JSR Group

CSR Report 2010

Materials Innovation

JSR

With chemistry, we can

JSR Corporation **CSR Department**

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JSR Corporation

Executive Commitment

Toward a diversifying era, JSR will take a further step forward to become a company that lives up to the public's trust.

Mitsunobu Koshiba
Representative Director and President
JSR Corporation

A Proactive Approach towards Management

Economic conditions in FY2010 (April 1, 2009 to March 31, 2010), remained uncertain and unstable following on from the previous year, and the JSR Group's annual sales declined by more than 20% compared to FY2008, the fiscal year prior to the collapse of Lehman Brothers, making FY2010 an extremely difficult period for the group.

However, despite these circumstances, JSR took on measures to enable the generation of a reasonable level of profit, such as by focusing on the reduction of fixed costs. As a result of such efforts, this has led to a stronger corporate organization at JSR. Although there were differences among the various business segments, our business performance is recovering faster than anticipated, and our consolidated financial results for FY2010 exceeded initial plans.

As a result of these changes, I believe that it is necessary to shift towards a more proactive business management approach in FY2011 and thereafter as we look ahead to future growth. "The successful launch of the strategic businesses" was one of the key management issues when I was appointed president one year ago, and I have set it as a priority issue for FY2011. The policy for FY2011 is to strengthen and accelerate existing initiatives even further and link them to financial performance.

An Era in which Diversity is a Keyword

FY2011 is the final year of the JUMP2010 mid-term business plan that we have been implementing since FY2008, and consequently, we have started formulating the next mid-term business plan. Based on further anticipation of environmental awareness through to 2030, we are working with a long-term vision of the type of business we want to be in 2020.

Until now, "affluence"—one of the JSR Group's management principles, was a keyword used to describe the strong trend towards pursuing added value, which was seen during the first decade of the 2000s. Our Group has achieved growth by creating added value through the diversification of the fine chemicals business, and we must continue these efforts in the future.

I believe that another keyword for the 2010s will be "diversification." We are seeing changes in people's values as the world becomes increasingly globalized and diversified. In the past, customers placed importance on high functionality and high added value, but it is expected that in the future, the trend towards high quality products at reasonable prices will strengthen.

JSR has established technologies and assets in the petrochemical industry that can meet this trend. We need to adapt to the current paradigm shift by using those technologies and assets with a high degree of responsiveness to changes in market structures.

Including the Environment as a Management Focus

Prior to the adoption of the next mid-term business plan, we launched two projects in April 2009 as activities that look ahead to 2030.

One is the Information and Electronics Project. This project seeks to forecast changes in industrial structures and identify new business areas in the information and electronics industry, an area that is expected to undergo rapid growth in the future.

The second is the E2 Project. This project, the name of which is derived from the initial letters of offensive and defensive environmental measures undertaken in the form of Energy Management (such as reducing carbon dioxide emissions) and Eco-innovation (identifying business opportunities), analyzes the overall circumstances concerning future environmental issues.

In addition, the E2 Initiative™, which seeks to implement full-scale environmental management, was developed from these efforts. The E2 Initiative™, which incorporates the perspective of the environment into all business activities as an unchanging focus of management, is a concept that will also serve as one of the foundations of the next mid-term business plan.

FY2011 will serve as a preparatory period for full-scale environmental management starting in FY2012, and we will carry out various specific measures including the reduction of carbon dioxide emissions as well as investment decisions that take into account environmental costs and product development incorporating lifecycle assessment (LCA) concepts. We will also begin investigations concerning biodiversity.

CSR Activities that Live Up to the Public's Trust

As part of these undertakings, acting with integrity as a good corporate citizen and living up to the trust placed in us by society is the JSR Group's corporate social responsibility (CSR). I consider the Global Compact that I signed when I was appointed president as a declaration to the international community of our commitment to act in good faith as a global corporation.

With respect to the question of what should be done, however, I do not believe that there is a single ideal form shared by all businesses. The requirements vary depending on the specific business formats and current conditions. It is from this perspective that our Group activities are undertaken based on four core concepts: corporate ethics, responsible care, risk management, and contribution to society. Our social contribution activities currently focus on environmental issues as well as the education of children, who will take on the responsibility for the world after us, through programs such as visiting lectures at local schools, but we also actively intend to conduct these programs with an aim to broaden our employees' perspectives as well.

Furthermore, we are aware that spreading CSR principles to overseas sites will be a major issue for the future. As has been the case with employees at our Japanese sites, I want to convey these ideas clearly in our own words.

A Corporate Culture that Welcomes Differences Strengthens the Organization

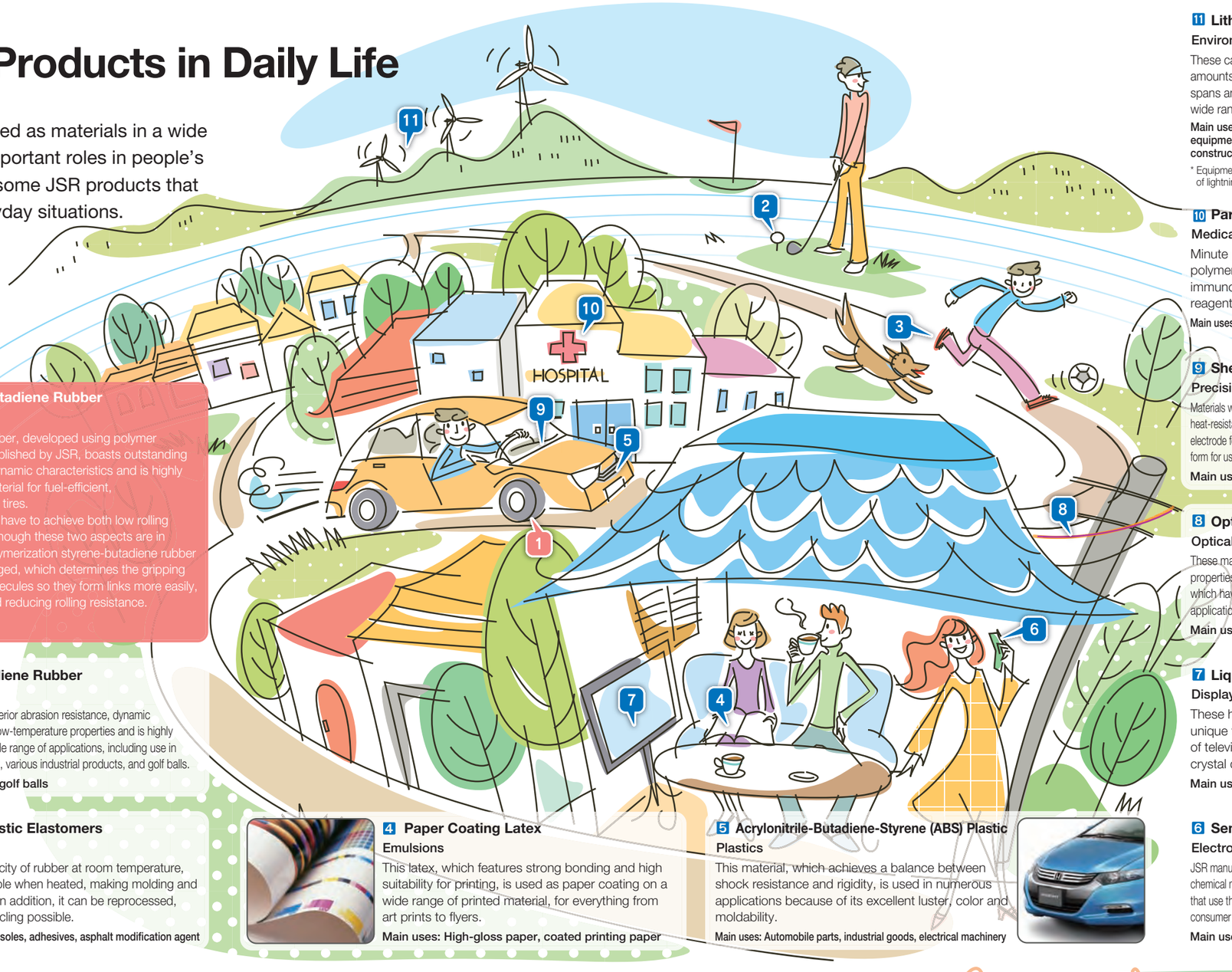
Diversity is a key management issue that I wish to address with even greater attention in the near future.

Ensuring the diversity of the workforce will be essential for responding to diversification in the 2010s. Doing this will of course require the increased employment and better deployment of women. We plan to effectively operate programs that support working women who also have child care and nursing care responsibilities, and we will set quantitative targets for women in respect to raising their employment rate and their percentage in management positions. To this end, we will further promote the concept of work-life management, which seeks to optimize the balance between home life and work.

The concept of diversity, however, does not end there. It is important that we foster a corporate culture that accepts all differences, not just gender differences, but also nationality and place of origin, work experience before joining the JSR Group, and ideas concerning work. I am aware that one of my important roles is conveying a clear message concerning this to employees at every opportunity. Based on such ideas, this CSR Report presents information on some of our Group activities. We hope that you will take the time to read it and invite you to give us your frank opinions regarding its content.

JSR Group Products in Daily Life

JSR Group products are used as materials in a wide range of goods that play important roles in people's lives. Below, we introduce some JSR products that are used in numerous everyday situations.



1 Styrene Butadiene Rubber

Elastomers

This synthetic rubber, developed using polymer technologies established by JSR, boasts outstanding workability and dynamic characteristics and is highly regarded as a material for fuel-efficient, high-performance tires.

Fuel-efficient tires have to achieve both low rolling resistance and high gripping power, even though these two aspects are in conflict with each other. JSR's solution polymerization styrene-butadiene rubber (S-SBR) leaves the rubber material unchanged, which determines the gripping power, while modifying the ends of the molecules so they form links more easily, limiting the heat generated from friction and reducing rolling resistance.

Main uses: Tires

2 Poly-Butadiene Rubber

Elastomers

This material has superior abrasion resistance, dynamic characteristics, and low-temperature properties and is highly workable. It has a wide range of applications, including use in tires for large vehicles, various industrial products, and golf balls.

Main uses: Tires, golf balls

3 Thermoplastic Elastomers

TPE

TPE has the elasticity of rubber at room temperature, but becomes pliable when heated, making molding and processing easy. In addition, it can be reprocessed, which makes recycling possible.

Main uses: Footwear soles, adhesives, asphalt modification agent

4 Paper Coating Latex

Emulsions

This latex, which features strong bonding and high suitability for printing, is used as paper coating on a wide range of printed material, for everything from art prints to flyers.

Main uses: High-gloss paper, coated printing paper

5 Acrylonitrile-Butadiene-Styrene (ABS) Plastic

Plastics

This material, which achieves a balance between shock resistance and rigidity, is used in numerous applications because of its excellent luster, color and moldability.

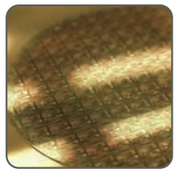
Main uses: Automobile parts, industrial goods, electrical machinery

6 Semiconductor Materials

Electronic Materials

JSR manufactures semiconductor materials such as photoresists and chemical mechanical planarization (CMP) materials. The semiconductors that use these materials are found in an extensive range of digital consumer electronic products, including PCs and cell phones.

Main uses: Digital devices such as PCs and cell phones



7 Liquid Crystal Display Materials

Display Materials

These highly rated cutting-edge materials, which are unique to JSR, contribute to the high picture quality of televisions and other devices that employ liquid crystal displays (LCD).

Main uses: LCD televisions, PCs, cell phones

8 Optical Fiber Coating Materials

Optical Materials

These materials are ultraviolet light curable materials with superior properties. They are used to protect the glass of optical fibers, which have become essential in modern society for such applications as the Internet and long-distance communications.

Main uses: Optical fibers for communications

9 Sheets and Films for Touch Panel Use

Precision Materials and Processing

Materials with outstanding properties—such as ARTON, an original JSR heat-resistant transparent resin—undergo surface processing, transparent electrode formation, and other processes; and are supplied in sheet or film form for use in the touch panels of mobile terminals and touch panel PCs.

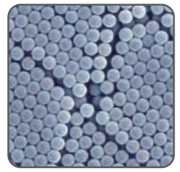
Main uses: Car navigation systems, mobile terminals

10 Particles for Clinical Diagnostics

Medical Materials

Minute polymer particles created using JSR's polymer technologies. They are used in immunodiagnostics and as genetic research reagents.

Main uses: External diagnostic agents, genetic research reagents



11 Lithium-ion Capacitors

Environment and Energy

These capacitors are able to charge and discharge large amounts of energy almost instantly and they have long life spans and are safe, so they are expected to be used in a wide range of business fields for energy storage.

Main uses: Energy storage devices that run on wind power, equipment for protecting against momentary voltage drops,* construction machinery, and other applications.

* Equipment that compensates for voltage drops that occur as a result of lightning strikes and other causes.

Major Products

Petrochemicals

Elastomers

Since JSR Corporation began operations as a general synthetic rubber manufacturer in 1960, the company has continuously provided high-quality products to global markets as the leading maker of synthetic rubber used in the manufacture of tires, automobile parts, and other goods.

TPE

JSR handles thermoplastic elastomers (TPE) that combine the elasticity of synthetic rubber and the excellent molding ability of thermoplastic resin. Advanced research and development makes possible the provision of high added value products that are environmentally friendly.

Emulsions

Based on its synthetic rubber manufacturing technologies, JSR has developed high-performance products for use in printing paper coatings, environmentally-friendly water-based paints, and water-based adhesives.

Plastics

JSR supplies and markets products used in a wide range of applications including automobile parts and home appliances with a focus on acrylonitrile-butadiene-styrene (ABS), which features high performance and well-balanced properties.

Fine Chemicals and Other Products

Electronic Materials

Based on polymer technologies developed over many years through its petrochemicals business, JSR has developed high-performance semiconductor materials to meet diverse market needs including photoresists, anti-reflective coatings, and developers.

Display Materials

JSR produces materials for flat-panel displays (FPD), which occupy a key position among information electronic devices that continue to become ever more advanced. The company has contributed to technological innovations by developing and marketing products using its unique polymer technologies.

Optical Materials

JSR contributes to the advancement of optoelectronics by offering materials with optical functions, such as optical fiber coatings, stereolithography resins, optical films and optofunctional UV resins.

Precision Materials and Processing

JSR has created cutting-edge product lineups such as touch-panel sheets and films, based on the synergistic benefits of its innovative materials that use polymer material technologies and precision processing technologies.

Medical Materials

By combining state-of-the-art polymer materials with bio-medical technologies, JSR provides materials for high-sensitivity immunodiagnostic agents, nucleic acid test materials, and other products, thereby contributing to the development of life sciences.

Environment and Energy

High-performance products created through the advanced application of petrochemical polymer material technologies have a wide variety of uses in the environmental and energy fields, including binders for lithium-ion batteries, solar cell components, bio-resin materials, and thermal management materials.

Strategic Businesses

Feature Article 1

Manufacturing Linked to the Future

The JSR Group, which started as a specialized manufacturer of synthetic rubber, has contributed to the realization of “affluence” by boldly tackling the challenges of new fields from a materials perspective. Below, we discuss liquid crystal display materials, a representative example of those undertakings.

From Cathode Ray Tubes to Liquid Crystal Displays

Liquid crystal displays have become the mainstream for televisions and computer displays in recent years. Compared to cathode ray tube displays, which were once commonly used, liquid crystal displays are lighter and more compact, and as a result their share of the market is increasing. Approximately 90% of televisions sold in Japan are raw liquid crystal displays.

JSR has made continuous contributions to technological advances through the development and commercialization of specialized materials since the advent of liquid crystal displays.

JSR Technologies Support the High Quality of Liquid Crystal Displays

The figure below shows the broad range of liquid crystal display materials that JSR currently produces and supplies. Many of these products are highly valued for their quality and boast top market shares in the industry.

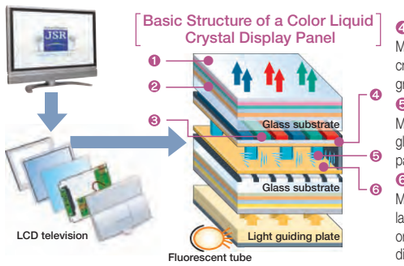
Such products as coating materials that reduce the glare reflected from the surface of liquid crystal displays and color pigmented resists that produce the colors of liquid crystal displays are not directly visible to consumers, but they are all key materials essential for providing high-quality images.

Liquid crystal display materials

❶ Anti-reflective coating materials
Materials that reduce the reflections of people and objects on the display surface and make the display easier to see.

❷ Retardation films
Materials used to increase contrast and also widely used to increase the viewing angle and raise image quality when viewed from the side.

❸ Color pigmented resists
Materials used for displaying colors of liquid crystal panels. Full color is produced through combination of the three primary colors—red, green, and blue. The components made from elements with a glass substrate on top and color pigmented resists are known as color filters.



❹ Protective films
Materials commonly used on high-performance liquid crystal panels. They protect the color filters comprising red, green, and blue picture elements from heat and chemicals.

❺ Photosensitive spacers
Materials for maintaining a uniform space between the glass substrates that make up the liquid crystal display panel.

❻ Alignment films
Materials used on top of and beneath the liquid crystal layer to maintain the liquid crystal molecules in the proper orientation. It is an extremely thin film, but is the key to the display performance of liquid crystal display panels.

Paying Close Attention to the Needs of Customers — Development of Alignment Films

One of the liquid crystal display materials that JSR provides is alignment films. Alignment films line up liquid crystal molecules in a single direction and are a key material that greatly affects display performance including the display contrast, reducing flickering and afterimages.

JSR began developing alignment films for liquid crystal displays in 1985 in response to requests from customers. The first products were launched in 1988. Since then, sales have been expanded in conjunction with the widespread use of LCD televisions, and JSR alignment films now boast the world’s highest market share.

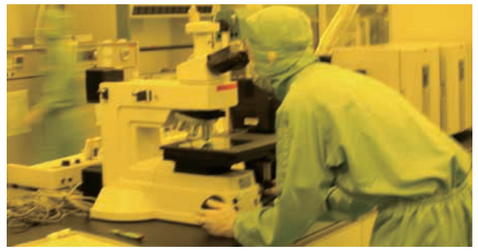
Michinori Nishikawa
LCD Materials 2nd Laboratory
Display Materials Research Laboratories

According to Michinori Nishikawa, General Manager of the LCD Materials 2nd Laboratory at the JSR Display Materials Research Laboratories, which conducts research and development of alignment films, “The functions and specifications of alignment films demanded by customers vary greatly. Meeting those demands is the most challenging thing we do.” He also comments, “It is also necessary for us to respond to new functions and other demands such as the rapid increase in display sizes. We conduct research and make repeated improvements while paying close attention to customer needs.”

In addition, while there has been increasing demand recently for even higher picture quality such as 3D as well as energy-saving technologies, demand is also increasing for low-cost products aimed at markets in developing countries. Customer requirements are becoming increasingly diverse. “It is our role to provide solutions as a materials manufacturer in response to these developments. It is crucial that we constantly pay close attention to our customers,” explains Mr. Nishikawa. Responding precisely to customer needs is what breathes life into the spirit of JSR’s manufacturing.

Overseas Business Developments and Contributing to Local Communities

As the production scale of liquid crystal displays has increased overseas in recent years, liquid crystal display material production and sales sites outside of Japan have also expanded. JSR began commercial production in South Korea in 2004 and in Taiwan in 2006. “By establishing local production sites overseas, we are able to quickly identify local needs and respond to them,” explains Hiroaki Nemoto, General Manager of the Display Materials Division.



Inside JSR Micro’s Taiwan Plant

We believe that this type of overseas business must also contribute to the development of local communities. In addition to economic contributions through the creation of jobs and other effects, we also work to build trusting relationships with local residents by cooperating with school events, holding exchange events, and participating in other similar activities. This attitude has been extremely well received, and in 2009 JSR Micro Taiwan, a group company, won an Industry Contribution Award from the Industrial Development Bureau of the Ministry of Economic Affairs in Taiwan.

Hiroaki Nemoto
Display Materials Division

Contributing to Next-generation Displays with Specialized Materials

Various avenues of research and development have also started with a view towards next-generation displays. One example would be liquid crystal displays with LEDs. Displays that use low-environmental impact LEDs in place of fluorescent tubes are attracting increasing attention as interest in environmental issues rises. Although practical applications have begun, further research and development on LED displays is needed concerning various materials including color pigmented resists, to raise quality and accelerate the pace of adoption.

In response, JSR launched the LUMILON™ series of new materials for LEDs in the spring of 2010. These materials facilitate the manufacture of high-performance LEDs using processes that are simpler than earlier processes. A grade that reduces environmental impact during the manufacture of LEDs is available, and it is expected that these materials will make significant contributions to the expanded use of LEDs for liquid crystal displays as well as in other fields.

Looking even further ahead, the very existence of displays will likely hold a very different position in the future. Mr. Nemoto says, “As in the case of electronic paper, practical applications of which have already begun, in the future, displays will be used in a wide variety of situations beyond televisions and PCs, and will become a presence with close links to every aspect of daily life. We hope to contribute to this through our materials.”

JSR contributes to the realization of an affluent society through the development of unique technologies and materials. JSR’s stance will remain unchanged even in the future.

The Need for Products with Specific Functions is the Origin of Manufacturing

Astushi Kumano
Senior Officer and General Manager, Research and Development

The fundamental feature of JSR’s manufacturing is that it is user oriented. We strive to supply products that not only meet the needs of our direct customers such as manufacturers, but also respond to the needs of consumers who use the finished products. At the same time, as a manufacturer of intermediate materials, it is our responsibility to encourage the reduction of environmental impact during internal manufacturing as well as in the processes that create the end products. It is not easy to do both, but as can be seen with displays, one of our strengths is rising to the challenge of solving problems by providing multiple components for a single finished product from a broad perspective that takes into account the entire manufacturing process.

In the display segment, calls for even higher performance and completely new needs are certain to arise from time-to-time. In order to make significant contributions to meeting these needs through specialized materials, we will make full use of our strengths and continue research and development by breaking free from traditional conventions.

As part of efforts to ensure diversity of its workforce, JSR invited Mariko Kono, Chief Executive Officer of Career Network Co., Ltd., to talk with Masaki Hirose, JSR's managing director responsible for human resources. (The discussion was held on April 19, 2010).

Diversity is Essential for Continuous Corporate Development

Hirose: Starting in FY2011, the JSR Group has made promoting workforce diversity with a focus on women a priority management issue, and plans to make additional efforts concerning further diversification.
In the future, Japan's workforce is going to decline in size. In order to maintain continuous development, it will be essential for businesses to recruit outstanding personnel. However, behind the drive for diversification with a focus on women is the awareness that such an undertaking will be difficult under the existing male-oriented structure. The drive is also intended to respond to the diversification of values in conjunction with increasing globalization. Businesses will be unable to successfully compete on a global scale if they don't establish corporate cultures that welcome a wide variety of different values.

Kono: Indeed. There is a tendency for the need for diversity to be addressed only from a moral perspective within corporate social responsibility. It is truly wonderful that JSR is approaching diversity not just from this perspective, but also from within its human resources and business strategies.

Hirose: Thank you. Of course, true diversity is not limited to women, but also affects a wide range of people, including foreign nationals and disabled people, but it can be difficult to address all of these groups at the same time. To begin with, we have decided to maintain and strengthen our original policies by expanding employment opportunities for women.

Kono: Half of JSR's consumers are women, and it is extremely important to incorporate this perspective into your operations. I have reviewed data concerning the employment of women at JSR, and it is noteworthy that the average length of employment of women is quite long at 12 years.

Hirose: Some time ago, JSR began taking measures to establish a working environment that facilitates the employment of women. These measures include the adoption of programs for shorter working hours and working from home, as well as a day-care allowance. In 2008, we established a "return to work" policy for employees who left the company in the past and wish to resume working.

Kono: That is a commendable program. I believe that it is very important to increase options concerning lifestyles and working styles.

Promoting Change within the Company through Repeated and Steady Efforts

Kono: Nonetheless, women fill only 2% of managerial positions. This percentage has been increasing, but it is still extremely low, and this is an important issue.

Hirose: One issue is that the number of women in career-track positions that are eligible to enter management is itself low. We have a program for personnel to shift from clerical positions to career-track positions, but many employees avoid making this change because of the possibility of being transferred to a different location. Also, there are instances where employees limit themselves because of the "clerical positions" label. In 2007, we modified the program to encourage more employees to transfer to career-track positions, but I believe it would be beneficial if we could entirely eliminate the barriers between clerical positions and career-track positions in the future. This type of change will of course take some time, but we have set a goal of women filling 5% of managerial positions by 2015.

Kono: When you set a specific target like that, I get the impression that management is serious about these issues. It is not necessary, of course, for all women to enter management, but I believe it is important that every employee feels the value of their work and that the company allows for individual lifestyles. One perspective that I believe is important when hiring women is whether to make decisions based on current abilities or future potential. Unfortunately, because of the prevailing corporate culture in Japan, women are not given many opportunities to gain experience. Almost all important work-related skills are developed through experience. One method is to give as many opportunities as possible to employees with ambition and determination. In this sense, revising the program for transferring female employees from clerical positions to career-track positions in order to increase opportunities for women makes sense.

Hirose: Women have become more active in various divisions, and the presence of women is linked to the company's performance. This is probably the single most important factor in successfully promoting diversity.
Another important issue is spreading these policies and programs throughout the company. We provide information at every turn through internal newsletters, an intranet, training, and so on, but it is still not enough. There is no surefire remedy, and I believe that the only solution is steady and repeated efforts.

Kono: Just as you say, it is important to take actions in many different forms to promote policies. Ultimately, the information needs to be not only seen and heard, but brought to employees' attention to the extent that they talk about it themselves.

Work-Life Management and Allocation of Work

Hirose: It is also necessary to take measures to achieve a simultaneous balance between both work and home life. Until now, there has been an attitude within the company that values working long hours. We need to change this culture and place greater value on producing the desired results within the allotted time rather than simply working long hours. If we can't do that, no matter how much we talk about diversity and employment of women, it's no more than whitewashing the issue.

Kono: I completely agree with you.

Hirose: To achieve this, it is necessary for direct supervisors to allocate work that matches the skills of each employee. Previously, some supervisors gave women only standardized, routine work; instead, they need to allocate work that is appropriate for the individual employee in terms of both quantity and quality. When promoting diversity, this may very well be the most difficult thing to do.

Kono: That's true. For example, if supervisors do not consider assigning a combination of both work that is extremely challenging and routine work, employees will not find their work interesting and their individual skills will not be enhanced, an important factor in developing human resources. Management that takes into account the individual is extremely important for diversity too.

Hirose: It is from this perspective that we plan to introduce two-person team seminars for one female employee and her supervisor so we can make further improvements.

Kono: I look forward to this program. This may very well be a good opportunity to make significant changes to the corporate culture.
I have high hopes that JSR will make even greater use of the skills of its female employees and become an even better and more diverse company.

Mariko Kono
Chief Executive Officer, Career Network Inc.

Mariko Kono began working for Pioneer International Inc. in 1981. After working in Pioneer's personnel division at the head office, she was transferred to Career Network, a personnel and human resources services subsidiary that was established with the basic principles of organizational development and individual growth. She served as senior managing director and president, and after the company became independent in 2002, Kono was appointed Chief Executive Officer. Areas of expertise include human resource development and organizational skills enhancement. She serves as a member of the Cabinet Office Council for Gender Equality and the Japan Productivity Center's Council for Promotion of Work-Life Balance. She is also a mother with sons in junior and senior high school.

Roadmap to for the Promotion of Diversity

Phase 1	Phase 2	Phase 3	Phase 4
Groundwork preparation period 2010	Sowing period 2011-2012	Growth period 2013-2014	Harvesting period 2015 **Women fill 5% of managerial positions**
▶ Dissemination of Information from Senior Management ▶ Share an awareness of diversity ・Hold two-person team seminars (a total of 12 times companywide)			
▶ Career development training for employees who transfer to career-track positions — Conduct for employees (including those in clerical positions) who wish to participate			
▶ Launch Working Mothers Community SNS — Expand eligible employees to include male employees, mid-career hires, employees providing nursing care to family members, etc.			
	▶ Increase the number of female employees recruited (15% - 20% in engineering positions and 40% - 50% in administrative positions)		
▶ Survey of employee awareness Add items related to diversity and work-life balance	▶ Training for female management candidates		
	▶ Management training for female employees who seek managerial positions		

Continuously implement measures such as reducing long working hours, raising employees' awareness of programs, reassigning personnel, and increasing responsibilities.

CSR Implemented by the JSR Group

The JSR Group mission is to contribute to the realization of a more prosperous society through our business activities. In this process, it is important that we act with integrity as a good corporate citizen and live up to the trust that our stakeholders place in us. Our Group CSR represents the initiatives we employ to successfully achieve our mission and as such we view CSR as a key management issue.

Corporate Philosophy and Management Policies

Corporate Philosophy

Materials Innovation

"To provide new materials, and through their value strive to contribute to the realization of an affluent society (people, society, and the environment)."

Management Policies

- Persistently seek "innovation," constantly "evolve" globally, and strive to be a technology-oriented company.
- Pursue efficient, transparent and sound management practices and strive to be a company trusted by stakeholders.
- Practice responsible care for the world's future.

1 Basic Approach to Corporate Ethics	2 Management Policies related to Workplace Safety, the Environment, Quality, and Product Safety	3 Basic Approach to Risk Management	4 Basic Approach to Social Contribution
Corporate Ethics Committee	Responsible Care Committee	Risk Management Committee	Social Contribution Committee

1 Basic Approach to Corporate Ethics

- Contribution and Responsibility to Society: Obey the law, and conduct business activities as a responsible member of society; contribute to the betterment of society as a good corporate citizen. Furthermore, strive to conserve the environment and ensure safety; co-exist with society.
- Trusted Management: Provide appropriate and timely disclosure of information to shareholders; engage in highly transparent management, and increase corporate value, continually earning the trust of our shareholders.
- Services and Responsibilities to Customers and Other Business Partners: Interact in good faith with all business partners, maintaining fair and equitable relations while providing high-quality services.
- Respect for the Individual: Respect employees as individuals, ensuring a discrimination-free, safe and comfortable work environment.
- Relations with the Company: It is our responsibility to all of our stakeholders to be vigilant against damage to corporate value in any form, including intangible factors, such as societal trust and corporate character.

2 Management Policies related to Workplace Safety, the Environment, Quality, and Product Safety

- Workplace Safety: Continue our record of accident- and disaster-free operations, ensuring the safety of our employees and the local community, as we coexist with society.
- Environment: Reduce environmental impact throughout our entire business cycle—from product development to product disposal—doing our part to preserve the environment.
- Quality: Offer quality products and services that both meet customer requirements and ensure user safety.
- Product Safety: Verify safety at all stages—from raw materials to finished product—protecting the health and property of all individuals involved.

3 Basic Approach to Risk Management

- Our Group believes that preventing a major crisis from occuring and minimizing its effect on business activities is an important role of management. The Group has established a Risk Management Committee, and actively pursues risk management activities.

4 Basic Approach to Social Contribution

- Our Corporate Philosophy dictates that we make a contribution to society through our business activities. Further, as a responsible member of society, we are actively engaged in providing solutions to society's requirements and issues.
- We are continuously engaged in positive social contribution activities, capitalizing on our "chemical/technological" knowledge and skills that form the core of the JSR business.
- Every employee is a point of contact between the Company and society. We actively support our employees in their voluntary participation in social contribution activities.

Participating in the United Nations Global Compact

In April 2009, the JSR Group became a participant in the Global Compact policy advocated by the United Nations. Amidst increasing calls for corporate social responsibility, further consideration is required of firms engaged in business activities on a global scale in respect to human rights, labor, the environment and anti-corruption, as expressed in the ten principles of the Global Compact. We consider joining the Global Compact to be a proclamation for acting responsibly in the international community, and we intend to work hard to proactively execute our "corporate social responsibility."

The Ten Principles (United Nations Global Compact)

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

THE GLOBAL COMPACT
WE SUPPORT

Key Stakeholders Involved with the JSR Group

Based on the understanding that everything begins from society's expectations, JSR emphasizes dialogue with stakeholders to avoid making self-serving decisions.

FY2010 Activities

Biodiversity Measures

Biodiversity supports the lives of humankind and provides many benefits. Among its measures to address biodiversity, JSR works to understand the relationship between its business and biodiversity and has started investigating how it should continue to utilize the benefits of biodiversity for the continuation of its business, and how it can reduce its impact on biodiversity. To collect information and conduct research for these ends, JSR is participating in the Japan Business Initiative for Conservation and Sustainable Use of Biodiversity (JBIB).

A seminar on biodiversity at the head office for directors, taken by an external specialist held.

Targets and Results

The JSR Group has identified long-term actions in various categories and set targets for each year; the main action targets and results are set forth below.

	Action	FY2010 target	FY2010 performance		Assessment	Target for FY2011 onward	Implementing Division
CSR management	• Adopt CSR policies and construct CSR framework	• Solidify activities by the four committees and raise awareness of CSR	• Bolstered CSR implementation to achieve long-term CSR goals; in addition to existing corporate ethics and RC activities, management and social contribution activities	began full-scale implementation of risk	○	• Firmly establish and enhance risk management and social contribution activities	• CSR Department
			• Updated the CSR Report, opened the CSR Report Presentation to all divisions, and increased the dissemination of senior management through the internal newsletter and the intranet to raise employees' awareness of CSR; results were	information including messages from confirmed through questionnaires	◎	• Increase the dissemination of information • Implement measures to raise awareness within the company such as holding forums	
	• Consider United Nations Global Compact (GC)	• Use the GC network in CSR activities	• Maximized the use of the GC subcommittee and other organizations and reflected them in corporate policies; the February 2010 Management Conference	company president participated in the	◎	• Utilize the Global Compact network in CSR activities	• CSR Department
	• Reinforce corporate ethics and legal compliance	• Conduct survey on awareness of corporate ethics	• Conducted a survey of awareness throughout the entire group; the results were made known to group employees using up any issues identified through the survey was prepared	explanatory briefings and a plan to follow	○	• Periodically conduct surveys on awareness of corporate ethics and conduct follow-ups	• Corporate Ethics Committee
		• Reinforce publicity of new JSR Group Principles on Corporate Ethics and the new hotline	• Prepared English and Chinese posters for the multi-lingual hotline introduced in FY2009 and reinforced publicity overseas		○	• Conduct surveys on awareness of corporate ethics	
			• Conducted compliance seminars for officers taught by outside instructors and DVD training for managers		○	• Continue educational activities	
		• Establish legal compliance framework	• Periodically confirmed the status of legal compliance and conducted improvement activities for the entire group including	companies overseas	○	• Highlight importance of each law and firmly establish systems	
	• Reinforce risk management	• Begin operation of company-wide risk management system	• Began operation of the risk management system created in FY2009; identified 12 major company-wide risks and began those risks	implementation of systems to manage	○	• Periodically conduct company-wide risk-management activities and firmly establish systems	• Risk Management Committee
		• Reinforce emergency response capabilities	• Conducted real-time crisis management training in anticipation of a major accident or disaster, introduced an employee response capabilities in the event of a crisis	safety confirmation system, and reinforced	○	• Continue and improve crisis management training	
		• Adopt countermeasures against new strains of influenza	• Made enhancements to the influenza countermeasures adopted in FY2009 and implemented them when influenza was	prevalent	◎	• Continue countermeasures	
	• CSR Procurement[1]	• Investigate the introduction of CSR procurement (new target)	• Completed investigations of systems for the introduction of CSR procurement		◎	• Begin CSR procurement	• Procurement Department
RC (environment, safety and health) management	• Develop products that take into consideration the environment and safety	• Provide environmentally-friendly products	• Reviewed environmentally-friendly products and reinforced measures		○	• Encourage development of environmentally-friendly products and expand product lineup	
		• Determine environmental impact through LCA[2]	• Registered LCI[3] data on standard synthetic rubber in the Japan Environmental Management Association for Industry's concerning product data for fine chemicals	database; investigated calculations	○	• Continue investigation of use of LCI data in activities to reduce environmental impact	
	• Improve management of chemical substances	• Legal compliance with GHS[4]	• Made advances in labeling of products shipped in Japan in accordance with the Industrial Safety and Health Law and	performed GHS of MSDS5 as planned	○	• Promptly respond to GHS in accordance with laws and regulations of each country with respect to exported products	
		• Legal compliance with EU's REACH Directive[6]	• Completed provisional registration in accordance with EU's REACH Directive; began preparations for registration		○	• Perform registration; comply with the REACH directive	
		• Implement green procurement[7]	• Participated in and conducted trial operation of the JAMP[8] global portal site		○	• Conduct activities that emphasize collaboration within the supply chain	
	• Continue improvement of product quality	• Implement PLP[9] activities	• Reinforced measures for preventing quality-related incidents by reviewing quality control systems and improving quality	risk detection technologies	○	• Continue thorough PLP activities in collaboration with group companies	
	• Provide environmental and safety information concerning products	• Provide environmental and safety information to customers	• Used MSDS electronic management system to provide appropriate MSDS concerning prototypes and products to	customers	○	• Continue the thorough provision of environmental and safety information to customers	
	• Eliminate accidents and disasters	• Implement advance environmental and safety assessments	• Continued advance environmental and safety assessments in accordance with safety and environmental manuals when installing new or regular work; the cause of a small fire that occurred at the Yokkaichi Plant in FY2010 was thoroughly investigated, and measures were	modifying existing facilities and performing non- taken to prevent reoccurrence	△	• Identify potential risks concerning existing facilities, materials and work, and continue countermeasures	
			• Continued activities to eliminate dangerous work practices and conditions in order to prevent work related health and accidents resulting in lost work time by JSR employees	safety accidents; in FY2010, there were no	○	• Eliminate dangerous work practices and conditions, and encourage passing down of technologies	
		• Introduce systematic measures to prepare for and respond to major earthquakes	• Continued earthquake-proofing construction with focus on high-pressure gas facilities in plants based on results of	earthquake-proofing diagnosis	○	• Introduce measures in accordance with the mid-term plan	
	• Establish business sites that are trusted by the public	• Conduct reviews to maintain ISO 14001 and ISO 9000 series statuses	• Passed ISO 14001 and ISO 9000 series audits at three JSR plants (Yokkaichi, Chiba, Kashima)		○	• Continue undergoing of ISO 14001 and ISO 9000 series accreditation reviews	• Responsible Care Committee
		• Maintain certification under security related laws and ordinances	• Maintained and continued certifications relating to safety laws and regulations (High-Pressure Gas Safety Law, Fire Law)	Service Law, Industrial Safety and Health	○	• Update certifications under safety laws and regulations	
		• Audit environmental and safety performance of group companies	• Environmental and safety audits including domestic group companies were continued; audits of overseas group	companies have yet to be conducted	△	• Continue environmental and safety audits of domestic and overseas group companies	
	• Reduce environmental impact	• Encourage energy conservation: reduce energy consumption ratio by an average of 1% annually compared to the FY1999 level	• Investigated measures for achieving the goal of 6% reduction of carbon dioxide emissions (absolute value) by FY2013 natural gas-fired gas turbine cogeneration system was installed at the Yokkaichi Plant in April 2010	compared to the FY1991 level; large-scale	◎	• Continue energy-saving activities to achieve target for reduction of CO_2 emissions	
			• In FY2010, production volumes declined, and as a result, emissions fell by approximately 80,000 tons; however, the ratio by 1% was not achieved	target of reducing the energy consumption	△	• Confirm the effects of the newly installed cogeneration system	
			• Continued the accumulation of knowledge and information concerning carbon dioxide emissions trading through the trial operations	being conducted by the government	○	• Continue the collection of information concerning emissions trading	
			• Continued energy-saving activities at employee homes through the ABC Activities[11] of the Japan Chemical Industry 2008 to March 2010; received JCIA's Effort Award	Association (JCIA), conducted from April	◎	• Participate in *Eco-cho* (Environmental Household Account Book), which is part of *Wagaya-no-Kankyodaijin* (The Environmental Minister in My Home) program promoted by the Ministry of the Environment	
		• Reduce atmospheric releases of VOCs[10]	• VOC volumes were reduced by approximately 75% compared to FY2001 due to the installation of RTO[12] at three JSR	plants	○	• The target for VOC reductions in FY2013 is 80% compared to FY2001 levels	
		• Promote reductions of industrial waste, etc., and impact of wastewater on environment	• Concerning industrial waste, due to measures to limit the generation of industrial waste, comprehensive sorting of waste, were taken at all plants, "zero waste" goals have been achieved every year from FY2004 to FY2010 (6 tons of landfill	searches for recyclers, and other measures waste per year)	○	• Continue achieving "zero waste" goals	
			• Concerning wastewater (COD, total nitrogen, and total phosphorous), efforts were made to reduce environmental impact to comply	with the 6th Total Pollutant Load Control	○	• Further reduce environmental impact	
		• Introduce measures to improve local environment	• Reductions in offensive odors continued with the installation of RTO at three JSR plants • Countermeasures to reduce noise and light continued with the installation of a ground flare[13] at Yokkaichi Plant; there were no	environmental complaints in FY2010	◎	• Continue zero environmental complaints performance	
	• Biodiversity Measures	• Obtain information on biodiversity (new target)	• Participated in the Japanese Business Initiative for Conservation and Sustainable Use of Biodiversity (JBIB) • Conducted a seminar for directors taken by an external specialist to raise awareness of biodiversity among management		◎	• Adopt specific policies concerning biodiversity	
Human resources	• Support work-life balance of employees	• Disseminate information on and increase understanding of sound work-life balance (new target)	• Adopted in the FY2011 mid-term business plan and clarified the plan as corporate policy		○	• Promote understanding of sound work-life management and encourage policies to raise understanding	• Human Resources Development Department
		• Enhance various employee programs	• Expanded child-care, nursing-care and family-care programs beyond what is required by law and granted leave for	volunteer activities	◎	• Confirm understanding of the program by employees (including male employees) and implement measures to raise understanding	
	• Ensure diversity in the workplace	• Adopt a strategy to promote diversity (new target)	• Adopted in the FY2011 mid-term business plan and clarified the plan as corporate policy		◎	• Encourage the development of the corporate culture, take specific measures, and achieve quantitative targets (5% of managerial positions filled by women by FY2016; 15% to 20% of engineering positions and 40% to 50% of administrative positions filled by newly-hired women in FY2012)	
		• Increase diversity in hiring and encourage employment of disabled people	• Promoted diversity in hiring; employment of disabled persons reached the statutory rate of 1.78%		△	• Encourage diversity in hiring	
Social contribution	• Implement social contribution activities	• Begin operation of new social contribution programs	• Commenced various programs for educating the younger generation including the Taking Science Lectures on the Road social welfare programs such as the Table for Two and Ecocap Movement; FY2011 was the inaugural year of social	Program and school teacher training, and contribution activities for the JSR Group	◎	• Investigate and introduce new programs	• Social Contribution Committee
		• Encourage activities that contribute positively to local communities	• Conducted activities that emphasize dialogue with local residents, such as exchange events with local residents at tours	plants, local cleanup activities, and plant	○	• Continue activities	

◎ : Better than planned ○ : As planned △ : Improvement needed

Further information on other areas is available in the online version of this report

Glossary

1. CSR Procurement
Measures for the procurement of materials from suppliers aimed at environmental compliance as well as social aspects such as corporate ethics and hiring of employees.

2. LCA: Life Cycle Assessment
A method of analyzing and assessing quantitatively the impact on the environment of a product throughout all aspects of its lifecycle including raw materials, manufacture, use, and disposal.

3. LCI: Life Cycle Inventory
The compilation of input and output data on resources, energy and environmental impact concerning the LCA of a product.

4. GHS: Globally Harmonized System of Classification and Labelling of Chemicals
A system for global standardization of chemical classifications, labeling, and MSDS submission.

5. MSDS: Material Safety Data Sheet
Sheets which are attached to items when they are shipped to other businesses indicating the safety information of materials.

6. REACH: (Registration, Evaluation, Authorization, and Restriction of Chemicals) Directive
A European Union regulation requiring registration of safety testing data for all chemicals that are manufactured or imported in volumes of 1 ton or more annually.

7. Green Procurement
Measures for the procurement of materials from suppliers that implement comprehensive management of substances that have the potential to harm human health.

8. JAMP: Joint Article Management Promotion-consortium
An organization established to facilitate the efficient dissemination of information concerning chemical substances within supply chains.

9. PLP: Product Liability Prevention
Preventive activities designed to prevent the manufacture of defective products.

10. VOC: Volatile Organic Compounds
Organic compounds that are highly volatile; they are a source of atmospheric pollution.

11. ABC Activities: "Accelerate By Chemical Industry for Cool Earth" Activities

12. RTO: Regenerative Thermal Oxidizer
A device that combusts VOCs and breaks them down into water and CO_2 to make emissions cleaner.

13. Ground Flare
A device that combusts waste gases in a cylindrical furnace placed on the ground; ground flares have lower impact on the surrounding environment compared to conventional flare stacks.

Highlights of RC Activities

As a chemical manufacturer, the JSR Group undertakes Responsible Care (RC) activities to protect the environment and to ensure the health and safety of employees, local residents, customers, and other concerned parties. The main activities are described below.

Measures to Help Prevent Global Warming

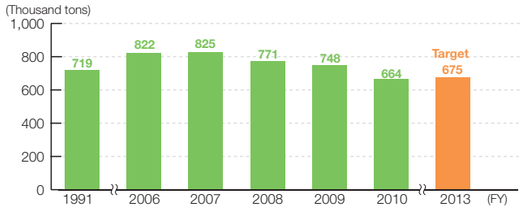
Reducing Carbon Dioxide Emissions Cogeneration System Installed at the Yokkaichi Plant

As a member of the Japan Chemical Industry Association (JCIA), the JSR Group is taking measures to reduce its carbon dioxide emissions by conserving energy in accordance with the policies of the Kyoto Protocol. The JSR Group is participating in the trial carbon dioxide emissions trading that began in 2008 and set goals to reduce the absolute volume of carbon dioxide emissions, as shown on the right. The Group is working to accumulate expertise and information concerning emissions trading.

Furthermore, the Yokkaichi Plant installed a large-scale, natural gas-fired turbine cogeneration system in April 2010. By using natural gas as fuel, this system greatly reduces the amount of heavy oil consumed compared to the earlier coal and heavy oil-fired steam boilers, and as a result, it is expected to reduce carbon dioxide emissions. The reduction effects will be confirmed at the end of this fiscal year.

Cogeneration system

CO_2 emission volume



Reduction target: Reduce FY2013 carbon dioxide emissions by 6% compared to the FY1991 level

Household Energy-saving Activities

JSR Group employees began energy-saving activities at their homes in April 2008. Approximately 2,500 employees participated in the program in FY2010, and as a result of making continuous energy-savings achievable at each home, an annual carbon dioxide reduction effect of approximately 1,000 tons[1] was achieved. In recognition of these activities, the JCIA presented the JSR Group with its ABC Activities[2] Effort Award. Starting in FY2011, JSR has been participating in the *Eco-cho* (Environmental Household Account Book), which is part of *Wagaya-no-Kankyodaijin* (The Environmental Minister in My Home) program promoted by the Ministry of the Environment.

ABC Activities Effort Award

1. Calculated using the JCIA "My Challenge Sheet"
2. ABC Activities: "Accelerate By Chemical Industry for Cool Earth" Activities

Reducing Emissions of VOCs[3]

The JSR Group has long worked to reduce atmospheric emissions of chemical substances, and with the FY2005 amendments to the Air Pollution Control Act, the scope of these efforts was expanded to include VOCs as a whole.

Measures to reduce VOC emissions include the installation of five dried-synthetic rubber waste incinerators at three plants between FY2007 to FY2010, resulting in FY2010 emissions falling by approximately 75% compared to FY2001. We have already achieved the FY2011 goal of 70%.

Dried-synthetic rubber waste incinerators at the Chiba Plant

3. Volatile organic compounds: a general designation for organic compounds that become gaseous in the atmosphere. There are concerns about the health effects of VOCs, and it is believed that they are a cause of suspended particulate matter and photochemical oxidants.

VOC emissions

Reduction target: Reduce FY2013 VOC emissions by 80% compared to FY2001 levels

Safety Measures

Since its establishment, JSR has conducted safety activities based on the principle that safety takes priority over production. ISO-based safety management systems were established at business sites in FY1997. Having also added health-related items, safety and health management systems are currently operated and various activities are conducted.

Prior safety assessment activities and hazard prediction activities are conducted with respect to facilities and regular and non-regular work to identify hazards and implement both physical (facility) and nonphysical (standards and education) countermeasures. JSR also conducts training and education that incorporates various innovations in terms of increasing people's awareness of the issues and passing on technological expertise.

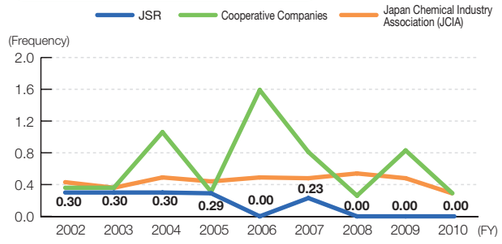
In FY2010, there were no work accidents resulting in absence from work. Employees from various cooperative companies work at our plants, and safety and hygiene work activities are always jointly promoted with these cooperative companies. To ensure thorough safety in each operation, each plant has a Comprehensive Disaster Prevention Council. In addition to considering the causes and measures to be taken to prevent accidents or disasters that occur at cooperative companies, the Disaster Prevention Council also conducts various activities to improve health and safety levels, including instruction, supervision and education on daily health and safety as well as joint inspections of workplaces when construction is underway.

Audit teams under the leadership of the company president conduct annual environmental and safety audits of JSR plants and research facilities. In FY2010, audits were conducted concerning the status of improvement activities designed to achieve environmental and safety goals. In addition, a safety commendation system (the Kawasaki Commemorative Safety Award) for the entire JSR Group has been established to raise awareness of safety by all JSR employees.

The president participates in audit activities at the Kashima Plant

An awards ceremony for the Kawasaki Commemorative Safety Award held at the head office

Labor Accidents (Work Stoppage Accidents)



Frequency = (Death or injuries in industrial accidents resulting in absence from work/Total working hours for all employees) × 1 million

Group Company Safety Measures: Elastomix Fine Chemical Manufacturing Department

The Fine Chemical Manufacturing Department at Elastomix Co., Ltd. produces polishing materials (CMP pads) for electronic materials on commission from JSR. Since the products are used for electronic materials, it is necessary to be particularly careful of foreign substances while using rotating and driver machinery that operates at high temperatures, such as extruders and molding machines, and as a result, production is extremely dangerous.

Various activities are undertaken based on the JSR safety management system under the principle of "dutiful and reliable conduct in respect to the basics." In FY2010, safety activities were conducted with a focus on "narrowly-avoided accident" activities, identification of potential hazards, and basic operational training to identify and reduce hazards in the workplace. Furthermore, in respect to new employees, individuals serve as instructors using a "risk identification photo collection" for safety training conducted through group discussions of dangerous work areas and the reasons why they are dangerous. JSR will continue to conduct innovative safety activities involving all employees.

Implementation of the three "rights" and 5S activities

Jun Kaneda
Fine Chemical Manufacturing Department, Elastomix Co., Ltd.

In the Fine Chemical Manufacturing Department, we refer to JSR activities and implement the three "rights"—*teihin* (right component), *teii* (right place), and *teiryo* (right volume)—together with 5S activities: sorting, straightening, systematic cleaning, standardizing and sustaining.

As the foundation of these activities is the idea that when maintaining an orderly and well-organized workplace becomes habitual, quality and safety levels increase. We are working first to establish this principle within the division and will then conduct various safety activities based on this idea.

Highlights of Social Contribution Activities

Social Contribution Activities Conducted by the JSR Group

As a corporate group that conducts business activities globally, in January 2009 the JSR Group adopted the Basic Approach to Social Contribution (see page 10) with the aim of contributing to solving a broad range of societal issues. The Group began implementing various programs in FY2010 and set that year as the inaugural year of its social contribution activities for the Group. Major activities are discussed below.

Taking Science Lectures on the Road

One of the more serious problems that Japanese society faces today is the waning interest in science among children. In response to this issue, the JSR Group is working with local boards of education to conduct "Taking Science Lectures on the Road Program," in which the Group visits junior high schools to hold special science classes. In FY2010, the classes were conducted at junior high schools in Yokkaichi, as in the past, and similar science classes were conducted in Kamisu City in Ibaraki Prefecture, where the Kashima Plant is located. With the aim of raising children's interest in the sciences, instructors use experiments and teaching materials to explain that raw materials made by combining molecules are used in our everyday lives.

Employees of the Kashima Plant conduct a lecture

Comment from an employee responsible for planning and operations

When they first see the chemistry experiments, the children's eyes light up with excitement. Together with our "molecular mascot," we will continue to convey the excitement of raw materials present in our everyday lives.

Takuya Matsumoto
Administrative Section
Kashima Plant

Comment from a Student

I learned just how interesting chemistry is and how it can be useful for many things. I now like science more than I did before. The class was really interesting.

Yokkaichi Kid's CO_2 Reduction Challenge

New Initiative in FY2010

The Yokkaichi Plant conducted a new environmental education program developed in collaboration with the local government and several local businesses. Educational materials on global warming were created for elementary school students, visits were made to elementary schools within the city to conduct environmental programs, and the effects of energy-saving strategies implemented by the children at their homes were confirmed.

Scenes of the Yokkaichi Kid's CO_2 Reduction Challenge

Comment from an employee responsible for planning and operations

We are working to adopt innovations that will raise awareness of other family members concerning the environment and carbon dioxide emissions through educating children about the environment.

Yoshifumi Kato
Environment & Safety Dept.
Yokkaichi Plant

Comment from a Participating Student

I want to continue turning off the electricity when I'm not using it. When I checked the meters, I was surprised to see how much electricity and gas were used. From now on, I will use electricity and gas more carefully.

Teacher Training in Yokkaichi City

New Initiative in FY2010

The Yokkaichi Plant worked with the Yokkaichi City Board of Education to conduct training for 28 teachers from elementary and junior high schools in the city. The training, which included lectures, plant tours and experiments, was conducted primarily during summer vacation with the aim of being useful in developing lessons. The program was extremely well received by the participating teachers.

Yokkaichi City Teacher training in progress

Comment from an employee responsible for planning and operations

I feel that we have made further progress with these activities, which were undertaken as a partial solution to the declining interest in the sciences among children, by getting science teachers interested in our science experiments.

Emi Hata
General Affairs Team, Administration Dept.
Yokkaichi Plant

Comment from a Participating Teacher

Thanks to the plant tour and the explanations given by the employees, I understand the industrial complex's connection with Yokkaichi City. I will be able to use this information when I teach the students about petrochemical complexes. I also came to understand just how important research and development is. I believe that science education in schools is extremely important.

Special Production Engineering Course at Nihon University

As part of efforts to promote collaboration between industry and academia[1], the Chiba Plant started holding a special production engineering course at the College of Industrial Technology at Nihon University four years ago. The course covers every aspect of corporate quality requirements from the procurement of raw materials to manufacturing, shipment, and tire manufacturing by users. Students have found the course very interesting.

The course at Nihon University

1. Cooperation between industry and universities with the aim of promoting education regarding research and technological aspects.

Comment from a Course Instructor

As a result of various innovations adopted in the course, such as a question and answer format, the students developed a deep interest in corporate quality control. I used ramen noodles to illustrate the production process, from how raw materials are procured right through to product shipment. The students' interest was apparent by the results of a questionnaire, and I am very pleased with the outcome.

Yoso Nakashima
Chiba Team
Technical Dept. I

Comment from a Student

It was good to have the opportunity to feel different types of rubber and understand the differences. It was refreshing to take a quality control course amid the more common technology and research courses.

TABLE FOR TWO Program

New Initiative in FY2010

On February 1, 2010, the JSR Group head office and Yokkaichi Plant began participating in the TABLE FOR TWO (TFT) program[2], which supports the provision of school meals to developing countries. At the head office, delivered meals for the TFT program were prepared, and at the Yokkaichi Plant, a special menu was created at the staff cafeteria. As of the end of April 2010, some 4,800 meals worth approximately 96,000 yen had been donated. The program will continue at both sites.

Employees enjoying meals from the TABLE FOR TWO menu

2. A program established to address both food shortages in developing nations as well as obesity and lifestyle-related illnesses in developed nations. For every well-balanced menu item that is purchased (subject to the TFT program and in the range of 730 calories), one school meal worth approximately 20 yen is provided as a donation to a school in a developing nation.

Comment from an employee responsible for planning and operations

At the Yokkaichi Plant, the cooperation between an external food supplier and JSR Business Service Co. Ltd. (a group company which manages the cafeteria) led to the smooth introduction of the TFT program. Concerns regarding health, including metabolic syndrome, are rising, and as such sales of the TFT menu items have been strong.

Mizuho Oya
Personnel Team, Administration Dept.
Yokkaichi Plant

JSR Profile

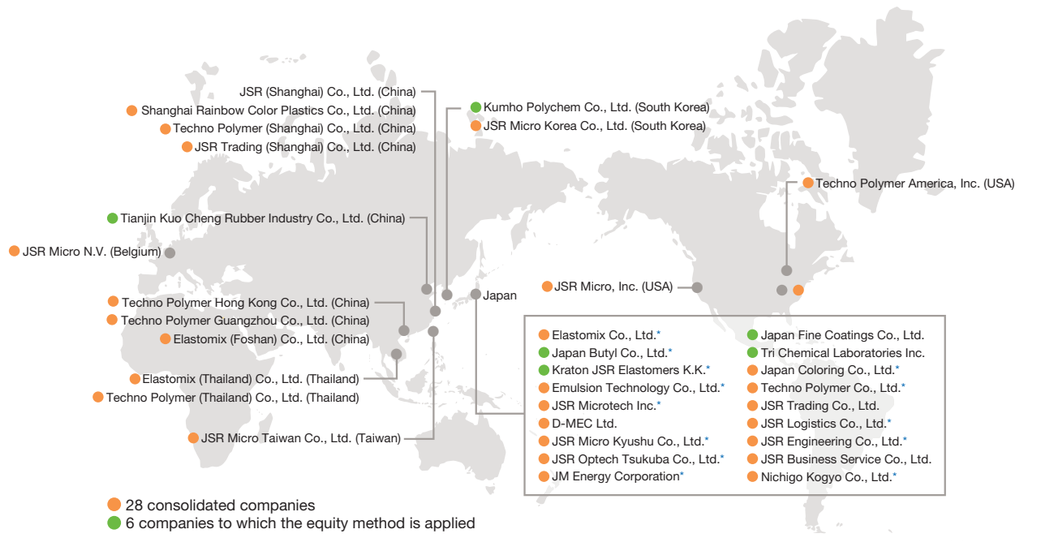
Company name	JSR Corporation
Established	December 10, 1957
Head office	Shiodome Sumitomo Building, 1-9-2 Higashi-Shinbashi, Minato-ku, Tokyo, Japan
President	Mitsunobu Koshiba
Capital	¥23.3 billion
Number of employees	2,517 (non-consolidated); 5,212 (consolidated)
Businesses	Elastomers, thermoplastic elastomers, emulsions, plastics, electronic materials, display materials, optical materials, precision materials and processing, medical materials, environment and energy, etc.

(as of March 31, 2010)

JSR Operations

Plants	Yokkaichi Plant (Yokkaichi City, Mie Prefecture) Chiba Plant (Ichihara City, Chiba Prefecture) Kashima Plant (Kamisu City, Ibaraki Prefecture)
Research centers and laboratories	Yokkaichi Research Center (Yokkaichi City, Mie Prefecture) ■ Performance Polymer Research Laboratories ■ Fine Electronic Materials Research Laboratories ■ Display Materials Research Laboratories Precision Process Technology Center (Yokkaichi City, Mie Prefecture) ■ Precision Processing Research Laboratories Tsukuba Research Laboratories (Tsukuba City, Ibaraki Prefecture)
Branches	Nagoya Branch (Nagoya City, Aichi Prefecture) Kyushu Office (Saga City, Saga Prefecture)
Overseas branches / offices	Wallisellen Branch (Switzerland) / Shanghai Office (China) Taiwan Office / Singapore Office

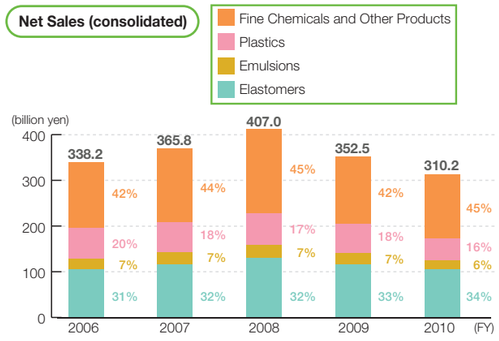
JSR Group Companies



28 consolidated companies
6 companies to which the equity method is applied

*Kyushu Gomu Kako Co., Ltd. is not listed because the company is scheduled to be dissolved around September 2010. (as of June 30, 2010)

Financial Information



Editorial Policy

The essence of corporate social responsibility (CSR) within the JSR Group is to act with integrity as a good corporate citizen, in carrying out initiatives that meet the expectations of society.
The purpose of this report is to inform all stakeholders of JSR Group policies and initiatives for a sustainable society.
In the *CSR Report 2010*, we have strived to communicate our activities in a straightforward manner in the Executive Commitment section and two feature articles.
In addition, the report has undergone third-party verification to strengthen its reliability. The results of this verification are available in the online version of the *CSR Report 2010*.

The *CSR Report 2010* Format

The JSR Group's *CSR Report 2010* consists of printed and online versions.

- Printed

The printed version communicates the JSR Group's CSR activities that we would particularly like to bring to the attention of our stakeholders.

- Online

In addition to the content found in the printed version, the online version details specific initiatives in the areas of management, "responsible care" (the environment, health and safety), and society.
http://www.jsr.co.jp/jsr_e/csr/csrreport2010.shtml

Referenced Guidelines

- "Sustainability Reporting Guidelines, 3rd Edition," GRI (Global Reporting Initiative)
- "Environmental Reporting Guidelines 2007," Ministry of the Environment
- "Environmental Accounting Guidelines for Chemical Companies," Japan Responsible Care Council

http://www.jsr.co.jp/csr/dl_gri.shtml
Note: Details on how this report conforms to the "GRI Guidelines" are available in the online version: http://www.jsr.co.jp/csr/dl_gri.shtml (Japanese only)

Target Period

April 1, 2009 – March 31, 2010

The *CSR Report 2010* also includes a section on activities and initiatives conducted since April 2010.

Operations Covered

JSR Corporation and 34 Group Companies

- Operations for which data was collected on "responsible care" (the environment, health and safety)

Yokkaichi Plant, Chiba Plant, Kashima Plant, Yokkaichi Research Center, Precision Processing Research Laboratories, Tsukuba Research Laboratories, and 13 domestic Group companies

* Information on the 13 companies listed above can be found on page 17 of this report.

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Responsible Care®

Responsible Care (RC) refers to "autonomous management activities aimed at carrying out and improving policies related to health, safety and the environment as part of the JSR Group's public commitment in its management policy. It is based on the principles of self-determination and self-responsibility on the part of corporations involved in producing and handling chemical substances, and covers the lifecycle of chemical substances—from development and production to distribution, use and disposal."

Responsible Care®
OUR COMMITMENT TO SUSTAINABILITY

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Cover Design

The single line drawn on the cover represents the connection between society and the products that use JSR-made materials; and it also expresses the JSR Group's strong desire to contribute to a recycling-based society.

JSR's fiscal year runs from April 1 of a given calendar year to March 31 of the following year and is named after the calendar year in which it ends (e.g., fiscal year 2010 refers to the period from April 1, 2009 to March 31, 2010).