

# Creating Sustainable Value

JSR aims to become a corporate group that is essential to a wide range of stakeholders from its ability to create useful new value through its business activities. We will achieve this by integrating management based on our business philosophy with CSR as an indicator of the appropriateness of our business activities.



# Corporate Mission and CSR

By integrating business management with CSR, we will generate profit for society and JSR Group.

We will also contribute to the creation of a sustainable society.

## 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 (4Cs)

Challenge  
Communication  
Collaboration  
Cultivation

#### Key Social Priorities and Issues

Energy, resources, water, food, biodiversity, disaster prevention and safety, aging society, climate change, human rights, U.N. Global Compact, U.N. Sustainable Development Goals (SDGs)

#### Business Strategy

**JSR 20i9**  
Materials Innovation

To respond to social priorities through business activities based on our corporate philosophy, management policies and medium-term management plan (April 2017–March 2020)

**JSR 20i6**  
Materials Innovation

We will base our business activities on specific priorities leading to the realization of our vision for 2020.

#### Business Base

A business base is essential to the realization of our strategies and corporate management.

#### Defensive CSR

A foundation for sustainable business activities

#### Proactive CSR

We aim to respond to society's needs through our business activities.

##### Petrochemical Products Business

We will globally market products that offer new value in response to the needs of society and markets, such as Solution Polymerization SBR (SSBR).

##### 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 the IT society and social convenience.

##### Life Science Business

The environment and aging are both major areas of social concern. By combining its materials and technologies to create solutions for these problems, 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.

##### Supply Chain Management

We work to improve value across entire supply chains by establishing standards for CSR initiatives and other actions by suppliers, as part of our efforts to ensure that our customers are reliably supplied with quality products.

##### Voluntary Environmental, Health and Safety Activities (Responsible Care)

Initiatives by chemical manufacturers to protect the environment and the safety and health of all stakeholders

##### Compliance

We will maintain our status as a trusted company by complying with rules and moral standards.

##### Governance

The aim of our management policies is to maintain the value of JSR for society and a wide spectrum of stakeholders.

##### Human Rights

As a company with a presence in society, we will always consider and respect the individuality of all stakeholders.

**E2 Initiative™**  
Keeping them foremost in mind to qualify our products for environmental labeling



## CONTRIBUTING TO SOCIETY THROUGH MATERIALS INNOVATION

**JSR Group practices a unique brand of CSR. For us, what CSR means is becoming a company that continuously grows while contributing to society through the provision of essential materials and 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 the 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

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 to all employees in Japan. JSR has

issued compliance handbooks based on regulations in South Korea and China and distributed to JSR Group companies in South Korea and China. Our compliance with South Korean and Chinese rules and regulations is comprehensive and rigorous.

#### Risk Management

JSR Group considers preventing major crises from occurring and minimizing the effects of crises on business activities as an important management priority and engages in risk management activities. Using an independently developed system, each division and Group company 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. JSR holds crisis management training once a year, and in the event of an emergency, our president directs the emergency headquarters. In FY ended March 2017, the annual crisis management training was held assuming that a Tonankai earthquake (a large-scale earthquake centered on the Nankai Trough) occurred and caused big damage in the Chukyo area where JSR's Yokkaichi Plant is located. We also held our first-ever information security training event as a crisis management exercise premised on an accident caused by an information leak. JSR will continue to prepare through various forms of training to ensure safety, reduce damage and keep our businesses running in the event of a serious crisis.

## Creating Sustainable Value

## CONTRIBUTING TO SOCIETY THROUGH MATERIALS INNOVATION

**Responsibility to Our Stakeholders**

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

**Responsibility to Customers and Business Partners**

We believe that 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 in relief. These efforts have been recognized, and we have received top-rank supplier awards from global customers.

**Responsibility to Our Employees**

JSR Group develops mechanisms and fosters a corporate culture that enables all employees to accurately recognize and solve issues and maintains and enhances organizational capabilities. Moreover, we encourage whole new ways of working and are directing our energies into initiatives to improve labor productivity. On a different front, we have put the JSR Group global personnel system into place and pursue personnel development and management at the Group and global levels. Throughout JSR Group, synergies are generated through the contributions of a diverse workforce.

**Responsibility to Society**

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

promoting biodiversity, factoring in natural capital considerations, and supporting 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 our 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, 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, JSR Group will work even harder to actively fulfill its social responsibilities.

## Creating Sustainable Value

## CONTRIBUTING TO SOCIETY THROUGH MATERIALS INNOVATION

## JSR Recognized Internationally for Inclusions in Socially Responsible Investment Approaches

JSR has been selected for inclusion in international indices and investment universes for socially responsible investment (SRI).

Our selection proves that our corporate activities are highly valued around the world, and is a testament to our value.

JSR has also been selected for inclusion in the Global Compact 100.

In 2016, JSR was named one of the top 100 sustainable companies in Asia, according to the Channel NewsAsia 2016 Sustainability Ranking by the Asian television news channel and its partners.

## Recognition for Socially Responsible Investment

**FTSE4Good (U.K.)**

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

**Euronext Vigeo Eiris World 120 (France)**

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

**ETHIBEL PIONEER & EXCELLENCE Investment Registers (Belgium)**

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

**MS-SRI (Japan)\***  
(January 4, 2017)

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

**SNAM Sustainability Index (Japan)**

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

**NADESHIKO Brand (Japan)**

We were selected for a second successive year for excellence in promoting women's workplace success in a program organized by the Japanese Ministry of Economy, Trade and Industry (METI) and the Tokyo Stock Exchange.

**Next Generation Certification Mark "Kurumin" (Japan)**

The Kurumin logo is an accreditation for raising the next generation awarded by the Ministry of Health, Labour and Welfare (MHLW) to companies that support parenting.

**Health and Productivity Management program 2017 "White 500" (Japan)**

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

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

## Creating Sustainable Value

## CORPORATE GOVERNANCE SYSTEM

## Aiming to Maintain a Trusted, Appealing Corporate Structure

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

Target Period: April 1, 2016—March 31, 2017

(Some parts include activities and initiatives conducted since April 2017)

## Strengthening Corporate Governance

## 2011

- Appointment of two independent outside directors to its Board of Directors consisting of six directors in total

## 2012

- Appointment of three independent outside directors to its Board of Directors consisting of eight directors in total
- Establishment of the Remuneration Advisory Committee, with participation by independent outside directors

## 2014

- Appointment of three independent outside directors to its Board of Directors, consisting of seven directors in total and appointment of two independent outside Audit & Supervisory Board (ASB) members to its Audit & Supervisory Board, consisting of three members in total

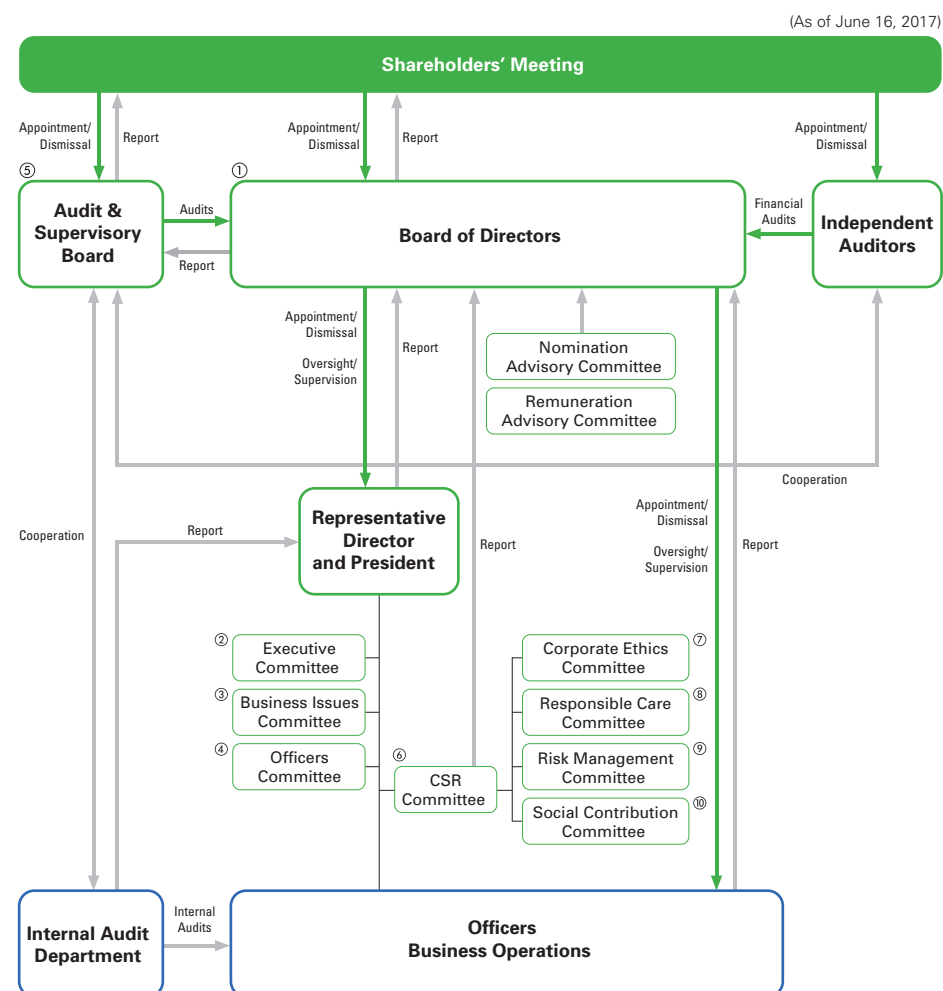
## 2015

- Establishment of Nomination Advisory Committee, of which a majority of members are independent outside directors and of which the chair is an independent outside director to ensure the transparency of the policies and procedures for nominating candidates for directors and Audit & Supervisory Board members.

- Enhancement of functions of Remuneration Advisory Committee of which a majority of members are independent outside directors and of which the chair is an independent outside director to further ensure the objectivity and transparency of the remuneration scheme for directors, ASB members and officers.
- Introduction of medium-term performance-based bonuses by using three years average of the consolidated ROE as performance evaluation reference.
- Disclosure of policies for cross shareholding, policies and procedures for nominating candidates for directors and Audit & Supervisory Board members, policies and procedures to determine remuneration for directors, and JSR's own criteria for judging independence for outside directors and Audit & Supervisory Board members

## 2016

- Implementation of an evaluation of effectiveness of the Board of Directors, with assistance from an external consultant. The Company acknowledged that the Board of Directors is managed in an effective and appropriate manner after reviewing the size, composition, and specific operating policies etc. thereof.



## Creating Sustainable Value

## CORPORATE GOVERNANCE SYSTEM

**Directors and  
Audit & Supervisory Board Member**

(As of March 31, 2017)

Chairman of the Board

**Hozumi Sato**

Representative Director and President

**Mitsunobu Koshiba**

Representative Director

**Kouichi Kawasaki**

Director

**Nobuo Kawahashi****Takao Shimizu**

Standing Audit &amp; Supervisory

Board Member

**Atsushi Kumano**

Independent Outside Director

**Kazunori Yagi****Yuzuru Matsuda****Shiro Sugata**

Independent Outside Audit &amp; Supervisory

Board Member

**Hiroichi Uekusa****Hisako Kato****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 independent 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, 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 independent outside directors who, together with three Audit & Supervisory Board members (including two independent 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.

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**Independent Outside Directors** (As of March 31, 2017)

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

**Kazunori Yagi**

Mr. Kazunori Yagi served as Director and Executive Managing Officer at Yokogawa Electric Corporation, and subsequently also served as advisor at the same company. He has vast experience in the corporate management of global companies especially in the field of control systems and measurement devices, and possesses the independent perspectives as outside personnel. He has contributed his experiences and independent viewpoints to help the Company in making crucial decisions, to supervise the Company at the Board level, and to strengthen the Company's fair corporate governance through enhancing fair and reasonable business judgment and transparent and sound management. He is therefore nominated again for the year starting from June 17, 2016.

**Major activities in the year under review**

Mr. Yagi participated in all 17 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.

**Yuzuru Matsuda**

Mr. Yuzuru Matsuda served as the President and Chief Officer of KYOWA HAKKO KOGYO CO., LTD. and Kyowa Hakko Kirin, Co., Ltd. He has vast experience in corporate management for global companies especially in the field of medical products and biochemical. He also possesses an independent perspective as a non-employee. He has utilized his experiences and independent viewpoints to help the Company in making crucial decisions, to supervise the Company at the Board level, and to strengthen the Company's fair corporate governance through enhancing fair and reasonable business judgment and transparent and sound management. He is therefore nominated again as a candidate for Independent Outside Director.

**Major activities in the year under review**

Mr. Matsuda participated in all 17 meetings of the Board of Directors held during the year under review. Mr. Matsuda draws on his vast experience as a corporate executive responsible for international operations in prescription drugs and biochemicals as well as his independent outside perspective to address the Board as appropriate concerning matters under discussion, and by ensuring fair and reasonable judgment is brought to bear in the service of transparent and sound management, he contributes to continuous improvement of corporate value.

**Shiro Sugata**

Mr. Shiro Sugata served as the Representative Director and President of USHIO INC., where he currently serves as the Director and Advisor. He also serves as Vice Chairman, Executive Director at the Japan Association of Corporate Executives. He has vast experience in the corporate management of global companies especially in the field of optical





## Creating Sustainable Value

## CORPORATE GOVERNANCE SYSTEM

application products and industrial machineries and also has experience obtained through activities in the business community, and possesses the perspectives as an independent outside personnel. He has utilized his experiences and independent viewpoints to help the Company in making crucial decisions, to supervise the Company at the Board level, and to strengthen the Company's fair corporate governance through enhancing the fair and reasonable business judgment and transparent and sound management. He is therefore nominated as a candidate for Independent Outside Director.

**Major activities in the year under review**

Mr. Sugata participated in all 13 meetings of the Board of Directors held after his appointment as director. Mr. Sugata draws on his vast experience as a corporate executive responsible for international operations in optical application devices, industrial-use machinery and other areas and as a corporate representative at industry organizations as well as his independent outside perspective to address the Board as appropriate concerning matters under discussion, and by ensuring fair and reasonable judgment is brought to bear in the service of transparent and sound management, he contributes to continuous improvement of corporate value.

**(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 policies and strategies, 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.

**(4) Officers Committee****Sharing of information on business conditions and issues**

The Officers 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**

The Audit & Supervisory 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 the 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 the Executive Committee and other important committee meetings to monitor how important decisions are reached and business activities

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## CORPORATE GOVERNANCE SYSTEM

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.

### Independent Outside Audit & Supervisory Board Members

To ensure the fairness and transparency of management, the Company appoints one standing Audit & Supervisory Board member, as well as two independent outside Audit & Supervisory Board members. The independent 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 has vast experience as a lawyer and 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.



#### Major activities in the year under review

Mr. Uekusa attended all 17 meetings of the Board of Directors and all 17 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 the 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.

#### Hisako Kato

Hisako Kato as a Certified Public Accountant both in Japan and U.S. and a Certified Tax Accountant greatly contributes 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 accounting and tax matters, as well as independent and neutral view point as an independent outside member.



#### Major activities in the year under review

Ms. Kato attended all 17 meetings of the Board of Directors and all 17 meetings of the Audit & Supervisory Board held during the year under review. She 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 the Audit & Supervisory Board as appropriate concerning matters under discussion. Ms. Kato brought to both boards an independent outside perspective based on her extensive experience as a certified public accountant, certified public tax accountant and her expert knowledge in a broad range of finance and accounting.

#### (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

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Company's CSR efforts.

The CSR Committee is chaired by the officer responsible for CSR and consists of officers responsible for manufacturing, manufacturing technology, environment & safety, R&D, human resources development, accounting & financing, corporate planning, corporate communication, legal, general affairs, petrochemicals businesses, fine businesses and life sciences businesses and secretaries 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 JSR Group. 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 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 Yokkaichi plant.

The CSR report is audited by a third party to improve the reliability and transparency of the content. 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/](http://www.jsr.co.jp/jsr_e/csr/)).

#### (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 the outside JSR Group. The two outside members are independent. 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 is 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.

### Nomination

#### Deliberation on nominations for corporate officers by the Nomination Advisory Committee

JSR established the Nomination Advisory Committee of which a majority of members are independent outside directors to ensure the transparency of the policies and procedures for nominating candidates for directors and Audit & Supervisory Board members. The committee deliberates criteria for ensuring the diversity in breadth of knowledge, experience, and capability as well as the size necessary for the Board of Directors, criteria and procedures for nomination, and candidates for future president, directors, officers with directorship status (including senior officers), and Audit & Supervisory Board members, and submits its findings to the Board of Directors.

### Remuneration

#### Deliberation on remuneration for corporate officers by the Remuneration Advisory Committee

Reflecting the remuneration policies of the Company to ensure continuous and sustainable growth towards further improvement in corporate value by motivating its directors while maintaining transparency and accountability vis-a-vis its shareholders, remuneration for Company directors consist of, each being within the maximum amount approved at the General Meeting of Shareholders, basic fixed remuneration, annual bonuses linked to the consolidated annual performance, medium-term performance bonuses linked to the level of achievement of medium-term business targets, and restricted stock shares designed to facilitate sharing of value between directors and the shareholders of the Company.

The remuneration for independent outside directors and Audit & Supervisory Board members are only the basic fixed remunerations in light of their respective rolls.

In FY ended March 31, 2017, the amount of remuneration paid to its directors including those for independent outside directors was ¥316 million in aggregate while those for the Audit & Supervisory Board members amounted for ¥45 million in total.

The Remuneration Advisory Committee, of which a majority of members are independent outside directors and of which the chair is an independent outside director, report to the Board of Directors on policies, structure, appropriateness of the amount for the remuneration in order to secure objectivity, transparency and accountability.



Creating Sustainable Value

# DIRECTORS, AUDIT & SUPERVISORY BOARD MEMBERS, AND OFFICERS

(As of June 16, 2017)

## Directors and Audit & Supervisory Board Members



Representative Director  
and President  
**Mitsunobu Koshiba**



Representative Director  
**Koichi Kawasaki**



Director  
**Nobuo Kawahashi**



Director  
**Takao Shimizu**



Standing Audit &  
Supervisory Board Member  
**Atsushi Kumano**



Outside Director  
**Yuzuru Matsuda**



Outside Director  
**Shiro Sugata**



Outside Director  
**Tadayuki Seki**



Outside Audit & Supervisory  
Board Member  
**Hisako Kato**



Outside Audit & Supervisory  
Board Member  
**Sumio Moriwaki**

## Officers (\*Directors)

Executive Managing Officer  
**Koichi Kawasaki\***  
Procurement, Logistics, Manufacturing  
and Technology, Product Safety & Quality  
Assurance, Safety and Environment Affairs,  
General Manager of Manufacturing and  
Technology Group

Executive Managing Officer  
**Nobuo Kawahashi\***  
Research & Development

Managing Officer  
**Hayato Hirano**  
Petrochemical Products Sector (including  
Plastics), General Manager of Petrochemical  
Products Div., President of Techno Polymer  
Co., Ltd., President of Japan Butyl Co., Ltd.

Managing Officer  
**Katsuya Inoue**  
Business Planning and Investment &  
Business Development, Fine Chemical  
Business, General Manager of Investment  
& Business Development., Fine Chemical,  
Chairman of JSR Micro (Changshu) Co., Ltd.

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

Senior Officer  
**Takatashi Nagatomo**  
President of JSR MOL Synthetic Rubber Ltd.

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

Senior Officer  
**Takao Shimizu\***  
Office of President, Accounting, Finance,  
Corporate Communications, IT Strategy,  
General Manager of Office of President

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

Senior Officer  
**Kazumasa Yamawaki**  
Petrochemical Products Sector (deputy),  
Deputy General Manager of Petrochemical  
Products Div., General Manager of Business  
Planning Dept., Petrochemical Products,  
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Senior Officer  
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Officer  
**Hiroaki Nemoto**  
Display Solution Business, Representative  
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Officer  
**Yoichi Mizuno**  
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Officer  
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President of ELASTOMIX CO., LTD.,  
President of ELASTOMIX (FOSHAN) CO.,  
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