

JSR Corporation

MATERIALS INNOVATION

ANNUAL REPORT 2017

For the year ended March 31, 2017



Contents

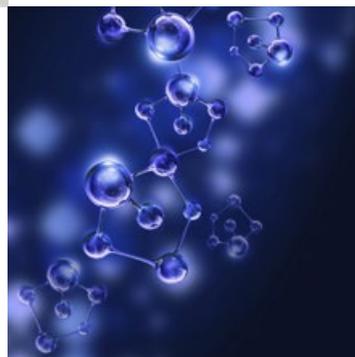


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* In this report, Fiscal Year (FY) means the year ending March 31.
For example, FY2016 means April 1, 2015 – March 31, 2016.

Forward-Looking Statements

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

Overview

CORPORATE MISSION

MATERIALS INNOVATION

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

PROFILE

JSR Corporation (formerly Japan Synthetic Rubber Co., Ltd.) was established in December 1957 under the Special Measures Law for the Synthetic Rubber Manufacturing Industry with the aim of pioneering synthetic rubber production in Japan. Since that time, the Company has remained among Japan's market share leaders in synthetic rubber and other petrochemical materials. We also apply our polymer technologies in the field of fine chemicals to produce semiconductor materials, display materials, and other products, which command among the highest market shares in the industry.

JSR aims to leverage its stable core businesses of petrochemical products and fine chemical materials, to pursue sustained growth through life sciences business.

Overview

BUSINESS OUTLINE

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

1960s

PRODUCTION OF SYNTHETIC RUBBER IN JAPAN

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

1980s

CHANGES IN THE INDUSTRIAL STRUCTURE

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

2000s

SOCIAL PRIORITIES FOR THE FUTURE

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

Social Priorities

Our Businesses



Overview CONSOLIDATED FINANCIAL HIGHLIGHTS

In the FY ended March 31, 2017 (FY 2016), consolidated operating profit declined year on year due to factors such as a stronger yen but substantially outpaced our initial FY 2016 forecast owing to the market recovery in the Petrochemical Products Business.



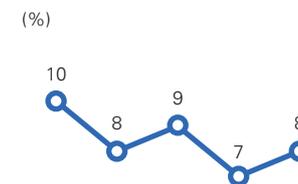
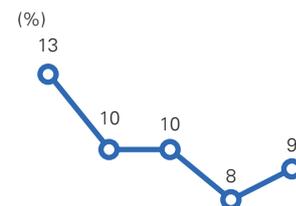
Consolidated net sales rose year on year on sales growth at the life sciences business as well as a second-half market price recovery and higher sales volumes at the elastomers business.

Consolidated net assets grew year on year on a ¥6.5 billion increase in shareholders' equity and a ¥6.1 billion increase in non-controlling interests. The equity ratio was 62.7%.

Consolidated operating profit fell year on year amid a stronger yen overall against the year-earlier level. In the plastics business, margin erosion reflected weaker product prices on lower raw materials prices, and in the display materials business, stiffer competition depressed product prices.

ROIC increased by 1.6 percentage point on factors such as an increase in profit attributable to owners of parent, despite continuing investment to capture growth opportunities.

ROE increased by 1.6 percentage point on factors such as an increase in profit attributable to owners of parent.



Note: FY means year ended March 31

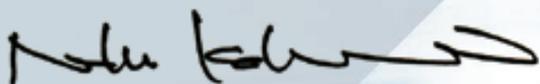
(FY) 2013 2014 2015 2016 2017

(FY) 2013 2014 2015 2016 2017

Our Strategy

A COURSE CHANGE TO REALIZE THE BUSINESS VISION

In a difficult business environment, JSR has identified growth opportunities in each business. We are examining and selecting areas for allocation of enterprise resources. Nevertheless, our business vision is unchanged, and we will steadily invest in growth opportunities to realize the vision.



mitsunobu (Nobu) KOSHIBA

Representative Director and President



Our Strategy

THE JSR VISION

The trends toward diversification and the formation of a multipolar world are expected to accelerate.

We see these environmental changes as opportunities to expand our corporate value through initiatives based on our business philosophy.

We will achieve sustainable growth to fulfill our responsibility to all our shareholders

JSR20i3
Phase I

Results of JSR 20i3

- Clarification of the strategy toward growth
- Decision of resource investment

JSR20i6
Phase II

Results of JSR 20i6

- Progress of globalization
- Restructuring of the Strategic Business and focusing on the Life Sciences Business

JSR20i9
Phase III

Strengthening Competitiveness for the Future

Mission of JSR 20i9

- Solid earnings growth by SSB, semiconductors materials and the Life Sciences Business



* The "i" in "JSR20i6" (twenty-sixteen) emphasizes "Innovation" to realize materials innovation, which is the heart of our corporate mission.

Our Strategy TO OUR SHAREHOLDERS

Why did sales grow and operating profit decline at the consolidated level in FY 2016?

Sales growth at the elastomers business and life science business contributed to the increase in consolidated net sales. Margin erosion at the plastics business led to a decline in consolidated operating profit due to the impact of a stronger yen at the fine chemicals business and price declines on fiercer competition in display materials.

Key trends in FY ended March 31, 2017 in the JSR Group's main customer industries were as follows. While global production of automobiles and automobile tires were up slightly year on year, domestic tire production declined year on year. Semiconductor market demand grew, and panel production for the display market was robust. In foreign exchange, the yen strengthened against the year-earlier level.

In this business environment, net sales in the Petrochemical Products Business segment remained unchanged from previous year. At the elastomers business, an increase in exports and sharp volume growth in sales of Solution Polymerization Styrene-Butadiene Rubber (SSBR) for fuel-efficient tires supported year-on-year sales growth despite a sluggish elastomer products market, where there was no improvement in the supply-demand balance owing to elastomers oversupply in East Asia in the first half. In contrast, at the plastics business, sales fell year on year owing to the large impact of declines in product prices attendant with lower raw materials prices. Operating profit at the Petrochemical Products Business segment, by contrast, fell year on year. At the elastomers business, despite margin erosion in the first half on softer markets and a stronger yen, operating profit rose year on year on higher sales volumes and improved margins on rebounding markets in the second half. Yet operating profit fell year on year at the plastics business in response to the impact of margin erosion on product price declines stemming from lower raw materials prices.

At the Fine Chemicals and Other Products Business segment, sales volumes of semiconductor materials and display materials rose against the previous year on brisk demand trends in the semiconductor and display markets. In contrast, sales fell year on year at the



Our Strategy TO OUR SHAREHOLDERS

fine chemicals business owing to price declines on stiffer competition in some parts of the display materials market and a stronger yen. Yet, with sales increasing substantially at the life sciences business which is a new business mainstay of the JSR Group, net sales at the segment increased year on year. Operating profit at the segment fell from the previous year owing to the large impact of the sales decline at the fine chemicals business. Ordinary profit increased compared to the previous year owing mainly to a decrease in foreign exchange losses recorded at Group companies in the previous fiscal year. Profit attributable to owners of parent rose year on year due to the non-reoccurrence of impairment losses at Group companies recorded in the previous fiscal year as well as gains on the sale of investment securities and other factors.

For FY ended March 31, 2017, we reported net sales of ¥390,599 million (up 1.0% year on year), operating profit of ¥32,370 million (down 5.9% year on year), ordinary profit of ¥36,264 million (up 7.8% year on year) and profit attributable to owners of parent of ¥30,078 million (up 25.0% year on year).

What benefits were derived from JSR20i6?

The measures adopted at each business produced some results, although JSR20i6 targets were not attained.

We unfortunately failed to achieve the earnings targets in the JSR20i6 medium-term business plan.

At the elastomers business, the main reasons were delays in constructing a new SSBR plant in Thailand for fuel-efficient tires and margin erosion on weak market prices. Weak sales of general-use elastomers due to the shrinking domestic tire market also had a negative impact. At the display materials business, the main reasons were a decline in market share owing to fiercer competition in some parts of the market and a marked erosion in business profitability owing to product price declines.

The measures in each business, however, produced some results. At the elastomers business, the first-phase facility at the Thai SSBR plant continues to operate at a high utilization rate, and the second-phase facility began operations from October 2016 to respond

Our Strategy TO OUR SHAREHOLDERS

to further demand growth in the future. With the launch of operations at a plant under construction in Hungary scheduled for 2018, initiatives to construct a global production system have moved forward. In the plastics business, the JSR Group decided to partner with other companies and merge its resin businesses with theirs. The semiconductor materials business gained high shares in leading-edge materials for 14nm and 16nm processes, and JSR has set up a joint venture in Belgium to manufacture EUV resists which is expected to be used for commercial production of next-generation 7nm and sub-7nm processes. The display materials business is focusing on China, where production of LCD panels is growing, and JSR Micro (Changshu) Co., Ltd., set up as a local joint venture to manufacture LCD materials, is expected to commence operations in FY ending March 31, 2018.

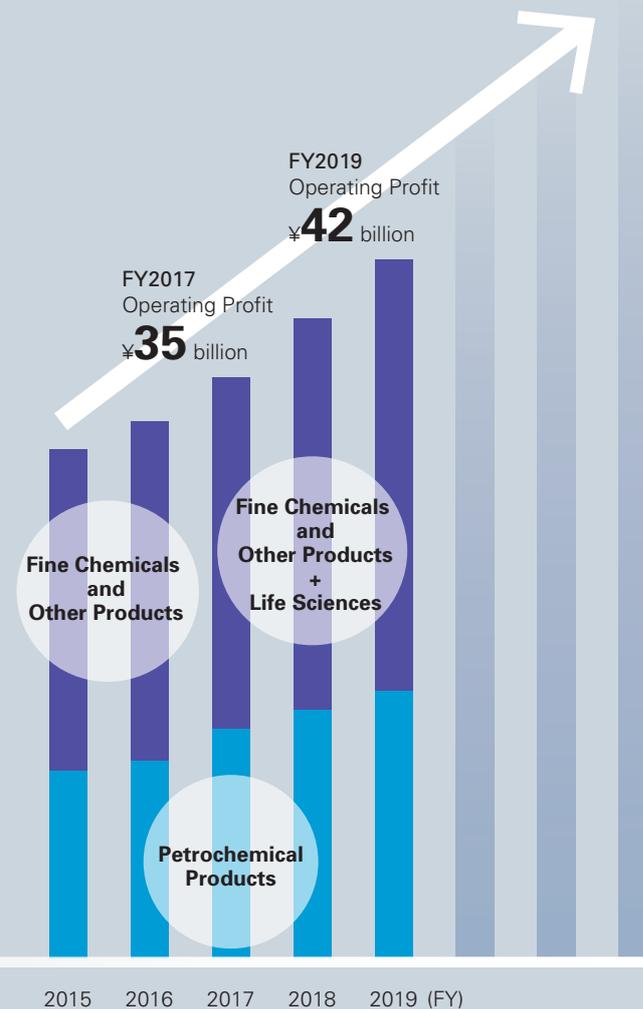
The life sciences business has expanded its business scale by consolidating US-based KBI Biopharma, Inc., a contract manufacturer that develops production processes for biopharmaceuticals, and Medical & Biological Laboratories Co., Ltd. as subsidiaries. Moreover, the JSR-Keio University Medical and Chemical Innovation Center (JKiC), under construction for a planned October 2017 opening, is to lead efforts at discovering future business themes.

How will JSR expand profits under JSR20i9, the new medium-term business plan?

Under JSR20i9, we expect three profit drivers, SSBR, the semiconductor materials business, and the life sciences business, to propel expansion.

We are strengthening our competitiveness for the future with the launch of JSR20i9, our new medium-term business plan in April 2017. The plan sets targets for sales of ¥460 billion, operating profit of ¥42 billion, and ROE of 8% or higher (the effect of merger of our plastics business with those of other resin makers is still a work in progress, and is not included in our earnings targets).

For the elastomers business, we will expand SSBR sales in the global market. The plastics business will seek to expand sales overseas based on a merger of our resin business with those of partners. The semiconductor materials business will look to maintain its high share in cutting-edge lithographic materials and expand sales by broadening its



Our Strategy TO OUR SHAREHOLDERS

product portfolio to include peripherals such as CMP materials, packaging materials, and cleaning solutions. The display materials business will seek to increase sales in China, where demand has risen considerably. The life sciences business will expand its operations, especially in fields relating to antibody drugs, which is expected to be a source of future growth.

As ways to harness digitalization, we strive to make large labor productivity gains by improving manufacturing efficiency via the adoption of ICT technologies such as IoT devices at plants and by substantially improving R&D efficiency via the deployment of artificial intelligence (AI) and robots. Looking ahead to the post-2020 era, we aim to further improve operational efficiency. At the same time, we will consider ways to build new business models and advance efforts to develop capable human resources that can move business models forward.

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

We will continue to properly return profits to shareholders while balancing this against allocations to growth investments.

The JSR Group is working to strengthen R&D from a long-term perspective and strengthen its competitiveness by developing new businesses, reflecting our conviction that improving our earnings over the long haul is the most important issue for the Group. Regarding dividends, we take into account our earnings and medium- and long-term demand for funds, while paying continuous, stable cash dividends based on a consideration of how to balance returning profits to shareholders with retaining sufficient earnings for investments into the Group's future growth. Keeping in mind factors such as stock market conditions, the Group will consider share repurchases from an overall perspective as a way to return profits to shareholders. The Group allocates earnings it retains to a variety of investments linked to future growth businesses, contributing to increasing corporate value.

I request the continued support of our shareholders and investors in the years to come.



Creating Corporate Value

The three strategic domains for JSR Group are petrochemical products, fine chemicals, and life sciences. In each of these areas, we are developing business activities based on medium- and long-term perspectives.

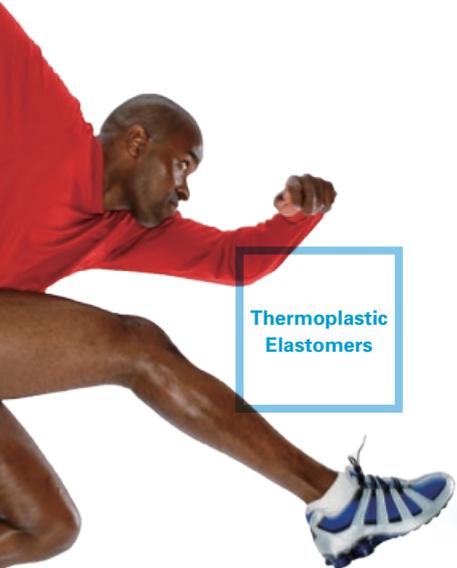


Bioprocess Materials

Display Materials



In Vitro Diagnostics and Life Science Research

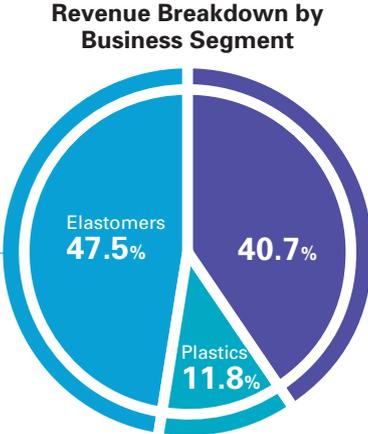


Thermoplastic Elastomers



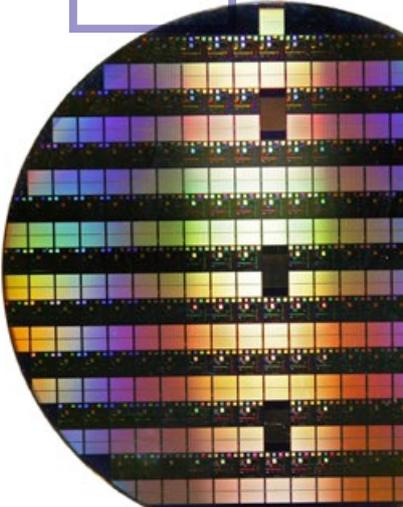
Elastomers

Petrochemical Products Business



Fine Chemicals and Other Products Business

Semiconductor Materials

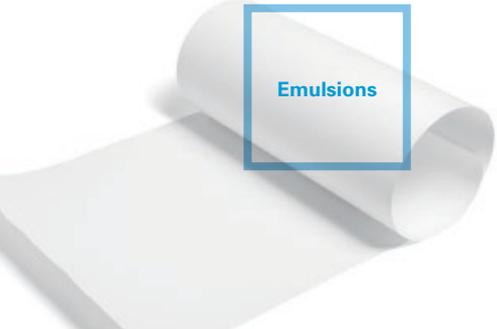


Optical Materials

Plastics



Emulsions



Creating Corporate Value AT A GLANCE

Sales at segments and key businesses (Millions of yen)



* Note: FY means year ended March 31

Petrochemical Products Business

Elastomers



General-Purpose Synthetic Rubbers

- Solution Polymerization Styrene-Butadiene Rubber (SSBR), Emulsion polymerization Styrene-Butadiene Rubber (ESBR)
- Polybutadiene Rubber (BR)

Special-Purpose Synthetic Rubbers

- Nitride Rubber (NBR), Butyl Rubber (IIR)
- Ethylene-Propylene Rubber (EPM/EPDM)

Thermoplastic Elastomers (TPEs)

- Syndiotactic 1, 2-Polybutadiene "JSR RB™"
- Hydrogenated polymer "JSR DYNARON™"
- Styrene-butadiene thermoplastic elastomers "JSR TR™"
- Styrene-isoprene thermoplastic elastomers "JSR SIS™," etc.

Emulsion Products

- Paper coating latex, SB latex, Acrylic emulsions, etc.

Performance Chemicals

- High-functional dispersant "DYNAFLOW™"
- Organic/Inorganic hybrid coating materials "GLASCA™"
- Battery materials
- Thermal management materials

Plastics



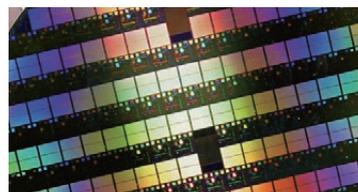
Styrenic Resins

- Acrylonitrile-Butadiene-Styrene (ABS) plastic
- Acrylonitrile-Ethylene-Propylene-Styrene (AES) plastic

Fine Chemicals and Other Products Business

Fine Chemicals

Semiconductor Materials



Lithography Materials

- Photoresists, multilayer materials, etc.

CMP (Chemical Mechanical Planarization) Materials

- CMP slurries and pads

Packaging Materials

- Thick-film photoresists, photosensitive insulation materials, etc.

Display Materials



LCD Materials

- Alignment films, protective coatings, color pigment dispersed resists, photosensitive spacers, etc.

New FPD Materials

- Optical coatings, OLED, etc.

Life Sciences and Others

Life Sciences Materials



in-vitro Diagnostic and Research Reagents

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

Bioprocess Materials

- Protein A affinity material
- Ion-exchange material

Optical Materials



Precision Materials and Processing Business

- Heat-resistant transparent resin "ARTON™"
- ARTON™ optical films, etc.

Optical Materials

- High-performance UV curable resins, etc.

Lithium Ion Capacitors



Cells

- Laminate cell
- Prismatic cell

Modules

- Laminate cell module
- Prismatic cell module

Creating Corporate Value

Elastomers

Performance Overview

Net Sales

¥ **185.3** billion

↑ **+3.4%**

Operating Profit

¥ **8.3** billion

↑ **+11.3%**

- While automobile tire and automobile production grew mildly year on year at the global level, domestic automobile tire production fell against the previous year.
- Total elastomer sales volume increased year on year.
- Total elastomer sales also rose against the previous year on a large increase in SSBR sales volume reflecting export growth and a high operating rate at the first-phase plant producing SSBR at JSR BST Elastomer Co., Ltd. (JBE), the Thai joint venture.
- Despite tighter margins on a stronger yen and deterioration of market conditions in the first half, operating profit rose year on year on higher sales volumes and improved margins on the second-half market recovery.

PETROCHEMICAL PRODUCTS BUSINESS

The SSBR Business Strategy

We expect annual average growth in global SSBR sales volume to be 6%-8% attendant with expanding demand for fuel-efficient tires due to growing environmental awareness. JSR's aggregate SSBR production capacity in Thailand and Japan is 160,000 tons at present. Moreover, a new plant in Hungary is to commence production in 2018, increasing JSR's capacity to 220,000 tons. Utilizing this capacity, we aim to expand sales volumes at over 10% per annum, outpacing overall market growth.

Also, we established JSR Elastomer Europe GmbH in Germany to reinforce the Group's sales bases in Europe, where SSBR demand will increase, and built a Tianjin technical center in China, where market needs exist. Although we are now introducing fourth-generation SSBR, we are also establishing the technology for a fifth-generation product. In addition, we are working to introduce a product for the high-volume segment with the aim of increasing JSR's global market share for SSBR.

Expansion of SSBR Production Capacity



Creating Corporate Value

PETROCHEMICAL PRODUCTS BUSINESS

Plastics

Performance Overview

Net Sales

¥**46.0** billion

↓ -11.8%

Operating Profit

¥**3.8** billion

↓ -26.2%

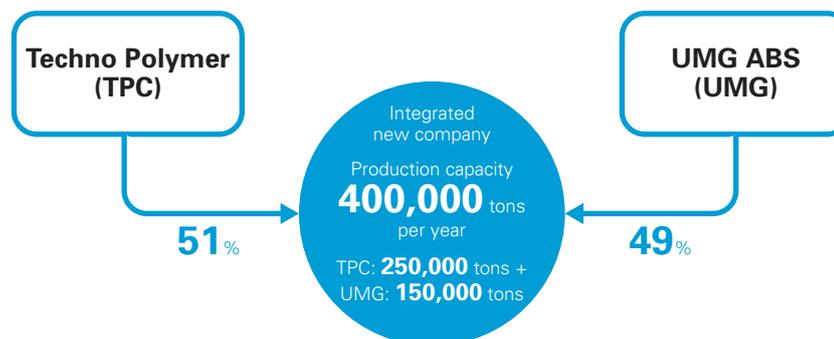
- Against a backdrop of steady global automobile production, total plastics sales volume grew year on year with sales volume for automobile applications increasing.
- Total plastics sales, however, fell year on year reflecting the large impact of product price declines due to a stronger yen and lower raw materials prices.
- Operating profit also plunged year on year on margin erosion reflecting the large impact of lower product prices.

Preparing for a Leap Forward in Plastics

JSR, Ube Industries, and Mitsubishi Chemical are proceeding with integration of the ABS resin businesses of their respective resins subsidiaries through the merger of Techno Polymer, a wholly-owned subsidiary of JSR, and UMG ABS, in which Ube Industries and Mitsubishi Chemical each holds a 50% equity interest.

On March 30, 2017, the three companies signed an agreement to integrate the ABS resin businesses of Techno Polymer and UMG ABS and are to jointly operate the newly integrated company, with a scheduled effective date of October 1, 2017. Annual production capacity at the integrated new company will be 400,000 tons. In addition to improving manufacturing efficiencies and securing cost competitiveness so as to provide a stable product supply in Japan, the integrated new company will strive to expand sales in high-end markets overseas.

Overview of New Company



Creating Corporate Value

Performance Overview

Net Sales

¥ **159.2** billion
 ↑ +2.6%

Operating Profit

¥ **20.3** billion
 ↓ -7.1%

- Sales rose and operating profit decreased on price declines stemming from a stronger yen and fiercer competition in display materials.
- Sales at the life sciences business, a new business pillar, grew sharply.

Semiconductor Materials

Performance Overview

Net Sales

¥ **62.1** billion
 ↓ -0.7%

- Semiconductor demand grew steadily.
- Total semiconductor materials sales volume expanded, driven mainly by leading-edge photoresists.
- With the stronger yen having a large impact, total semiconductor materials sales declined year on year.

FINE CHEMICALS AND OTHER PRODUCTS BUSINESS

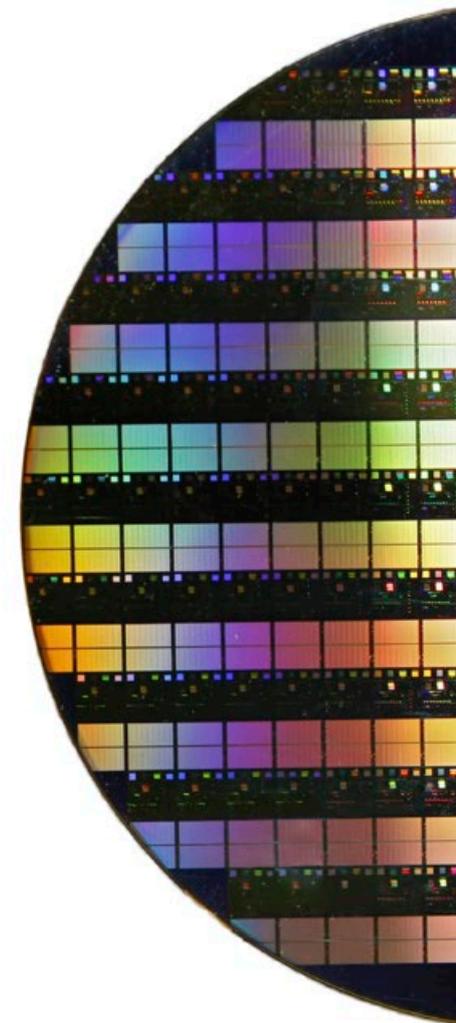
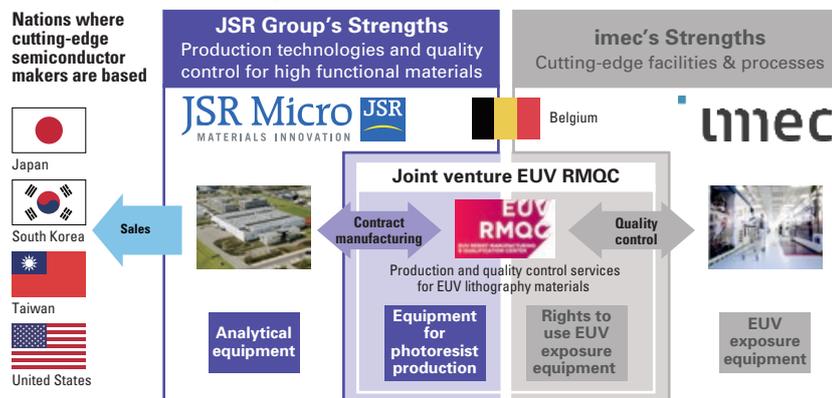
Preparing for Commercialization of EUV Resists

While remaining the market share leader in leading-edge lithography materials for 14nm and 16nm processes, JSR aims to secure commercial rights for 10nm generation patterns. Moreover, JSR seeks to be the first to mass produce EUV lithography materials for next-generation sub-7nm processes in an ongoing effort to expand sales as the industry frontrunner.

In March 2017, the EUV Resist Manufacturing & Qualification Center NV (EUV RMQC), a joint venture between JSR Micro NV, a leading materials company, and imec, the world-leading research and innovation hub in nanoelectronics and digital technology, announced the completion of a new manufacturing facility in Belgium, enabling manufacturing and quality control of EUV photoresists for the semiconductor industry. The new facility is equipped with four sizes of vessels in its clean-room environment and is run by a team of trained staff.

We are also working to expand sales of semiconductor peripheral materials such as CMP materials, cleaning solutions, and packaging materials, and with both lithography and peripheral materials, we strive to expand sales of a wide-range of semiconductor materials.

EUV Joint Venture: EUV Resist Manufacturing & Qualification Center N.V. (EUV RMQC)



Creating Corporate Value

FINE CHEMICALS AND OTHER PRODUCTS BUSINESS

Display Materials

Performance Overview

Net Sales

¥56.8 billion

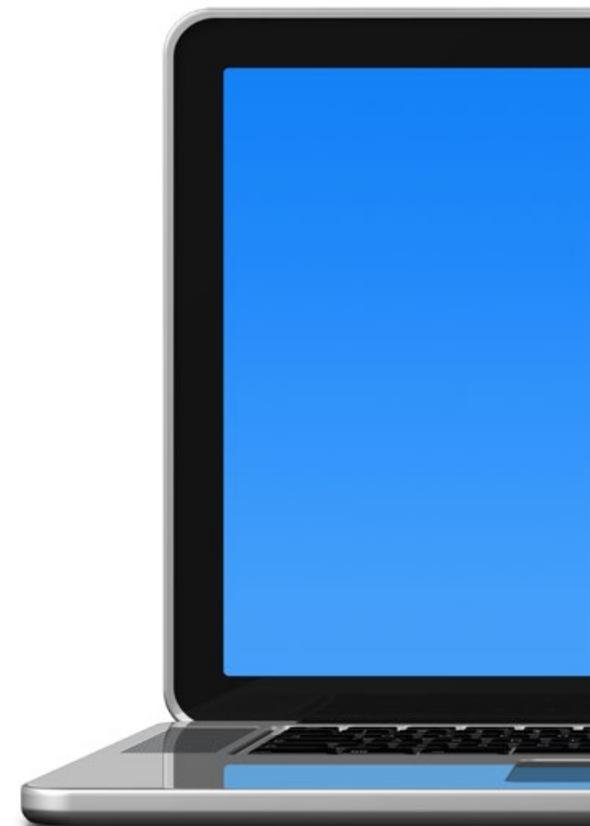
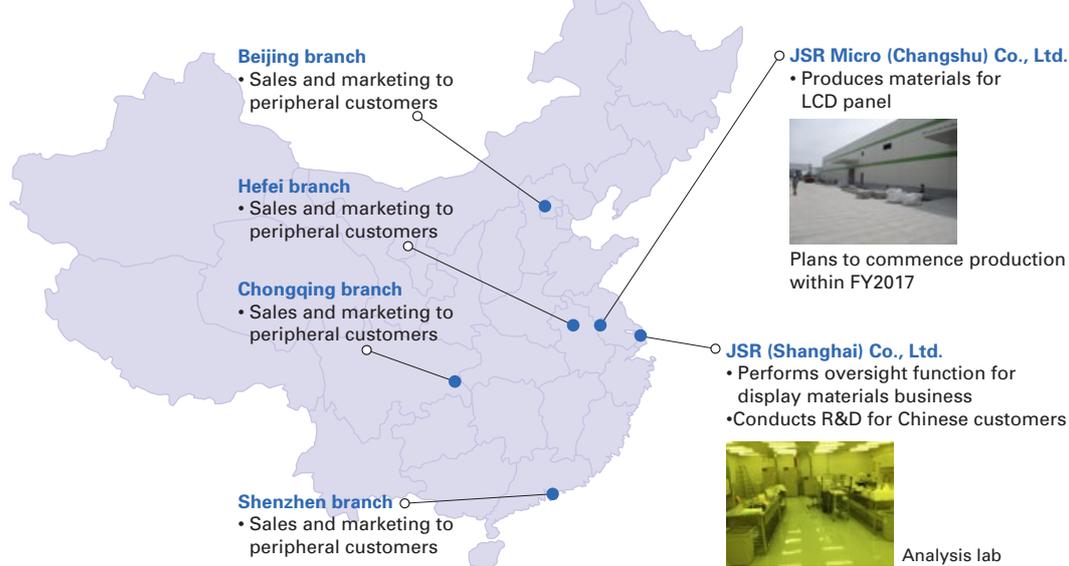
↓ -8.7%

- The trend in panel production was steady.
- Total display materials sales fell year on year on a stronger yen and selling price declines on stiffer materials market competition.

Development of the Display Business in the Chinese Market

JSR entered the Chinese market, where continued high growth is expected, ahead of competitors and will proceed steadily with sales expansion in China. Specifically, we are constructing a plant at JSR Micro (Changshu) Co., Ltd. (JMCH), a joint venture established in China to manufacture display materials, and plan to start operation in 2017. In response to the commoditization of liquid crystal panels, we are working to secure business profit through operational reforms and are pursuing expansion of the product line related to mobile products, from which continued growth can be expected. Furthermore, we will work to maintain profit from the business overall through drastic structural reform of operations at each production site and aim to continuously expand the product portfolio.

Expansion of Display Materials Business in China



Creating Corporate Value

Life Sciences Businesses

Performance Overview

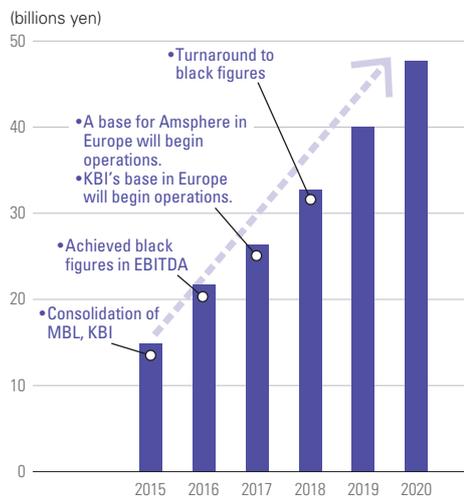
Net Sales


 ¥ **40.2** billion
+32.2%

- Sales grew sharply on sales growth at KBI Biopharma Inc. (KBI) and the conversion of MBL* into a consolidated subsidiary from second half of FY 2015.

* MEDICAL & BIOLOGICAL LABORATORIES CO., LTD.

Forecast of sales in the Life Science business



FINE CHEMICALS AND OTHER PRODUCTS BUSINESS

Life Sciences as a New Business Pillar

The Company will reposition its activities in the life sciences area, which has been positioned as a strategic business in the Fine Chemicals and Other Products Business segment, as a new pillar of the business portfolio comparable to the Fine Chemicals business. We focus on two fields: bioprocess fields and diagnostic and research reagent fields.

In the area of bioprocess materials, the Group will make efforts to increase KBI's contract development and manufacturing of biopharmaceuticals for which demand is growing year by year, in Europe as well as the United States. KBI invested \$30 million to expand its biopharmaceutical manufacturing capacity and capabilities, and it plans to commence commercial manufacturing in 2017. KBI's strong development capabilities and track record of success in clinical bulk drug substance manufacturing are the foundation for its expansion into commercial manufacturing. With these efforts, KBI is able to respond to a wide-range of customer needs from clinical tests to commercial production. KBI also plans to expand in Europe with the opening of an analytical services laboratory at JSR's subsidiary, JSR Micro NV, in Leuven, Belgium in the first quarter of 2018. This expansion will allow KBI to serve the European market with the high value analytical characterization and cGMP testing services which remain at the heart of KBI's business.

Also, we expanded production capacity of Amsphere A3 protein-A chromatography resin at JSR Micro NV to meet growing market demand. This expansion will effectively increase its production capacity by six times by the end of 2019.

The diagnostic intermediates business of J&W Beijing Biotech Co., Ltd. (J&W), a joint venture in China, is also progressing steadily.

In Japan, we are proceeding with construction of JSR-Keio University Medical and Chemical Innovation Center (JKiC), a joint research facility with Keio which is to open in October 2017. Through joint research conducted with Keio University School of Medicine and Keio University Hospital, where JKiC is sited, JSR will work to develop groundbreaking materials and products to support new medical fields.



Creating Corporate Value

R&D Structure



R&D POLICY AND ORGANIZATION

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

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

Our R&D mission can be broadly divided into three categories: "support research" for business domains we are developing; "next-generation technology research" such as novel and application research for peripheral fields; and "seeds research" such as R&D for cutting-edge materials that will be necessary in the future. In promoting research, we highly value the close linkages in the Group's value chain from market development to process development and manufacturing technology development, extending out to manufacturing, sales, and distribution. In our "support research", we bring together our businesses and R&D in ways that enable our researchers to directly contact customers to delve deeper into customers' needs. Moreover, we are enhancing technical services in a number of countries and constructing a system capable of providing global and timely support for customer's businesses promotion.

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

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

Creating Sustainable Value

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 Sompo 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

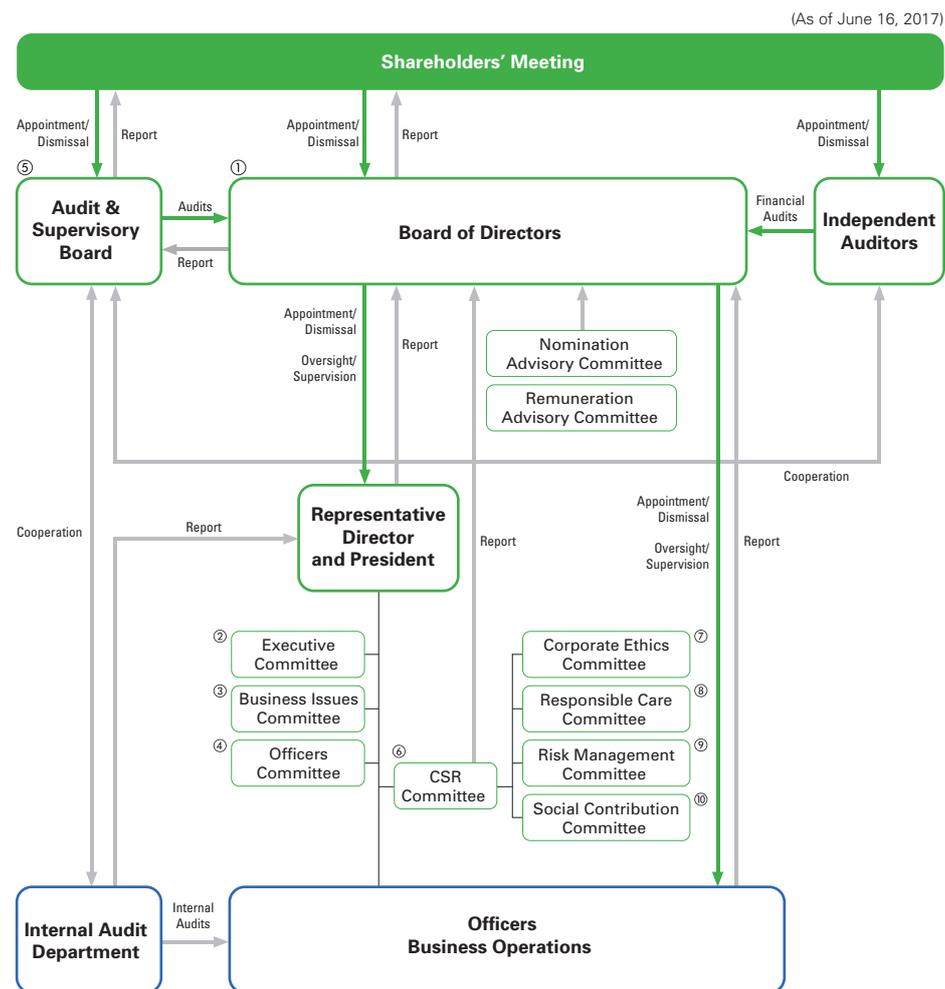
2015

- 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.



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 & Supervisory

Board Member

Atsushi Kumano

Independent Outside Director

Kazunori Yagi

Yuzuru Matsuda

Shiro Sugata

Independent Outside Audit & 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.

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



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

Creating Sustainable Value

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

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/).

(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
Takatoshi Nagatomo
President of JSR MOL Synthetic Rubber Ltd.

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

Senior Officer
Takao Shimizu*
Office of 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, President of KRATON JSR ELASTOMERS K. K., Director of JSR Elastomer Europe GmbH

Senior Officer
Makoto Doi
Legal, General Affairs, CSR, General Manager of Legal Dept.

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

Senior Officer
Yoshikazu Yamaguchi
Corporate Planning, Emerging Business, Group Companies Coordination, General Manager of Corporate Planning, General Manager of Group Companies Coordination Dept.

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

Officer
Hiroaki Nemoto
Display Solution Business, Representative Director of JSR Micro Korea Co., Ltd.

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

Officer
Mika Nakayama
General Manager of Intellectual Property Dept.

Officer
Koichi Saeki
Yokkaichi Plant, Yokkaichi Plant Manager

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

Officer
Seiji Takahashi
Manufacturing and Technology (deputy), General Manager of Yokkaichi Plant Production Dept.III, General Manager of Manufacturing & Technology Group, SSBR Global Manufacturing & Technology Management Dept.

Officer
Yasufumi Fujii
Human Resources, Diversity Development, General Manager of Human Resources Development Dept, General Manager of Diversity Development Office, The Chief Director of JSR Health Insurance Society, The Chief Director of JSR Pension Fund

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

JSR GLOBAL NETWORK

(As of June 30, 2017)



HEAD OFFICE

JSR Corporation

1-9-2, Higashi-Shimbashi, Minato-ku, Tokyo 105-8640, Japan

BRANCH OFFICES

Nagoya Branch

Taiwan Branch

PLANTS

Yokkaichi Plant

100 Kawajiri-cho Yokkaichi, Mie 510-8552, Japan

Chiba Plant

5, Chigusakaigan, Ichihara, Chiba 229-0108, Japan

Kashima Plant

34-1, Tohwada, Kamisu, Ibaraki 314-0102, Japan

LABORATORIES

Yokkaichi Research Center

100 Kawajiri-cho Yokkaichi, Mie 510-8552, Japan

Tsukuba Research Laboratories

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

JAPAN

Elastomers Business

ELASTOMIX CO., LTD.

Compounding of crude rubber and sales of compounded products

Japan Butyl Co., Ltd.

Production, processing, and sales of butyl rubber

KRATON JSR ELASTOMERS K. K.

Production, purchase, and sales of thermoplastic rubber

Emulsion Technology Co., Ltd.

Production and sale of acrylic emulsions, latex processed products including CL, adhesives, and cement admixture

Plastics Business

Techno Polymer Co., Ltd.

Production, sales, and R&D of synthetic resin

JAPAN COLORING CO., LTD.

Coloring of synthetic resin and sales of colored products

Fine Chemicals and Other Products Business

D-MEC LTD.

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

JSR Micro Kyushu Co., Ltd.

Production of photoresist, semiconductors, and materials for displays.

JAPAN FINE COATINGS Co., Ltd.

Sales of coating materials for fiber-optic cables reinforced by ultraviolet or electron radiation and for other apparatus

JM Energy Corporation

Development, manufacturing, and sales of lithium ion capacitors and modules

JSR Life Sciences Corporation

Production and sales of life science related materials

MEDICAL & BIOLOGICAL LABORATORIES CO., LTD.

Research, development, manufacturing, and sales of diagnostic and research reagents

Business in Other Fields

JSR Trading Co., Ltd.

Export, import, purchase, and sales of the following: various chemicals, machinery, equipment, physical distribution materials, living necessities, foodstuffs, beverages, and non-life insurance

JEY-TRANS CO., LTD.

Freight forwarding, warehousing, and delivery management

JSR Logistics & Customer Center Co., Ltd.

Customer service agent and logistics management

JSR ENGINEERING CO., LTD.

Engineering and consultation for chemical engineering equipment

JSR Business Services Co., Ltd.

Performs general affairs, accounting, payroll calculation, and welfare

JN System Partners Co., Ltd.

Computer system design, programming and system operation, and maintenance

CMIC JSR Biologics Co., Ltd.

Developing design and manufacturing processes for next-generation antibodies

OVERSEAS

Elastomers Business

Kumho Polychem Co., Ltd.

Production and sales of ethylene-propylene rubber (EPR)

ELASTOMIX (THAILAND) CO., LTD.

Compounding of crude rubber and sales of compounded products

PT.ELASTOMIX INDONESIA

Compounding of crude rubber and sales of compounded products

ELASTOMIX (FOSHAN) CO., LTD.

Compounding of crude rubber and sales of compounded products

ELASTOMIX MEXICO S.A. de C.V.

Production and sales of rubber carbon master batch

Tianjin Kuo Cheng Rubber Industry Co., Ltd.

Compounding of crude rubber and sales of compounded products

JSR BST Elastomer Co., Ltd.

Sales and manufacturing of SSBR (Solution Polymerization Styrene-Butadiene Rubber)

JSR MOL Synthetic Rubber, Ltd.

Sales and manufacturing of Solution Polymerization Styrene-Butadiene Rubber (SSBR).

JSR Elastomer Korea Co., Ltd.

Sales agency of products such as synthetic rubber

JSR Elastomer Europe GmbH

Sales agency of products such as synthetic rubber

Plastics Business

Techno Polymer Hong Kong Co., Ltd.

Sales and technical services of synthetic resin in Hong Kong and neighboring regions

Techno Polymer (Thailand) Co., Ltd.

Sales and technical services of synthetic resin in ASEAN region

Techno Europe N.V.

Sales and technical services of synthetic resin in Europe

Techno Polymer (Shanghai) Co., Ltd.

Sales and technical services of synthetic resin in China.

Techno Polymer Shanghai Technical Development Co., Ltd.

Production and processing of plastics and technical services related to plastics in China

Techno Polymer Guangzhou Co., Ltd.

Sales and technical services of synthetic resin in Guangzhou and neighboring regions

TECHNO POLYMER AMERICA, INC.

Sales of plastics and technical services related to plastics in North America

Fine Chemicals and Other Products Business

JSR Micro N.V.

Production and sales of semiconductor materials

JSR Micro, Inc.

Production and sales of semiconductor materials

JSR Micro Korea Co., Ltd.

Production, development, and sales of display materials and semiconductor materials

JSR Electronic Materials Korea Co., Ltd.

Sales agent for semiconductor materials

JSR Micro (Changshu) Co., Ltd.

Production of display materials

JSR Micro Taiwan Co., Ltd.

Production, development, and sales of display materials

EUV Resist Manufacturing & Qualification Center N.V.

EUV resist manufacturing (production & quality control)

JSR (Shanghai) Co., Ltd.

Sales agency of products such as synthetic rubber, semiconductor materials, liquid crystal display materials, and performance chemicals

J&W Beijing Biotech Co., Ltd.

Development, manufacturing and sale of latex reagent intermediates and chemiluminescent reagent intermediates

MBL Beijing Biotech Co., Ltd.

Sales of in-vitro diagnostic reagents, basic research reagents, IVD reagent materials and bioprocess materials, sales and contract manufacturing of gene diagnostic materials and synthetic DNA, RNA products

MBL International Corporation

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

KBI Biopharma, Inc.

Biopharmaceutical contract development and manufacturing services

Selexis SA

Cell-line development services.

JSR Trading, Inc.

Purchases and sales of synthetic rubber

JSR Trading (Shanghai) Co., Ltd.

Export, import, and purchases of industrial-use chemical products

JSR Trading Bangkok Co., Ltd.

Exports and imports, purchase and sales of chemicals and testing machinery

JSRT Mexico S.A. de C.V.

Sales of synthetic rubber, steel box, materials and market development

CORPORATE DATA

(As of March 31, 2017)

JSR Corporation

Established

December 10, 1957

Capital (Common Stock)

¥23,320 million

Employees

6,790

Closing date

JSR books are closed on March 31, each year.

Shareholders Information (As of March 31, 2017)

Stock Listing

Tokyo Stock Exchange

Number of Shares Issued

226,074,545 shares

Number of Shareholders

16,586

Major Shareholders

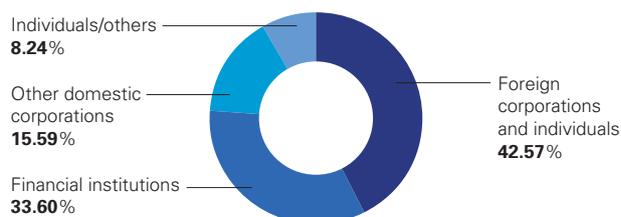
Name of shareholder	Percentage of shares held (%)	Number of shares held (thousands)
Bridgestone Corporation	10.05	22,366
Japan Trustee Services Bank, Ltd. (trust account)	4.22	9,391
The Master Trust Bank of Japan, Ltd. (trust account)	4.12	9,175
BNYMSAMV AS AGENT/CLIENTS LUX UCITS NON TREATY 1	3.90	8,685
STATE STREET BANK CLIENT OMNIBUS OM04	3.04	6,779
Japan Trustee Services Bank, Ltd. (trust account 9)	2.79	6,213
JP MORGAN CHASE BANK 385632	2.24	4,993
Mizuho Bank, Ltd.	1.89	4,225
HSBC BANK PLC A/C CLIENTS 1	1.88	4,191
Japan Trustee Services Bank, Ltd. (trust account 9)	1.73	3,867

* 3,560,532 shares of treasury stock held by the Company are not included in the above breakdown of major shareholders.

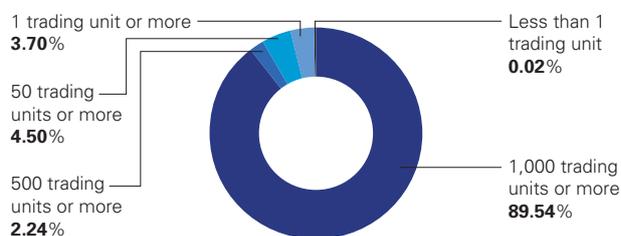
Composition of Shareholders

	Shareholders	Shares held (thousands)
Individuals and others	15,704	18,635
Foreign corporations and individuals	533	96,235
Other domestic corporations	229	35,238
Financial institutions	87	73,517
Securities companies	33	2,450
Total	16,586	226,075

By Type of Shareholders



By Number of Shares Held



Ordinary General Meeting of Shareholders

The annual General Meeting of Shareholders is held in June each year. The 2017 annual General Meeting was held on June 16, 2017.

Transfer Agent and Register

The Chuo Mitsui Trust and Banking Co., Ltd.

Auditors

KPMG AZSA & Co.

Common stock price range

(Yen/share: Tokyo Stock Exchange)

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

