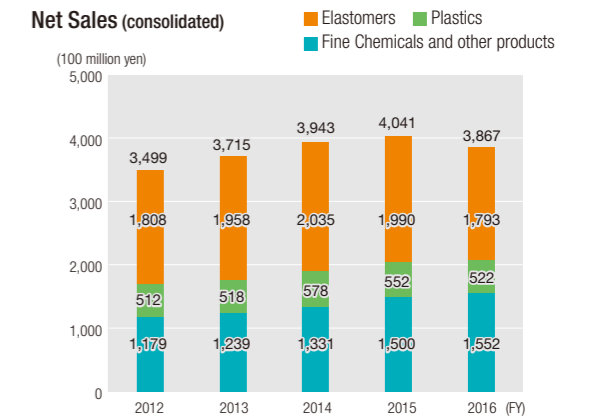
Note: The Taiwan Branch was established on September 14, 2015, and operations have been transferred to the Taiwan Office.

Major JSR Group Businesses (as of March 31, 2016)

Manufacturing and sales of the following products

Business Segments		Products/Materials
Petrochemical Products Business	Elastomers	Synthetic Rubbers Synthetic rubber such as styrene butadiene rubber, polybutadiene rubber, ethylene propylene rubber, etc. and carbon master batches and rubber compounds
	TPEs	Thermoplastic elastomers and processed products
	Emulsions	Paper coating latex, general purpose industrial latex, acrylic emulsion, latex compounds, etc.
	Functional Chemicals	Highly functional coating materials, high performance dispersants, functional particles for industrial use, latent heat storage materials, materials for heat resistant paint, battery materials, etc.
	Others	Chemical products such as butadiene monomer
Fine Chemicals and Other Products Business	Plastics	ABS resin, AES resin, AS resin, ASA resin, etc.
	Semiconductor materials	Lithography Materials (photoresists, multi-layered materials), CMP materials, packaging materials, etc.
	Display materials	Color liquid crystal display (LCD) materials, anti-reflection film materials, functional coating materials, etc.
	Optical materials	Heat-resistant transparent resin and functional film, optical fiber coating materials, stereolithography, etc.
Strategic Business and other materials		Life sciences (in vitro reagents for diagnostics and/or research, raw materials for such reagents, bioprocess materials, contract development and manufacturing of biopharmaceuticals), and Lithium-ion capacitors

Financial Information



● = 34 consolidated companies
 ◆ = 8 companies to which the equity method is applied
 ※ = companies for which data was collected from Responsible Care reports