

## JSR Group Principles of Corporate Ethics —Code of Conduct—

### **Message from President**

We, JSR Group members, recognize that our corporate philosophy is to “offer new materials and through their value, contribute to the realization of a wealthy human society (people, society, and environment).” To achieve this goal, we aim to “pursue efficient management, transparency and integrity, and strive to become a company trusted by stakeholders.”

As our promotion effort on CSR (corporate social responsibility), under auspices of the CSR Conference, our company has dealt with two policy pillars entitled “responsible care” and “corporate ethics.” Four more committees were incorporated under the CSR Conference in June 2008 to strengthen this effort: “Corporate Ethics Committee” responsible for establishing corporate ethics and preventing occurrence of wrongdoings; “Responsible Care Promotion Committee” with the aim to establish rules on responsible care and realize society with sustainable growth; “Risk Management Committee” for further strengthening risk management system; and “Social Contribution Committee” for formulating our company’s social contribution activities.

Based on our current enhanced effort on CSR, “JSR Group Principles of Corporate Ethics” has been reviewed in detail, so as it comes in line with international standard on social responsibility.

To ensure stakeholders' trust, we, JSR Group companies and staff members, shall firmly refuse to perform illegal actions and/or unfair transactions merely to yield positive results. Moreover, honest, transparent and ethical business conduct is required at all times.

As companies must comply with social responsibilities that become more and more sophisticated, we are determined to cope with them with further effort and integrity.

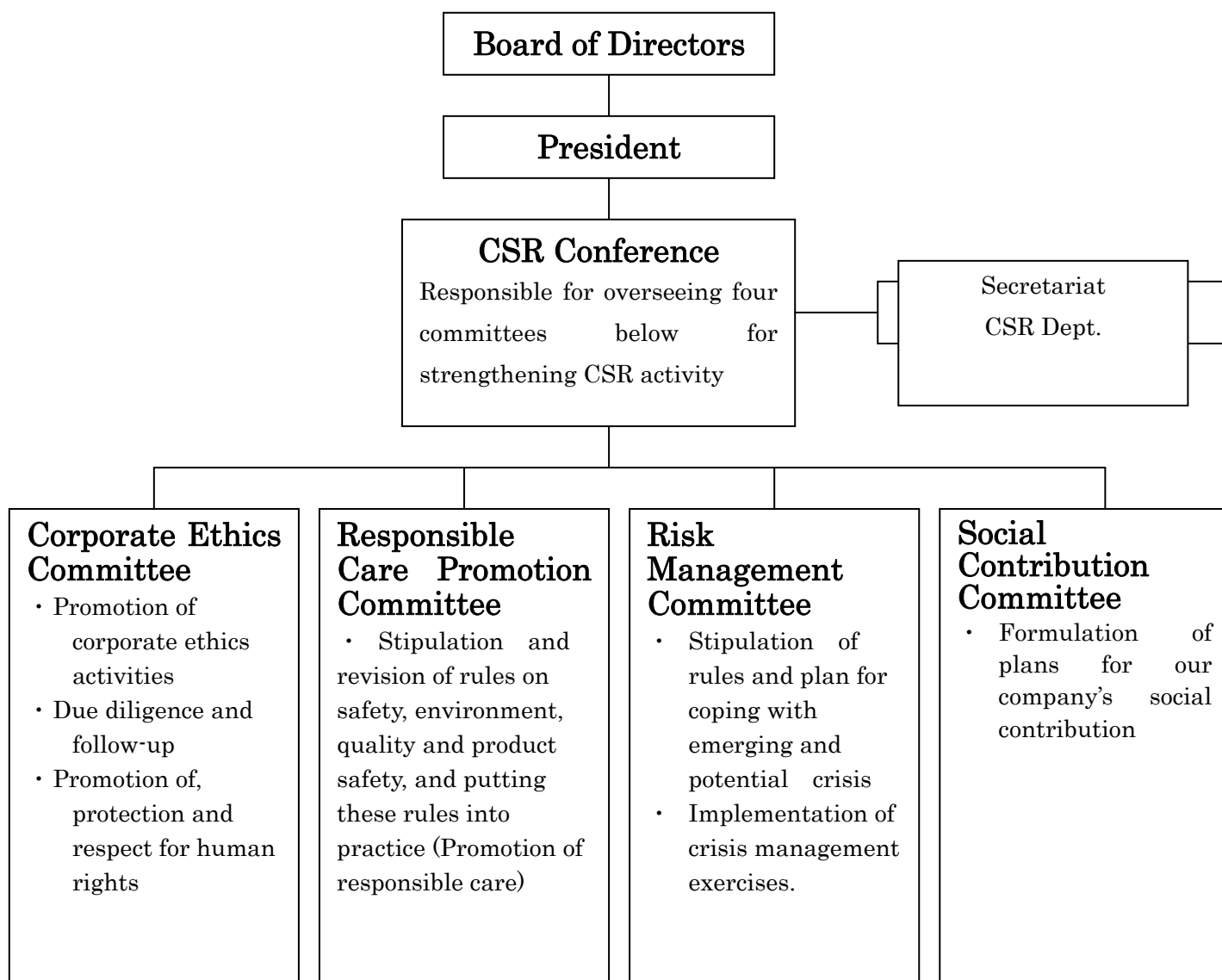
Having said this, our “Principles of Corporate Ethics” seems so complicated and sophisticated, but each individual code is within common practice among responsible members of society.

Managers responsible for JSR Group company workplaces are expected to fully understand the practice of the Principles, to take initiatives to serve as exemplary role-models and remind other members of the Principles. We also expect that all JSR Group members sufficiently understand the Principles and practice it in daily operations. We believe that these efforts will enable JSR Group to build good relations with society, around the world, and consequently maintain the trust of its stakeholders.

September 1, 2008

Yoshinori Yoshida  
President  
JSR Corporation

## CSR Promotional Structure at JSR Group



## Codes of Conduct

(\* marks indicate related internal rules for reference.)

### 1. Contribution to and Responsibility for Society

We shall respect the law, implement our business activities as a responsible member of society and contribute to society as a good corporate citizen. We shall also strive to ensure the conservation of environment and to secure safety in harmony with society.

#### (1) Code of Conduct for Environment and Safety

i) We, as members of society, shall respect the “Keidanren’s\* Global Environmental Charter”; proactively improve our operations for the conservation of the global environment including global warming issues, and the protection of the natural environment; promote harmonization with communities; and contribute to the realization of a sustainable society.

\* Keidanren is the Japanese acronym for Japan Federation of Economic Organizations

ii) When conducting business activities, we shall be aware of the spirit of “Responsible Care,” observe the law in relation to the environment and safety, both in Japan and overseas, proactively improve our operations, strive to maintain accident- and disaster-free workplaces and operate in harmony with society.

\*“Management Policy for Safety, Environment, Quality and Product Safety,” “Information Disclosure Regulations for Environment and Safety”

## (2) Code of Conduct against Antisocial Forces

Our basic policy, upheld by our top executive and company as a whole, is to reject any relation with antisocial forces including any business transactions, and firmly reject any demand with collaboration from police and external organization specialized in security issues.

\* “Standards for Response to Antisocial Forces”

## (3) Code of Conduct for Coexistence with International Society

In our international business activities, we shall abide by international rules and local law, respect local culture and customs, and conduct business operations in a manner which would contribute to the development of local communities.

## **2. Management Trusted by Shareholders**

Through timely and appropriate disclosure of information to shareholders, we shall exercise transparent business administration, strive to enhance corporate values, and consistently make every effort to maintain trust from our shareholders.

## (1) Code of Conduct for Proper Information Recording and Disclosure

i) When evaluating business activities, we shall focus not only on final results but also on business processes that deliver those results. We will strive to accurately and explicitly record our business operations.

ii) We shall disclose information on the management and the business activities in a timely and appropriate fashion.

\* “Standards for the Recording and Disclosure of Management Information”

## (2) Code of Conduct for Preventing Insider Transactions

i) We shall not use, for our private interests, undisclosed important information on JSR, its Group companies, and/or other companies which we come to possess.

ii) In the case that we have and hold any undisclosed important information, we shall not release such information until it is disclosed officially. Additionally, we shall not sell and/or purchase JSR's and/or other relevant companies' shares or relevant financial products until official disclosures are made.

\* For the prevention of insider transactions, refer to the “Insider Transaction Regulations” either for directors or employees. Should you have any questions, please contact the Corporate Communications Department of JSR Corporation.

### **3. Provision of Services and Responsibilities for Customers, Suppliers and other Trade Parties.**

We shall be sincere in all contact with customers, suppliers and other trade parties, maintain honest and fair business relations and provide high quality services.

#### **(1) Code of Conduct for Product Safety**

When performing business activities, we shall abide by the law in relation to product safety, proactively provide adequate product information to our customers and prevent accidents that may be attributed to our products. Through these efforts, we strive to maintain and improve the relation with customers.

\* “Management Policy for Safety, Environment, Quality and Product Safety”

#### **(2) Code of Conduct for Observation of Transaction Control Laws, including Anti-trust Law**

i )We shall observe transaction control laws, including Anti-trust Law and Subcontract Act, in Japan and/or other relevant countries where such laws are applied to our business operations.

\* “Rules for Observation of Anti-trust Law”

For accurate interpretation of Anti-trust Law and other relevant laws, please contact the Legal Department of JSR Corporation.

ii ) We shall abide by Subcontract Act and shall not perform unfair practices such as delaying payment to subcontractors.

iii )We shall guarantee transparency and fairness in purchase transactions.

\* “Purchase Standards”

iv) To prevent our technology and products from being used for harmful affairs and actions which may threaten international peace and safety, we shall observe laws and bylaws in relation to import and export, including foreign exchange and foreign trade control law.

\* “Rules for Security Trade Control”

### (3) Code of Conduct for Gifts and Entertainment

i) Whether inside or outside the country, we shall not exchange gifts with and/or entertain politicians, government officials or other relevant parties in a fashion that may generate profits through illegal means or violate bribery regulations.

ii) Within the company and/or between Group companies, we shall not individually give and/or receive gifts and/or provide entertainment.

iii) We shall not give and/or receive gifts and/or provide entertainment to/from customers, suppliers and other stakeholders, that may lead to unfair bribery cases. We shall not be involved in exchange of gifts and entertainment that may go beyond the accepted social norms.

\* “Standards for Gifts and Entertainments”

## 4. Respect for Employees' Personalities and Individualities

We shall respect all employees' personalities and individualities and strive to provide a work environment where all staff can feel comfortable and free from discrimination.

### (1) Code of Conduct for Respecting Human Rights

i) We will respect and uphold basic human rights declared internationally and protected under constitution and legal precedence of respective countries, and will not infringe basic human rights.

ii) We shall respect all staff members' human rights and shall not discriminate by gender, age, nationality, race, ethnic group, origin, religion, beliefs, social status, physical disability or other relevant conditions when determining employment status and/or working conditions.

iii) We will abide by national and international labor code and respect workers' right of association and right for collective negotiation in the realm of basic labor rights.

iv) We shall never allow child labor and forced compulsory labor, whether at JSR Group companies or in the workplaces of business partners and collaborating companies.

### (2) Code of Conduct for Providing a Comfortable Work Environment

i) We shall strive to maintain and improve safety and hygiene levels for all relevant parties, based on our safety philosophy that "safety is more important than production." Additionally, we shall pay sufficient attention to the maintenance of the mental and physical health of ourselves and those we work with.

ii) We will provide a work environment that facilitates employees for realizing a flexible “work life balance” and strive to improve both productivity and employee satisfaction.

iii) In the event that a staff member reports the violation or possible violation of the law and/or Principles to his/her superiors and/or internal/external hotline, we shall fully protect the said staff member’s identity and from unfavorable treatment.

iv) We will not engage in or make verbal comments with sexual connotations that will make counterparts feel unpleasant. We shall provide a workplace free from sexual harassment and any harassment arising from positions of power.

\* “Regulations for Preventing Sexual Harassment”  
“Regulations for Preventing Power Harassment”

v) We shall not force our own religion and/or belief on others.

## **5. Relationship with Company**

To take responsibility for all of our stakeholders, we shall strive to prevent any loss of reputation for the company or its corporate values, including intangible values such as social credibility and graces.

### **(1) Code of Conduct for Fulfillment of Fair Daily Duties**

i) We shall not perform any dishonest transactions with the aim of securing unfair private gain through commercial transactions or other relevant conduct.

ii) We shall accurately record job duties and shall not record anything falsely and/or fictitiously.

## (2) Code of Conduct for Use of Company Assets

We shall use Company facilities, machines, equipment and any other commodities efficiently. We shall not use Company property for private interest.

Moreover, we shall protect our expertise, patents, utility models, industrial designs, trademarks and other relevant intellectual property that each individual JSR Group company has and holds. We also shall not infringe other companies' intellectual property in a false fashion.

## (3) Code of Conduct for Information Control

i) We shall not obtain information necessary for our business activities by any illegal means.

ii) We shall strive for thorough control of confidential information on our company, our customers and third parties. We also shall prevent such information from being leaked and used illegally.

iii) While being employed or after leaving a company, we shall not provide to others, without rightful authority, confidential information which has been obtained in the course of company duties. We shall not use such information for private interest.

iv) We shall observe the Act on the Protection of Personal Information and strive to prevent illegal acquisition, use and disclosure of personal information on JSR Group members and other relevant people.

\*“Regulations for Documented Information Control,” “Regulations for Handling Personal Information”

History:

Established : January 1, 1999

Revised : April 1, 2005

Revised : Jan. 24, 2007

Revised : Sept. 1, 2008

## JSR Group Principles of Corporate Ethics —Implementation Procedure—

### I. Scope of Application

1. All JSR Group members, including directors, full-time employees, employees on short-term contracts, contract employees, temporary employees and other workers who engage in business at JSR Corporation and/or its Group companies are subject to JSR Group Principles of Corporate Ethics (hereinafter referred to as "Principles").

※ The JSR Group, as stated in Principles and Implementation Procedures, mean JSR Corporation and the following 29 companies.

Business Domain	Japan	Overseas
Elastomer Business	ELASTOMIX Co., Ltd.	JSR AMERICA, INC.
	Kyushu Gomu Kako Co., Ltd.	ELASTOMIX (THAILAND) CO., LTD.
	-	ELASTOMIX (FOSHAN) CO., LTD.
Emulsion Business	Emulsion Technology Co., Ltd.	-
Plastics Business	Techno Polymer Co., Ltd.	TECHNO POLYMER HONG KONG CO., LTD.
	JAPAN COLORING Co., Ltd.	Techno Polymer (Thailand) Co., Ltd.
	EXCEL TOKAI Co., Ltd.	Techno Polymer (Shanghai) Co., Ltd.
	-	TECHNO POLYMER AMERICA, INC.
	-	Shanghai Rainbow Color Plastics Co., Ltd.
Opto-Electronic Materials Business	JSR Micro Kyushu Co., Ltd.	JSR Micro, Inc.
	JSR MICROTECH, INC.	JSR Micro N.V.
	JSR Optech Tsukuba Co., Ltd.	JSR Micro Korea Co., Ltd.
	D-MEC LTD.	JSR Micro Taiwan Co., Ltd.
	JM Energy Corporation	
Business in Other Fields	JSR Trading Co., Ltd.	-
	JSR Engineering Co., Ltd.	-
	JSR LOGISTICS CO., LTD.	-
	JSR Service Co., Ltd.	-
	JNT SYSTEM Co., Ltd.	-
	Nichigo Kogyo Co., Ltd.	-

- The overseas-based JSR Group companies listed above are requested to individually prepare corporate ethical principles and implementation procedures in consideration of the culture, customs, laws and so on of the countries in which they operate.
- The five companies written below are requested to apply the Principles and Implementation Procedures or prepare independently their principles of corporate ethics and implementation procedures with reference to the Principles and Implementation Procedures.  
Japan Butyl Co., Ltd.; JAPAN FINE COATINGS Co., Ltd.;  
KRATON JSR ELASTOMERS K.K.; Kumho Polychem Co.,  
Ltd.; Tianjin Kuo Cheng Rubber Industry Co., Ltd.

2. Directors and employees who are assigned to work for companies other than JSR Group companies listed in item 1 above shall observe company's corporate principles of ethics for those companies.

## **II. Follow-up System**

1. Follow-up Structure (Refer to the Chart on the next item for hotline.)

(1) It is our policy that the observation of the Principles shall be promoted at individual JSR Group companies. The hotline is intended to support problem solving function of individual group companies, and as the entire group's internal problem solving mechanism.

Consequently, should there be any request, complaint, suggestion and comment in relation to observation of the Principles, the superior or manager responsible for the concerned workplace should be consulted with in accordance with the corporate hierarchy. Alternatively, contact may be made directly to the individual corporate ethics committee of JSR workplaces or of Group companies depending on the informant's affiliation. (Chart on the next page Route (1))

(2) If it is difficult or inappropriate to make any request, complaint, suggestion and comment through Route (1), contact may be made directly with the JSR Corporate Ethics Committee, in writing or by email. (Chart on the next page Route (2))

(3) If it is difficult to make direct contact with the relevant internal information desk, the external hotline can be contacted.

There are two information desks (Attorney hotline and Integrex hotline) that can be contacted if in need.  
(Chart on the next page Route (3) or (4))

(4) If contact is made, corporate ethics committees will engage in investigation to authenticate claims.

(5) Based on the result of the investigation under (4), cases thought to require responses should first be dealt with within the relevant company, and then provide feedbacks to informants via the same route claims had been made.

(6) When a JSR Group member violates the Principles, the relevant company's ethics committee shall judge whether the issuing of a warning is required, or whether the violation equates to a breach of Employees' Manuals. When the issuing of a warning is required, the relevant JSR Group company's ethics committee shall take appropriate actions. When it is judged a breach of Employee's Manuals has occurred, the sanctions committee will go over the case.

Cases involving violation of the Principles by the members of board of directors and auditors should be dealt with by the board of directors and board of auditors of respective group companies.

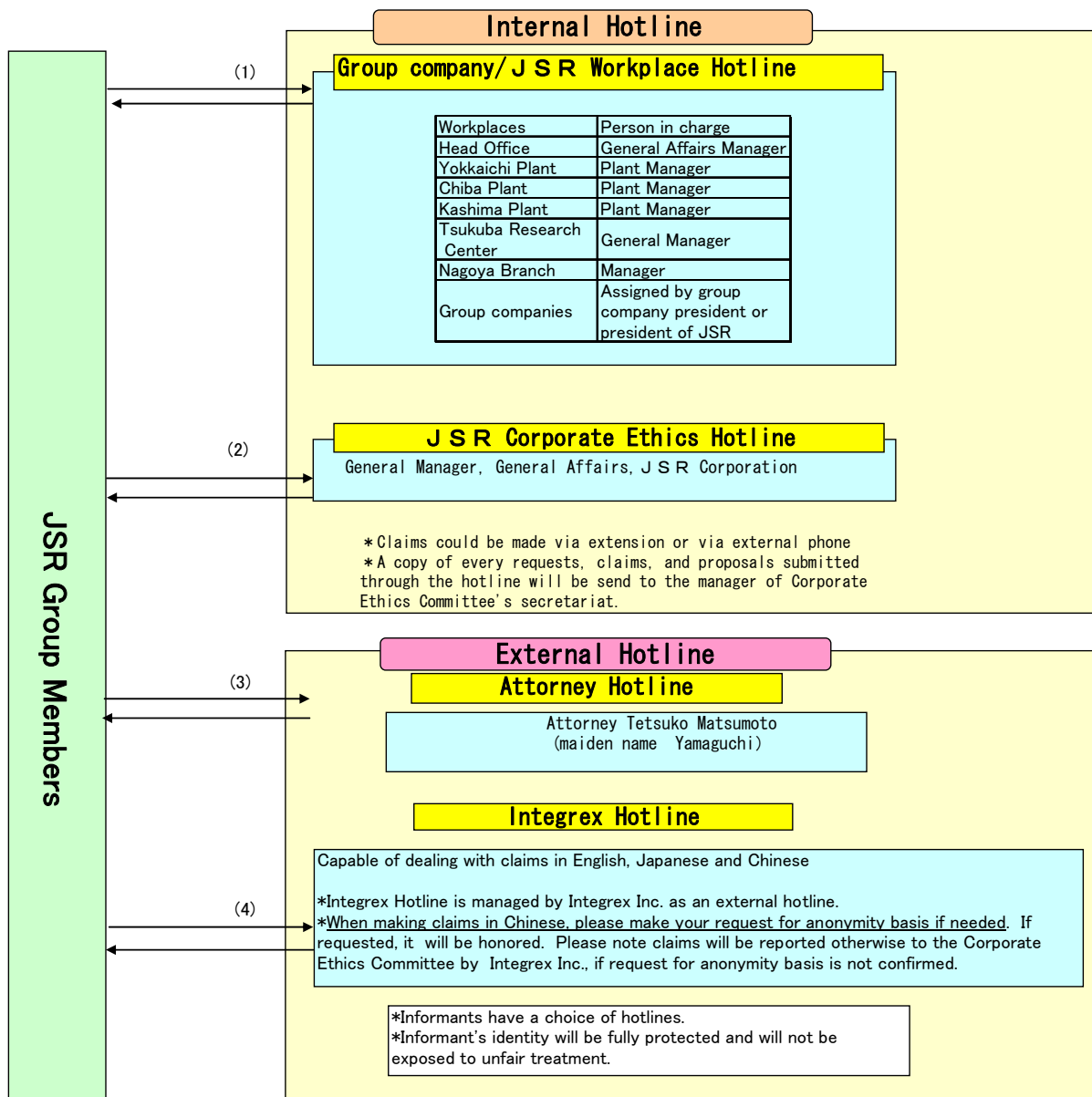
## 2. Handling of Information

(1) Identity of informant will be fully protected and he/she will not be exposed to unfair treatment.

(2) Any informants making a request, complaint, suggestion or any other comment are required to identify themselves by name. This is for the purpose of accurately authenticating claims and for providing feedbacks after problems are dealt with by the corporate ethics committee. Even informants are identified by name, informants' identity will be kept secret and he/she will not be exposed to unfair treatment.

(3) However, in the event informant use the external hotline by name, but requests anonymity against the company, the case will be strictly dealt with anonymity basis. In such cases, feedbacks could be made via external hotline. External hotline will accept claims on anonymity basis, although feedbacks will not be possible.

### III. List of JSR Group Hotline



## **IV. Role of Each Organization**

### **1. JSR Corporate Ethics Committee**

#### **(1) Mission**

The Committee is endowed with a mission to establish JSR Group corporate ethics and prevent corporate scandals; The following measures shall be continuously implemented.

- i) Establishment and revision of the Principles and relevant rules and standards.
- ii) Implementing measures to fully raise awareness on the Principles.
- iii) Response and handling of requests, complaints, suggestions and comments in relation to the Principles.
- iv) Implementation and follow-up of internal checking activities in relation to the observation of the Principles.
- v) Judgment on the application of sanction for the infringement of the Principles.
- vi) Due diligence and its follow-up
- vii) Promoting protection and respect for human rights

#### **(2) Organization**

##### **i) Committee Chairperson**

Board Director in charge of General Affairs

##### **ii) Members**

General Manager, Human Resources

General Manager, Environment and Safety Affairs

General Manager, Legal Affairs

General Manager, Group Company Coordination

General Manager, Auditing

General Manager, CSR

General Manager, General Affairs

and those appointed by Committee Chairperson

iii) Secretariat

General Affairs Department

2. Corporate ethics committees at each JSR Corporation workplace and other JSR Group companies

Corporate ethics committees at each JSR Corporation workplace and other JSR Group companies have been incorporated as indicated below for promoting corporate ethics among member companies and workplaces in cooperation with JSR Corporate Ethics Committee.

(1) JSR

**Workplace**

Head Office

Yokkaichi Plant

Chiba Plant

Kashima Plant

Tsukuba Research Laboratories

Research Laboratories

Nagoya Branch

**Leader**

General Manager, General Affairs

Plant Manager, Yokkaichi Plant

Plant Manager, Chiba Plant

Plant Manager, Kashima Plant

General Manager, Tsukuba

Manager, Nagoya Branch

(2) Each JSR Group company's ethics committee (the committee leader will be appointed by either the company's president or president of JSR Corporation)

<b>Business Domain</b>	<b>Group company's ethics committee</b>	<b>Subsidiaries and related companies in the left column</b>	
Elastomer Business	ELASTOMIX Co., Ltd.	ELASTOMIX (THAILAND) CO., LTD. ELASTOMIX (FOSHAN) CO., LTD.	
	Kyushu Gomu Kako Co., Ltd.	-	
	JSR AMERICA, INC.	-	
	Emulsion Technology Co., Ltd.	-	
Plastics Business	Techno Polymer Co., Ltd.	TECHNO POLYMER HONG KONG CO., LTD. Techno Polymer (Thailand) Co., Ltd. Techno Polymer (Shanghai) Co., Ltd. TECHNO POLYMER AMERICA, INC. Shanghai Rainbow Color Plastics Co., Ltd.	
	JAPAN COLORING Co., Ltd.	-	
	EXCEL TOKAI Co., Ltd.	-	
	Opto-Electronic Materials Business	JSR Micro Kyushu Co., Ltd.	
		JSR MICROTECH INC.	
		JSR Optech Tsukuba Co., Ltd.	
		D-MEC LTD.	
JM Energy Corporation			
JSR Micro, Inc.			
JSR Micro N.V.			
JSR Micro Korea Co., Ltd.			
JSR Micro Taiwan Co., Ltd.			
Business in Other Fields	JSR Trading Co., Ltd.	-	
	JSR Engineering Co., Ltd.	-	
	JSR LOGISTICS CO., LTD.	-	
	JSR Service Co., Ltd.	-	
	JNT SYSTEM Co., Ltd.	-	
	Nichigo Kogyo Co., Ltd.		

\*The ethics committee members and secretariat of each JSR workplace and Group company will be appointed by either the company's president or manager of each workplace.

### 3. Raising awareness and promoting relevant codes of conduct

Each relevant group department will be responsible for promoting and raising awareness on codes of conduct stipulated under the Principles.

## **IV. Effective Date**

Sept. 1, 2008

### History

Established :January 1, 1999

Revised : April 1, 2005

Revised : Jan. 24, 2007

Revised : Sept. 1, 2008