

# CREATING SUSTAINABLE VALUE

JSR has made possible sustained growth as a company while contributing to the realization of a sustainable society by engaging in CSR activities in accordance with the Corporate Mission. As an environmental protection measure, we have incorporated into management the E2 Initiative™, a group-wide code of conduct for energy management, reduction of greenhouse gas emissions, and development of “Eco-innovation” businesses. We work to enhance corporate value through the interaction between the management structure for implementing the Corporate Mission and CSR.

## Becoming a Company That Grows Continuously While Contributing to Society



## THE JSR GROUP'S ESSENTIAL ELEMENTS

The JSR Group's Essential Elements consists of its Corporate Mission (significant of existence), Management Policies (evaluation standards), and Course of Action (individual work styles). In this process, it is important that we act with integrity as a good corporate citizen and live up to the trust that our stakeholders place in us. Our Group CSR represents the initiatives we employ to successfully achieve our mission, and as such we view CSR as a key management issue.

### Corporate Mission

#### Materials Innovation

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

The corporate mission of the JSR Group clearly identifies the company's raison d'être. By supplying materials that are indispensable to human societies, JSR aims to be trusted.

### Management Policies

The JSR Group has established management policies as a framework for decision-making and activities, and to set standards to serve as the basis for the decisions of each JSR team member. As group-wide management policies for sustainable growth, it consists of two basic components—fundamental pillars of management, and responsibility to our stakeholders—both of which represent JSR's commitment as a good corporate citizen.

### Fundamental Pillars of Management

#### Continuous creation of businesses

As society evolves, so does the demand for specialized materials and advanced products. JSR continuously evolves to anticipate and respond to changing marketing needs and, in doing so, achieve dynamic growth.

#### Enhancement of corporate culture

As society evolves, so will our organization. JSR will build on its existing positive corporate culture to create an organization and management style with the vitality to keep evolving.

### Increase in corporate value

JSR will position itself to increase our overall corporate value by creating businesses through materials with focuses on customer satisfaction and the fulfillment of employees.

### Responsibility to Our Stakeholders

#### Responsibility to our customers / business partners

When interacting with our business partners and customers, the JSR Group will:

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

#### Responsibility to our employees

All employees should expect:

- To be evaluated and rewarded based on fair standards
- Continuous opportunities to grow by challenging themselves
- Acceptance of the diversity of fellow colleagues and to be provided a place where all employees can work together as a team

## THE JSR GROUP'S ESSENTIAL ELEMENTS

### Responsibility to society

All members of the JSR Group will honor our responsibility to both the local and global communities through:

- Responsible and respectful business practices (Responsible Care) that consider the environment and safety
- Support of environmental conservation by providing eco-friendly products
- Reduction of our environmental impact throughout the entire product lifecycle
- Active contribution to conserving biodiversity throughout its business activities and the entire product lifecycle

### Responsibility to shareholders

Group will maintain its responsibility to its shareholders by:

- 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

### Course of Action (4Cs)

#### Challenge

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



### Communication

All employees should feel comfortable and confident maintaining open lines of bi-directional communication at all levels within the JSR Group. Employees should strive for organizational transparency through direct conversations as the best means to share value and achieve common goals, especially in the face of growth and diversification.

### Collaboration

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

### Cultivation

All employees will cultivate an environment that supports bi-directional communication between managers and subordinates and provides opportunities to develop together as individuals and as members of productive, supportive teams.

### Corporate Slogan

#### With chemistry, we can.

JSR is determined to keep providing solutions that benefit not only customers but also the broader society. The company's slogan highlights the word "chemistry" to succinctly convey its corporate identity and business positioning, and also expresses the confidence JSR professionals feel in the face of every challenge.

## CORPORATE SOCIAL RESPONSIBILITY

## Contributing to Society through Materials Innovation

The JSR Group practices a unique brand of CSR. For us, CSR is about becoming a company that continuously grows while contributing to society through the provision of essential materials and a company that discharges its responsibilities to stakeholders in accordance with the Corporate Mission.

**CSR Management****CSR Advancement Structure**

JSR promotes CSR through a system of committees and a CSR Department established to reinforce CSR-related initiatives. There are four committees that function under the supervision of the CSR Committee: the Corporate Ethics Committee, which implements corporate ethics standards and works to prevent improper actions throughout the Group; the Responsible Care Committee, which works to realize a sustainable society through the implementation of initiatives that safeguard the environment, health, and safety; the Risk Management Committee, which seeks to further strengthen the Group's risk management system; and the Social Contribution Committee, which devises and promotes activities to help the Group make a contribution to society.

**Compliance**

The JSR Group's concept of legal compliance is grounded in the principle of ethical action based on compliance with the law. 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 and identify issues and we 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 it to all employees in Japan.

**Risk Management**

The JSR Group considers preventing major crises from occurring and minimizing the effects of crises on business activities an important management priority and engages in risk management activities. Using an independently developed system, each division and Group company each year periodically identifies, assesses, and formulates countermeasures against a wide range of risks, including explosion, fire, major earthquake, and pandemic outbreak. We designate particularly serious risks as "major company-wide risks," and the Risk Management Committee and the CSR Committee manage improvement in risk management. In October 2013 we conducted the first-ever business continuity management (BCM) drill at JSR headquarters as a means of final confirmation and verification of the JSR BCM system. We will work to perfect the system in preparation for a group-wide rollout in fiscal 2015.

**Responsibility to Our Stakeholders**

The JSR's Group's Essential Elements include values to be shared among all JSR employees to enable them to act responsibly and with confidence towards all stakeholders. For JSR, the term "stakeholder" refers to all customers and business partners, employees, society, and shareholders.

## CORPORATE SOCIAL RESPONSIBILITY

### Responsibility to Customers and Business Partners

We believe that the JSR Group's most important role is to offer innovative materials and excellent products that meet customer needs and contribute to a better society. We devote effort to initiatives to ensure the quality and safety of our products so that our customers can use them with peace of mind. These efforts are recognized and appreciated, and we have received top-rank supplier awards from global customers.

### Responsibility to Our Employees

The JSR Group develops mechanisms and fosters a corporate culture that enables all employees to accurately recognize and solve issues and that maintains and enhances organizational capabilities. We have put in place the JSR Group global personnel system and engage in personnel development and management at the Group and global levels. Throughout the JSR Group, synergies are generated through the contributions of a diverse workforce.

### Responsibility to Society

The JSR Group engages in responsible care management by means including the creation of highly trustworthy business sites and initiatives to reduce environmental impacts. We also engage in activities that contribute to development of a sustainable society, such as the promotion of biodiversity conservation and socially beneficial activities.

### Responsibility to Shareholders

Through investor relations activities, we strive to promptly and accurately communicate to shareholders and investors information about the business situation and corporate policies. We hold the Ordinary General Meeting of Shareholders at an early date, promptly send the notice of convocation to shareholders, enable the exercise of voting rights via the Internet, and take other measures to ensure smooth exercise of voting rights by shareholders. We hold quarterly results briefings, seminars for

institutional investors and analysts, and technical seminars (JSR Tech Seminars) and promote wide-ranging two-way communication.

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, the JSR Group became a participant in the United Nations Global Compact. Amid growing calls for corporate social responsibility, the Global Compact enables companies that operate on a worldwide level to declare their commitment to observing the Compact's ten principles. The principles include human rights, labor, the environment, and anti-corruption. Having declared its participation in the Global Compact and its commitment to act responsibly as a member of the international community, the JSR Group will work even harder to actively fulfill its social responsibilities.

## Ratings from Outside Organizations

**JSR's CSR activities are rated highly by overseas and domestic investment-related organizations.**

In fiscal 2014, the JSR Group was selected for inclusion in the following Social Responsibility Indices.

- FTSE4 Good Index Series
- Ethibel Pioneer & Excellence Label
- Morningstar's MS-SRI Index

## CORPORATE GOVERNANCE SYSTEM

### Aiming to Maintain a Trusted, Appealing Corporate Constitution

By putting our corporate mission into action, we at JSR endeavor to further enhance corporate value while maintaining management efficiency, transparency, and soundness to ensure a sustainable future. 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 constitution.

#### Overview of the Corporate Governance System

##### Organizational structure:

Company that employs the audit & supervisory board member system under which the Board of Directors and Audit & Supervisory Board members are monitoring the execution of the businesses of the Company.

##### Board of Directors:

consisting of 7 directors, including 3 independent outside members

##### Audit & Supervisory Board:

consisting of 3 Audit & Supervisory Board members including 2 independent outside members who have highly professional careers either as lawyers or certified public accountants

#### Strengthening Corporate Governance

##### 2004

- Term of office of directors reduced from 2 years to 1 year

##### 2005

- Introduction of the officer system
- Discontinuation of the retirement bonus system for directors and audit & supervisory board members

##### 2011

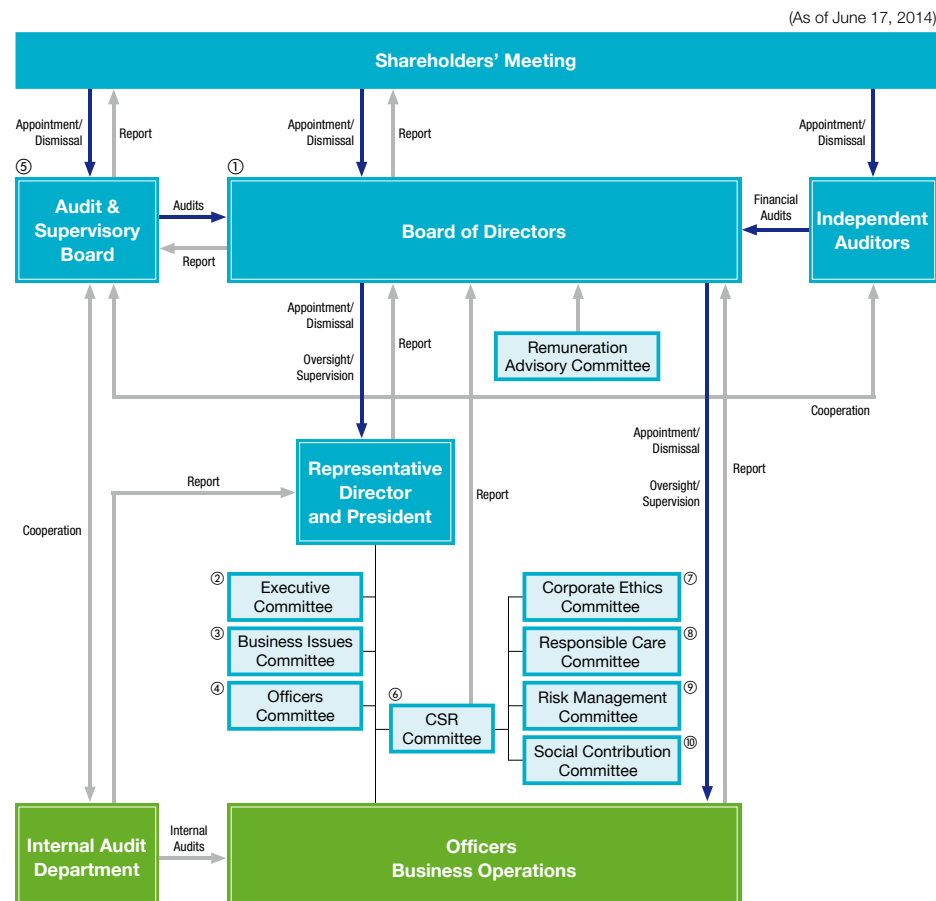
- Invitation of 2 independent outside directors to its Board of Directors consisting of 6 directors

##### 2012

- Establishment of the Remuneration Advisory Committee, with participation by outside directors

##### 2014

- Appointment of 3 independent outside directors to its Board of Directors consisting of 7 directors and appointment of 2 independent outside Audit & Supervisory Board members to its Audit & Supervisory Board consisting of 3 members



## CORPORATE GOVERNANCE SYSTEM

### ■ Officer System

#### Clear segregation of the management and business execution functions

JSR has introduced an officer system to separate Company-wide management monitoring by directors and business execution by officers. The system accelerates decision-making from the functions of business execution by directors and officers, respectively, and also strengthens the supervisory function of directors and clarifies roles and responsibilities.

### ■ Audit System

#### Enhancement of the management monitoring function and assurance of transparency

Under the Company's audit system, business execution audits and account audits make significant contributions to fair, transparent, and timely management. Business audits cover the execution of duties by directors, and account audits cover financial statements submitted at Ordinary General Meetings of Shareholders. In order to further enhance monitoring and checking functions of its audit & supervisory board, the Company appoints independent attorney and certified public accountant as outside audit & supervisory board member.

### ■ Internal Control System

#### Efforts to ensure the effectiveness of and improve internal controls

In accordance with The Companies Act of Japan, the JSR Group has established a basic policy governing its internal control system. Guided by this policy, the Company works to strengthen and augment its internal controls. The Internal Audit Department systematically audits business execution and compliance systems in each division and Group company, and confirms that rigorous legal compliance is observed throughout the Group.

#### ① Board of Directors

##### Management decisions that reflect outside opinions

The Board of directors discusses and makes decisions on important business matters, and also supervises directors and officers' execution of

business duties. The Board holds meetings monthly, in principle. It also includes three outside directors who, together with three audit & supervisory board members (including two outside ones) engage in robust exchanges of opinions at Board meetings. By introducing independent and neutral outside directors with extensive business experience, we seek to reinforce the appropriateness of judgments made by management and monitor the legality of their execution of duties.

#### ② Executive Committee

##### Rapid response to changes in the business environment

The Executive Committee holds extensive discussions on items concerning 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 concerning these issues. 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 to expedite decision-making and improve 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

##### Review of policies and strategies for individual projects

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 company directions. Its findings are reflected in deliberations of the Board of Directors and the Executive Committee. The Business Issues Committee, which meets once a week, consists of the president, officers with directorship status, and officers appointed by the president.



## CORPORATE GOVERNANCE SYSTEM

### ④ Officers Committee

#### Sharing of information on business conditions and issues

This committee is held in order to share information from all departments concerning the execution of business activities, to ensure members' thorough understanding of important business matters and to enhance their communications. This committee consists of the president, senior officers, officers and a standing audit & supervisory board member, except overseas representatives. As a rule, this committee meets twice a month and is chaired by the president.

### ⑤ Audit & Supervisory Board

#### Auditing by specialists in an independent position

This board meets every month as stipulated in the regulations governing this body. The audit & supervisory board receive reports on important matters, hold discussions, and make decisions.

In accordance with standards for audits by audit & supervisory board members of the Company, the audit & supervisory board members attend meetings of the Board of Directors, and the standing corporate auditor attends Executive Committee and other important 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 others. Through these activities, the Audit & Supervisory Board holds deliberations in order to form auditing opinions.

### ⑥ CSR Committee

#### Implementation of CSR activities and rigorous compliance

The CSR Committee was established to ensure that JSR fulfills its responsibilities to society and complies with laws and regulations. Under the CSR Committee, four committees were established: the Corporate Ethics Committee, the Responsible Care 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 Company's CSR efforts.

The CSR Committee is chaired by the officer responsible for CSR and consists of officers, senior officers, and officers. Bureaus of the four committees listed above also attend meetings of the CSR Committee. The Committee clarifies the Company's stance toward CSR and works to strengthen CSR efforts at JSR.

### ⑦ Corporate Ethics Committee

#### Promotion of ethical business activities group-wide

The Corporate Ethics Committee, chaired by the officer in charge of general affairs, was established under the CSR Committee to implement corporate ethics standards and prevent improper actions throughout the JSR Group. The JSR Group Principles of Corporate Ethics have been prepared to provide a code of conduct for executives and employees. It is also prepared in Traditional Chinese, Thai, and Korean, in addition to English and Simplified Chinese, so that Group employees all over the world can become better acquainted with the Principles. As for the reporting system, along with the internal hotline linked to the Corporate Ethics Committee and the external hotline linked to an external attorney, JSR introduced a hotline that is linked to a specialized external agency and is also available in English, Chinese, Korean and Thai.

### ⑧ Responsible Care Committee

#### Working to enhance safety, the environment, and quality

JSR conducts a Responsible Care program to fulfill its obligations to achieve sustainable development. The Responsible Care Committee was established under the CSR Committee to ensure that Responsible Care activities are conducted effectively across the entire company. The committee is chaired by the managing officer for safety and environmental affairs, demonstrating Responsible Care position as a core component of JSR's management. This committee approves Responsible Care plans, evaluates and verifies results of activities, and helps to maintain and upgrade JSR's programs to eliminate accidents, reduce environmental impact, manage chemical substances, and ensure safety of products. Details and results of Responsible Care activities are disclosed through the CSR Report and Responsible Care Reports prepared by individual plants.



## CORPORATE GOVERNANCE SYSTEM

The CSR Report is audited by a third party to improve the reliability and transparency of the data. Through these activities, the committee is dedicated to winning greater trust from customers and addressing any concerns among residents in the neighborhoods of JSR's facilities.

To make the information widely available, the CSR Report is posted on the JSR website ([http://www.jsr.co.jp/jsr\\_e/csr/index.shtml](http://www.jsr.co.jp/jsr_e/csr/index.shtml)).

### ⑨ Risk Management Committee

#### Further strengthening risk management systems

JSR places strong management priority on preventing serious crises from occurring and on minimizing the impact of crises that do occur on its business activities. To this end, the Company established the Risk Management Committee under the CSR Committee, with the officer responsible for Corporate Planning as chair. The Committee decides policies and plans in response to crises, both present and potential, and promotes continuous improvement.

### ⑩ Social Contribution Committee

#### Examining and promoting socially beneficial activities

The Social Contribution Committee was established under the CSR Committee and is chaired by the officer responsible for Corporate Communications. JSR has been involved in many activities that contribute to society at the local level. JSR will expand its activities to cover the whole society and provide more active approaches. The Social Contribution Committee studies the formulation of new programs and pursues initiatives according to its "Basic Approach to Social Contribution," published in January 2009.

### Status of Internal Audit, Audits by Audit & Supervisory Board Members and Financial Audits

#### Management oversight from various perspectives

JSR has adopted the audit & supervisory board member system. There are three audit & supervisory board members, including two from outside the JSR Group. These auditors are staffed by one individual. Audits are performed as described in the section concerning the Audit & Supervisory Board.

The audit & supervisory board members work closely with the independent auditors. The audit & supervisory board members receive reports on the financial accountant's audit plan and audit results. Furthermore, the audit & supervisory board members and financial accountants exchange information and opinions as necessary in the course of each fiscal year. The internal audit has been conducted by the Internal Audit Department as a specialized internal auditing unit. The audit & supervisory board members receive reports on the audit plan and audit results from the Internal Audit Department regularly, exchange opinions, and enhance the auditing system.

### Remuneration

#### Advice on remuneration for corporate officers from the Remuneration Advisory Committee

The remuneration of the Company's directors consists of a basic salary, a bonus based on consolidated performance for the year, and stock options that serve as a long-term incentive. The level of remuneration is commensurate with the Company's business results and is compared with those of other companies in the same industry and of similar size. The total limit for monthly salaries is decided by resolution at the Ordinary General Meeting of Shareholders. Performance-based bonuses and stock options are also approved by resolution at the Ordinary General Meeting of Shareholders. Total remuneration paid in fiscal 2014, ended March 31, 2014, was ¥260 million, paid to eight directors, including three outside directors and a director who retired during fiscal 2014.

Audit & supervisory board members are paid a basic fixed salary that is not performance-based. In fiscal 2014, total salaries paid to audit & supervisory board members amounted to ¥39 million, including ¥27 million paid to internal audit & supervisory board members and ¥12 million to outside corporate auditors.

The Company recently established the Remuneration Advisory Committee, which deliberates about matters such as the basic remuneration policies, the remuneration system, and the annual bonus scheme and reports to the Board of Directors.

## DIRECTORS, AUDIT &amp; SUPERVISORY BOARD MEMBERS, AND OFFICERS (AS OF JUNE 17, 2014)

## Directors and Corporate Auditors

Representative Director  
and President  
**Mitsunobu Koshiba**Representative Director  
**Hozumi Sato**Director  
**Hisao Hasegawa**Director  
**Hayato Hirano**Standing Audit &  
Supervisory Board Member  
**Shoichi Kataoka**Outside Director  
**Takuya Goto**Outside Director  
**Michio Kariya**Outside Director  
**Kazunori Yagi**Outside Audit & Supervisory  
Board Member  
**Hiroichi Uekusa**Outside Audit & Supervisory  
Board Member  
**Hisako Kato**

## Officers (\*Directors)

**Hozumi Sato\***Executive Vice President  
Research and Development, Strategic  
Businesses, Director of MEDICAL &  
BIOLOGICAL LABORATORIES CO., LTD.**Koichi Kawasaki**Executive Managing Officer  
Petrochemicals Sector (including Plastics),  
General Manager of Petrochemical  
Products Div., President of ELASTOMIX  
CO., LTD., Vice President of Kraton JSR  
Elastomers K.K., President of Japan Butyl  
Co., Ltd., President of JSR MOL Syn-  
thetic Rubber Ltd.**Hisao Hasegawa**Managing Officer  
Procurement, Logistics, Manufacturing  
and Technology, Product Safety & Quality  
Assurance, IT Strategy, General Manager  
of Manufacturing and Technology Group,  
President of Tobu Butadiene Co., Ltd.**Yasuhisa Nagahiro**Managing Officer  
Display Materials Business, Optical Materials  
Business, Safety and Environment Affairs**Atsushi Kumano**Senior Officer  
President of JSR Micro Korea Co., Ltd.**Nobuo Kawahashi**Senior Officer  
Research & Development (deputy),  
General Manager of R&D Department**Kazuyoshi Nakazawa**Senior Officer  
Yokkaichi Plant, Yokkaichi Plant Manager**Hayato Hirano\***Senior Officer  
CSR, Accounting and Finance, Corporate  
Communications, Group Company  
Coordination, General Manager of Group  
Companies Coordination Department**Katsuya Inoue**Senior Officer  
Business Planning, Fine Chemicals  
Business, General Manager of Business  
Planning, Fine Chemicals Business**Takatoshi Nagatomo**Officer  
President of JSR BST Elastomer Co., Ltd.**Takeshi Sugimoto**Officer  
Electronic Materials Business, General  
Manager of Electronic Materials Division  
and General Manager of Lithography  
Materials Department**Tsuyoshi Watanabe**Officer  
China Business, Chairman of J&W Beijing  
Biotech Co., Ltd., Chairman of JSR  
(Shanghai) Co., Ltd.**Fumio Tsutsumi**Officer  
Petrochemical Products Business (deputy),  
General Manager of New Business  
Development, Petrochemical Products**Kazumasa Yamawaki**Officer  
Petrochemical Products Sector (deputy)  
General Manager of Department for  
Global Business Alliance, Petrochemical  
Products**Eric Johnson**Officer  
President of JSR Micro, Inc.**Eiichi Kobayashi**Officer  
Strategic Businesses (deputy), President  
of JM Energy Corporation**Makoto Doi**Officer  
Legal, General Affairs, General Manager  
of Legal Department**Takao Shimizu**Officer  
Corporate Planning, General Manager of  
Corporate Planning Department**Tsutomu Shimokawa**Officer  
Yokkaichi Research Center, General  
Manager of Yokkaichi Research Center**Yoshio Shiota**Officer  
Human Resources, General Manager  
of Human Resource Development  
Department**Hiroaki Nemoto**Officer  
Chairman of JSR Micro Taiwan Co., Ltd.**Yoichi Mizuno**Officer  
General Manager of Optical Materials  
Business

## OUTSIDE DIRECTORS

The Company has appointed three outside directors in order to further reinforce the monitoring function of the Board of Directors. By welcoming outside directors with extensive experience and highly impartial, neutral perspectives, we will ensure more appropriate management decision-making and reinforce our ability to monitor the legality of business execution.



### Takuya Goto

Takuya Goto served as Representative Director and President, and Chairman, Board of Directors of Kao Corporation. Mr. Goto has extensive experience in the management of Kao, a prominent international consumer products and chemical company. He has helped strengthen corporate governance by deploying this experience to ensure reasonable judgments by management from external, independent and neutral perspectives, as well as management transparency and soundness. For this reason, Mr. Goto has been named an outside director, as he was in the previous year.

### Major activities in the year under review

Mr. Goto participated in 17 of the 18 meetings of the Board of Directors held during the year under review, at which he contributed amply to fair and reasonable management decisions and transparent and sound management by addressing the Board as appropriate concerning matters under discussion. Mr. Goto brought to the Board an independent outside perspective based on his extensive experience in the management of a company that operates an international business in consumer products and industrial-use chemicals.



### Michio Kariya

Michio Kariya served as president, CEO and COO of Nikon Corporation and is currently a executive advisor. Mr. Kariya has extensive experience in the management of Nikon, a globally renowned optical equipment company. He has helped strengthen corporate governance by deploying this experience to ensure reasonable judgments by management from external, independent and neutral perspectives, as well as management transparency and soundness. For this reason, Mr. Kariya has been named an outside director, as he was in the previous year.

### Major activities in the year under review

Mr. Kariya participated in all 18 meetings of the Board of Directors held during the year under review, at which he contributed amply to fair and reasonable management decisions and transparent and sound management by addressing the Board as appropriate concerning matters under discussion. Mr. Kariya brought to the Board an independent outside perspective based on his extensive experience in the management of a company that operates an international business in optical machinery and equipment.



### Kazunori Yagi

Kazunori Yagi is a corporate advisor for Yokogawa Electric Corporation. Mr. Yagi has extensive experience in the management of Yokogawa Electric, a globally renowned producer of control systems and measurement instruments. JSR anticipates that Mr. Yagi will help strengthen corporate governance by deploying this experience to ensure reasonable judgments by management from external, independent and neutral perspectives, as well as management transparency and soundness. For this reason, Mr. Yagi has been named an outside director.

### Major activities in the year under review

Mr. Yagi participated in all 18 meetings of the Board of Directors held during the year under review, at which he contributed amply to fair and reasonable management decisions and transparent and sound management by addressing the Board as appropriate concerning matters under discussion. Mr. Yagi brought to the Board an independent outside perspective based on his extensive experience in the management of a company that operates an international business in control systems and measurement instruments.

## OUTSIDE AUDIT & SUPERVISORY BOARD MEMBERS

To ensure the fairness and transparency of management, the Company appoints one standing audit & supervisory board members, as well as one outside audit & supervisory board member. The outside audit & supervisory board members have no personal, financial, or business interests in the Company. They are called upon to ensure the sound governance of the Company while drawing on their respective careers.



### Hiroichi Uekusa

Hiroichi Uekusa does not concurrently hold the position of director in another company. Mr. Uekusa contributes to ensuring reasonable judgments by management, as well as management transparency and soundness by auditing the Company from a position of independence while drawing on the extensive knowledge and experience in legal matters he possesses as an attorney.



### Hisako Kato (New appointee)

Ms. Kato will greatly contribute to further enhance its corporate governance by providing fair and reasonable judgment for, and accountable and sound management of, the businesses of the Company through utilization of her range of professional knowledge and vast experience on counting and tax matters as a Certified Public Accountant both in Japan and US and as a Certified Tax Accountant, as well as neutral and independent view point as an independent outsider.

### Major activities in the year under review

Mr. Uekusa attended all 18 meetings of the Board of Directors and all 18 meetings of the Audit & Supervisory Board held during the year under review. He contributed amply to the auditing of the Company and to fair and reasonable management decisions and transparent and sound management by addressing the Board of Directors and Audit & Supervisory Board as appropriate concerning matters under discussion. Mr. Uekusa brought to both boards an independent outside perspective based on his extensive experience as an attorney at law and his expert knowledge in a broad range of legal matters.