JSR Group

CSR Report 2011

JSR

Materials Innovation

JSR

With chemistry, we can.

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JSR Corporation

Executive Commitment

Becoming a Company where Freedom and Discipline Thrive Together
The JSR Group will Embark on “Activation Toward Growth” to Realize its Long-term Vision

Mitsunobu Koshiba
Representative Director and President

The New Mid-Term Business Plan and Activation Toward Growth

The earthquake and tsunami that struck Japan in March 2011 brought unprecedented destruction to the Tohoku and Kanto regions. We would like to express our deepest condolences to those affected by the disaster.

While no physical damages or personnel injuries/casualties were suffered by members of the JSR Group, the Kashima Plant in Ibaraki Prefecture sustained damage and was forced to suspend operations for approximately two months. As we travel the road to reconstruction, we will contemplate what we can do and what role we should take as a member of society to help, then transfer such thoughts into action.

For the JSR Group, FY2012 (April 1, 2011 to March 31, 2012) marks the start of a new mid-term business plan that covers the period until FY2014: JSR20i3 (“twenty thirteen”). We formulated this plan—which takes its *i* from *innovation*, the most important keyword at our Group—based on an analysis of our business environment until 2030 and with an aim to become the type of business our Group wants to be in 2020.

With regard to the structural business reforms we have been working on since 2002, we had to revise the original numerical targets due to the financial crisis and other factors, but I am confident that our general direction and strategy were no mistake. When developing the new plan, we modified parts that should be changed to match new conditions while keeping portions that should be continued.

The key phrase is “Activation Toward Growth.” In this turbulent age of uncertainty and diversification, we want the next three years to be a period in which we bring to commercial fruition the “investments for growth” we have made over the years and activate greater growth.

The JSR Group’s Essential Elements with Enduring Goals

For JSR20i3 we revised our Corporate Mission for the first time in nine years and gave it a place within “JSR Group’s Essential Elements” alongside our Corporate Mission, Management Policies and Course of Action. We did this because we believe that in order for our Group to continue to grow we need to communicate and share with all our employees what the JSR Group will always aspire to become, even when our business areas or managers change.

Our new Management Policies clearly express our management focus and the standards we set for our judgment of value, and proclaim the importance we place on responsibility to our stakeholders. We reorganized our Course of Action by adding Cultivation—the common growth of both managers and junior staff through bi-directional communication—to the original *3Cs* (Challenge, Communication, Collaboration), making it the *4Cs*.

We also revised our Principles of Corporate Ethics so that the same guidelines apply to all members of the JSR Group, even overseas sites. We have integrated the 10 principles of the United Nations Global Compact as a major component of this system, given their importance in the operation of our global business.

Activating the E2 Initiative™

Accompanying the start of JSR20i3 this year will be the full-scale implementation of the E2 Initiative™. The E2 Initiative™ seeks to create value for both Eco-innovation, the creation of new business opportunities, and Energy Management, which focuses on the reduction of CO_2 emissions. In other words, it seeks to create value on both aggressive (the products and services area of our business) and defensive (internal activities and processes) fronts.

On the aggressive creation front, we have already rolled out various products, such as rubber for fuel-efficient tires. A major advantage to aggressive measures is that by testing newly developed products at our plants before marketing, we can also unite them with our defensive measures and save energy in our own operations. We will ascertain emerging needs and ambitiously launch new businesses based on an understanding that the environment has a strong community element and requires lower priced, higher quality products than most markets.

In FY2013, we set a target to reduce CO_2 emissions by 6% from 1990 levels. While we need to determine the effects of the Great East Japan Earthquake, our strong commitment to achieving further reductions will remain the same. We will also ambitiously pursue energy management.

Additionally, from this year onward we will use lifecycle assessment (LCA) as well as economic performance as a basic consideration in all product development. Through repeated success in implementing LCA we hope to increase employee awareness.

Another new focus will be biodiversity conservation, which we have incorporated into our new Management Policies. The JSR Group uses naturally derived raw materials in its core products and also manufactures synthetic rubber with properties comparable to natural rubber. Therefore, we consider the conservation of biological diversity to be an issue intimately linked to our business that we should start tackling immediately.

Based on this understanding, we are in the process of collecting data to determine issues in our raw materials supply chain. Using this information, we intend to deploy concrete initiatives aimed at solving such issues and include them into our business plans.

Cultivating a Corporate Culture of “Freedom and Discipline”

Our Group sees diversifying our workforce as a key management issue, and as a first step has sought to employ more women. We believe these efforts have been fruitful, both in terms of female representation among new company hires and in terms of skill development.

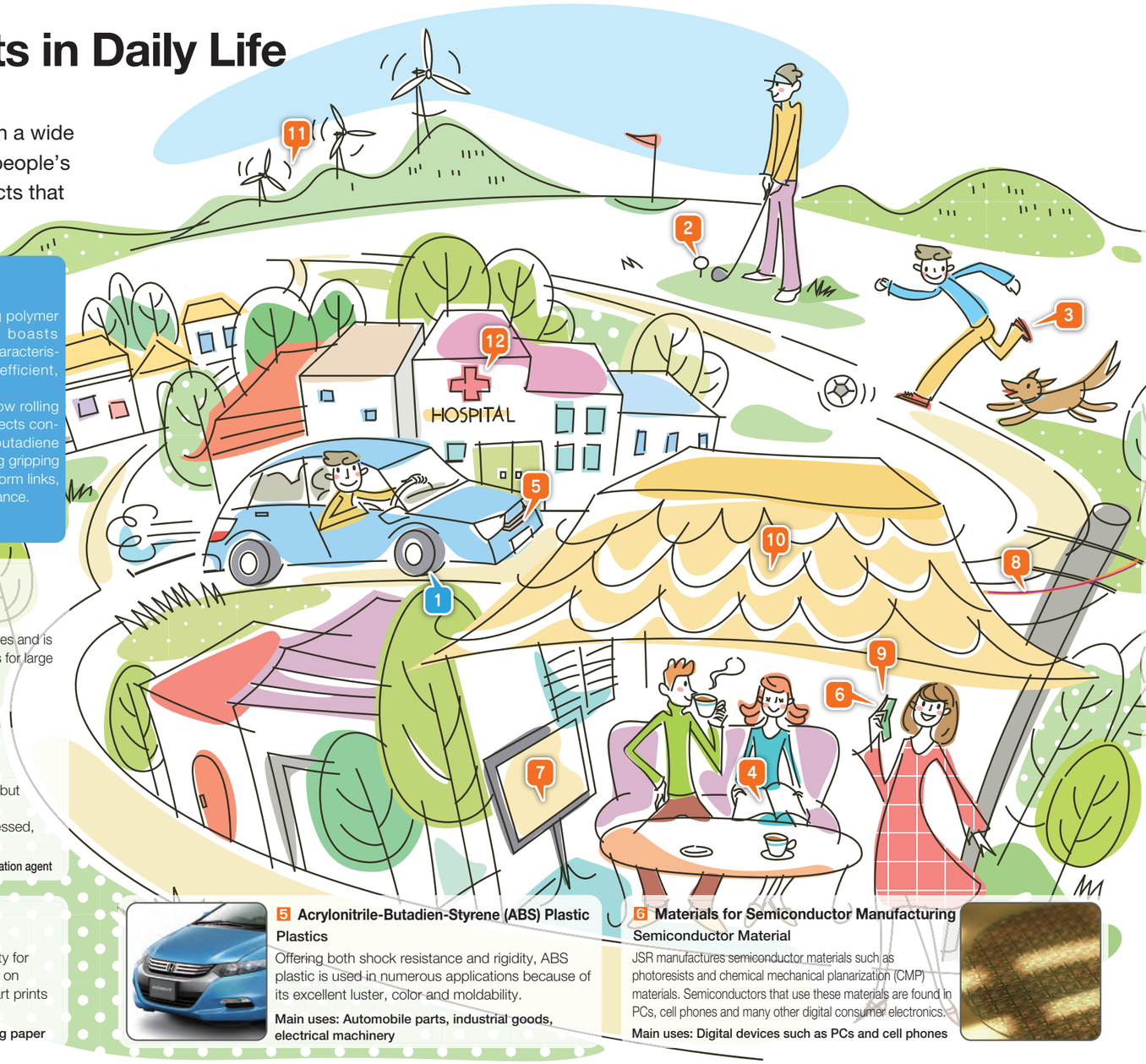
We are not of the mindset, of course, that workplace diversity is simply about increasing the number of female employees. Given the global expansion of our business, we will focus on globalizing our human resources, for example by expanding our international exchange and training program with overseas sites.

My earnest desire is to create an environment in which our globally diverse workforce can develop and use their skills more freely. Based on the clear values set down in JSR Group’s Essential Elements, we hope to develop a corporate climate—a corporate culture—that encourages two typically contradictory concepts: freedom and discipline.

This CSR Report presents the many new initiatives the JSR Group is activating at this present milestone in its development. 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

Synthetic Rubbers

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

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

Main uses: Tires

2 Poly-Butadiene Rubber

Synthetic Rubbers

Has superior abrasion resistance, dynamic characteristics, and low-temperature properties and is highly workable. Applications range from tires for large vehicles, to industrial products to golf balls.

Main uses: Tires, golf balls

3 Thermoplastic Elastomers

TPE

TPEs act like rubber at room temperature, but soften when heated, making molding and processing easy. They can also be reprocessed, making recycling possible.

Main uses: Footwear soles, adhesives, asphalt modification agent

4 Paper Coating Latex

Emulsions

Featuring strong bonding and high suitability for printing, this latex is used as paper coating on various printed materials, everything from art prints to flyers.

Main uses: High-gloss paper, coated printing paper

5 Acrylonitrile-Butadien-Styrene (ABS) Plastic

Plastics

Offering both shock resistance and rigidity, ABS plastic is used in numerous applications because of its excellent luster, color and moldability.

Main uses: Automobile parts, industrial goods, electrical machinery

6 Materials for Semiconductor Manufacturing

Semiconductor Material

JSR manufactures semiconductor materials such as photoresists and chemical mechanical planarization (CMP) materials. Semiconductors that use these materials are found in PCs, cell phones and many other digital consumer electronics.

Main uses: Digital devices such as PCs and cell phones

7 Display Materials

Flat Panel Display (FPD) Materials

JSR's original, highly reputed cutting-edge materials support the high picture quality of LCD televisions and other devices that employ video displays.

Main uses: LCD televisions, PCs, cell phones

8 Optical Fiber Coating Materials

Optical Materials

Ultraviolet light curable materials with superior properties, used to protect glass optical fibers, which are essential today for such applications as the Internet and long-distance communications.

Main uses: Optical fibers for communications

9 Film for Touch Panel Use

Precision Materials and Processing

JSR's own heat-resistant transparent resin, ARTON™, and other high-performance materials undergo surface processing, transparent electrode formation, and other processes, and are supplied in film form for use in smartphones and tablet devices.

Main uses: Smartphones, tablet devices

10 Thermal Management Materials

Environment and Energy

These materials combine JSR's advanced polymer technologies with materials that control the transfer of heat to help reduce energy use.

Main uses: Architectural coatings, refrigerants

11 Lithium-ion Capacitors

Environment and Energy

These capacitors can charge and discharge large amounts of energy almost instantly, have long life spans, and are safe—perfect for use in a wide range of energy storage applications.

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 phenomena.

12 Particles for Clinical Diagnostics

Biomedical Materials

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

Main uses: External diagnostic agents, genetic research reagents

Major Products

Petrochemical Products Businesses

Synthetic Rubbers

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

TPE

JSR delivers thermoplastic elastomers (TPE) that combine the elasticity of synthetic rubber and the excellent moldability of thermoplastic resin. Advanced research and development result in high added-value products that are environmentally friendly.

Emulsions

Building 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 Group 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 functionality and well-balanced properties.

Elastomers | **Plastics**

Fine Chemicals and Other Products

Semiconductor Materials

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

FPD Materials

JSR produces materials for flat-panel displays (FPD), which occupy a key position within the evolving electronic device market. The company has contributed to technological innovation 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 films, based on the synergistic benefits of its innovative materials that use polymer material technologies and precision processing technologies.

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, bioplastic materials, and thermal management materials.

Biomedical Materials

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

Fine Chemicals | **Strategic Businesses**

The JSR Group's Essential Elements and CSR

In April 2011, JSR carried out a revision of JSR Group's Essential Elements, which consists of a Corporate Mission (our "significance of existence"), Management Policies (evaluation standards), and a Course of Action (individual working styles). The JSR Group's Essential Elements reflects values to be shared throughout the JSR Group, not at JSR Corporation alone.

Corporate Mission and Management Policies

Corporate Mission

Materials Innovation:

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

Our value is not limited to "materials" but includes the components that capitalize on the strengths of the materials themselves.
We will research, create and introduce high quality, highly functional chemistries, materials and technologies to the markets we serve.
Value will be created throughout all corporate activities across the JSR Group including manufacturing, sales, research and development, procurement, logistics, planning and administration.
We deliver exceptional materials that enhance people's lives while refusing to compromise on our social and environmental responsibilities.

Management Policies – JSR's Fundamental Pillars of Management

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

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

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

Management Policies – Responsibility to Our Stakeholders

Responsibility to our customers / business partners — **When interacting with our business partners and customers, the JSR Group will:**

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

Responsibility to our employees — **All employees should expect:**

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

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

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

Responsibility to shareholders — **JSR Group will maintain its responsibility to its shareholders by:**

- Aiming to increase corporate value by creating business opportunities through materials
- Constantly enhancing its management efficiencies
- Inspiring trust by being highly transparent and conducting sound corporate management practices

You can read about our Course of Action in the online version of this report.

CSR Implemented by the JSR Group

The JSR Group mission is to create value through materials to enrich society, people and the environment. 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.
Specifically, we have identified four key action areas for CSR: corporate ethics, Responsible Care (RC), risk management, and social contribution. Four committees, one for each area, have been set up to promote CSR activities, with the CSR Committee, chaired by a executive managing officer, coordinating and providing guidance to the separate committees.
The CSR Committee will also serve as the central mechanism for responding to new issues that emerge in the needs of society as it becomes more complex.

Participating in the United Nations Global Compact

In April 2009, the JSR Group became a participant in the United Nations Global Compact. Amidst increasing pressure for corporate social responsibility, businesses operating on a global level need to make a greater commitment to human rights, labor, the environment and anti-corruption, as expressed in the ten principles of the Global Compact. The JSR Group considers its participation in the Global Compact to be a proclamation of its dedication to acting responsibly in the international community and to work even harder to fulfill our corporate social responsibility.

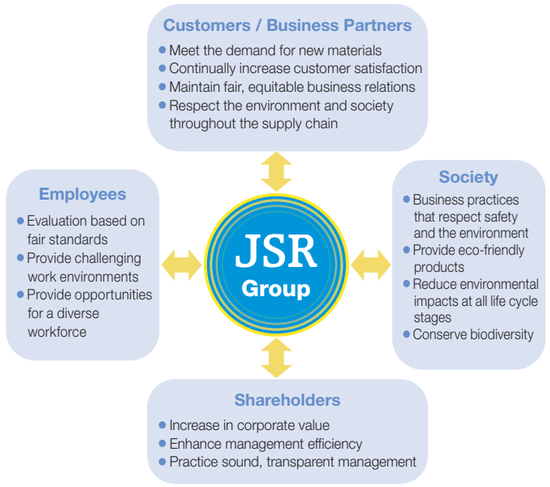
The Ten Principles (United Nations Global Compact)

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.



A Closer Look

Communicating the New Corporate Mission

JSR is trying to acquaint everyone in the JSR Group with the JSR Group's Essential Elements. We published "An introduction to the JSR Group's Essential Elements," which includes an explanation our Corporate Mission in the President's own words, with the goal of disseminating this information throughout the Group. Also, the President holds explanatory briefings on the subject at JSR sites across Japan and overseas.

An explanatory briefing on the JSR Group's Essential Elements at JSR Micro N.V. (Belgium)

"An introduction to the JSR Group's Essential Elements"

The E2 Initiative™ and Manufacturing for the Future

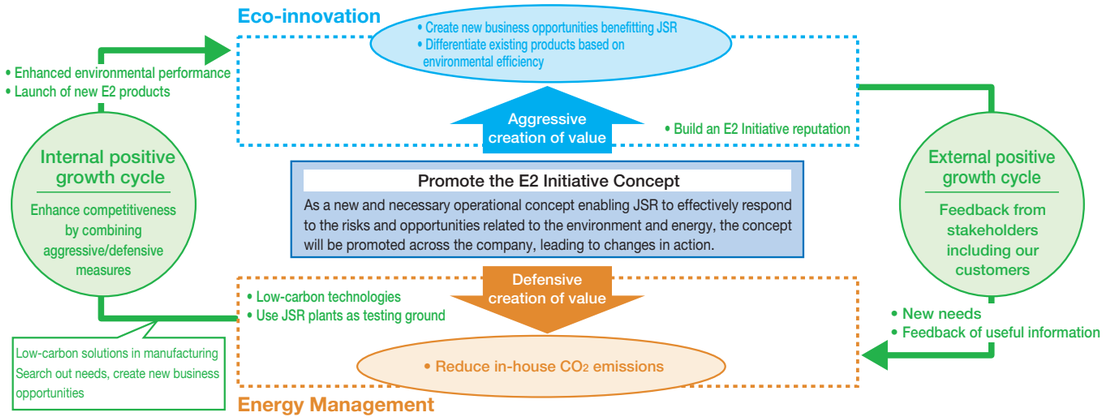
How should the JSR Group respond as a member of society to the growing issues we face with the global environment? The E2 Initiative—our concerted effort to create value on both "aggressive" and "defensive" fronts—shows the direction the JSR Group is moving in to address environmental issues.

≫ The E2 Initiative Concept

In 2009, JSR launched a project that investigated possible approaches to two major goals: addressing risks related to environmental and energy issues, such as regulatory requirements for global warming mitigation, and finding ways to create new business opportunities. The E2 Initiative is the product of this endeavor. Named after the two initiatives it comprises, Eco-innovation and Energy Management, the E2 Initiative shows the outlook of JSR's Group-wide effort to create value on both aggressive fronts, such as the development of environmentally-friendly products, and defensive fronts, such as CO_2 emission reductions at Group plants.

Schematic Concept of JSR's E2 Initiative

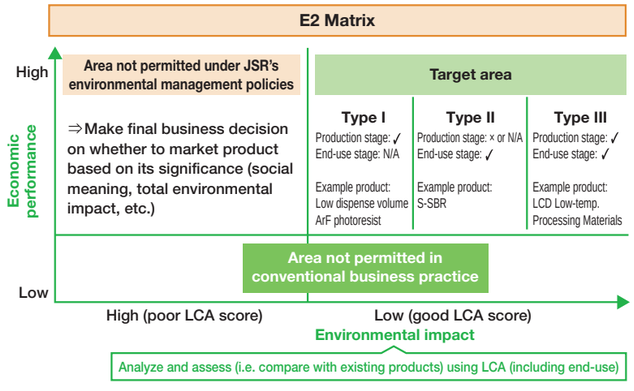
E2 Initiative = Eco-innovation + Energy Management



≫ E2 Matrix

The E2 Matrix will serve as the benchmark for bringing the E2 Initiative into being. This illustrative tool shows how we added "environmental impact"—the assessment of a product's impact through lifecycle assessment (LCA), including end-use—to the set of confirmation items used in product development. In all future product development, both "environmental impact" and "economic performance" will be prerequisites, meaning that no products with a large environmental impact will be permitted even if it has great economic potential. In this way we will seek to expand our line of environmentally friendly products and instill the virtue of "environmental performance" into our corporate culture.

Environmental Management at JSR = Symbolic Benchmark of the E2 Initiative: The E2 Matrix



≫ Aggressive Creation: Eco-innovation

Eco-innovation is our initiative aimed at creating new business opportunities by expanding our line of environmentally friendly products and thus providing society with the value of "environmental performance." Presented below are two important examples of this initiative: thermal management materials, and lithium-ion capacitors (LiC).

• Thermal Management Materials

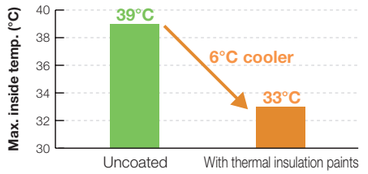
One technology we are currently positioning as an "aggressive creation" area is thermal management materials. Thermal management materials are products that help to reduce energy consumption by controlling (facilitating the effective use of) heat. We are currently undertaking the development of thermal storage materials that maintain constant temperature levels and thermal barrier coating materials that insulate heat.

The thermal storage materials we are developing are paraffin, a type of organic compound, combined with a JSR proprietary polymer. These materials allow for "thermal control," the trapping and release of heat, leading to more efficient use of energy. In addition, thermal insulation paints containing SIFCLEAR—a thermally insulating material developed by JSR—applied to a warehouse roof resulted in a 6-degree reduction in peak temperature in one test. These products make the most of JSR's expertise as the top maker of polymers.

Effect of JSR's "SIFCLEAR™" for thermal insulation paints

Demonstration Test
Inside temperature of a prefab warehouse was recorded before and after applying thermal insulation paints to its roof (results of experiment performed at JSR).

Effect



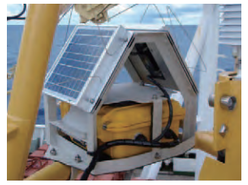
• Lithium-ion Capacitors

JSR was also quick out the gates for the development of lithium-ion capacitors (LiC), a hot technology in the race for next-generation electricity storage devices. JM Energy Corporation, a JSR Group company, beat competitors by being the first to mass-produce this technology.

In spring 2011, JM Energy launched a new laminated product with two-thirds less internal resistance than conventional products, and also began shipping samples of flat prismatic type cells and modules that dissipate heat better and are more vibration-resistant. Users have expressed great enthusiasm for these products.

LiCs, which can charge and discharge more quickly than batteries and have a far greater storage capacity than conventional electric double-layer capacitors, are also suitable for integrated applications with alternative energies such as solar and wind power. Applying LiCs to alternative energies, which have high output volatility, levels out this volatility, making their deployment more reliable and efficient.

With the need for an energy shift mounting, we will continue to develop LiCs to meet a multitude of emerging needs.



CO_2 monitoring buoy equipped with LiC (JAMSTEC)

≫ Defense: Energy Management

In our efficiency promotion project, E-100plus, all companies in the JSR Group are deploying advanced energy-conservation technologies to reduce CO_2 emissions. Monthly emissions for each division and product are now being quantified to help "visualize" progress, with recognition given to particularly successful divisions and products through a newly created award program. We are also aiming to make CO_2 reduction a permanent part of business activities when starting new R&D projects or mass-scale production, for example by including the cost of CO_2 emissions in their budgets.

And for newly developed products with energy-saving features, we are trying to combine such products with our "aggressive" strategy by first testing them internally and then marketing only those that demonstrated their effectiveness in reducing emissions.

Third-Party Opinion

Itaru Yasui
President, National Institute of Technology and Evaluation
Professor Emeritus, University of Tokyo

Uniting eco-innovation and energy management is a necessary endeavor that will also make the JSR Group a fundamentally stronger company. Due to the Great East Japan Earthquake, achieving carbon-efficient power is now a major challenge. Businesses, therefore, must determine the extent of their responsibilities while keeping a close watch on Japan's stance at COP 17 in December 2011 and trends for 2020 medium-term targets. Meanwhile, rigorous energy-saving initiatives are an effective approach in any climate. Particularly worthwhile are efforts put toward products that save energy during use. As a whole, the E2 Initiative is an ambitious initiative that we can expect to reap real and effective results.

Response

Katsuya Inoue
Officer and General Manager,
Corporate Planning Department

Professor Yasui's opinion was a reassuring assessment that our E2 Initiative is inherently a pursuit of two simultaneous goals: solutions to society's problems and the strengthening of our corporate competitiveness. This seems to fit in with not only our CSR philosophy, which considers societal solutions to be a corporate responsibility, but also that of Creating Shared Value (CSV), which sees such problems as an opportunity. The most important point here, I think, is that the source of value has shifted from being a dualistic question of "differentiation" or "cost," to one where "environmental performance" is a necessary component to be balanced with one of the two. We would like to contribute to solving society's problems by closely pursuing the E2 Initiative, and by adapting quickly to the structural changes Professor Yasui mentioned are taking place after the Great East Japan Earthquake.

Social Contribution Activities: Supporting Education in Our Own Way

A class scene at Mihama Elementary School in Yokkaichi, Mie Prefecture

How can we use our strengths as a chemical manufacturer to help kids grow and become the leaders of society's future? Compelled by this desire, JSR has undertaken a variety of educational support activities. Here we introduce the visiting lectures happening at Yokkaichi Plant and other locations.

Our Desire for Children

The waning interest in science among children these days is a matter of deep concern. Even at school, children are said to have fewer opportunities to conduct chemistry experiments and enjoy other experiences. We at JSR want children to feel for themselves the importance, the potential, and even the enjoyment of manufacturing, not through thinking but through experiencing such emotions as surprise and delight. At the same time, we also want children to learn how necessary and important JSR's materials are in making so many things that exist in the world.

• Ranking of Japanese children's academic ability and interest

	Science score (average)	"Studying science is fun" ("Very fun")
Fourth grade (out of 36 countries/ jurisdictions)	4th	18th
Eighth grade (out of 49 countries/ jurisdictions)	3rd	27th

These data show that, while Japanese children earn high scores in science, very few of them find it interesting.

Source: Trends in International Mathematics and Science Study 2007, IEA

≫ Science Class using Synthetic Rubber

Utterances of excitement were heard as each lab group stood before the mysterious white substance that was distributed to them. "What is it?" "Can I touch it?" Such is a typical moment in the "Fun Lab Class" taught by JSR employees at elementary schools in Yokkaichi, Mie Prefecture.

"Watch closely now," Emi Hata, of the General Affairs Team at JSR's Yokkaichi Plant, said as she led that day's science class. After giving the children time to react—"It's so stretchy!", "It smells funny."—Emi went on to explain that the odd substance is "synthetic rubber" manufactured by JSR.

And after much anticipation, the groups finally begin their experiments at making synthetic rubber. Using a dropper, the children sucked white liquid out of a jar and squirted it into another containing a water-like liquid. The children gasped in surprise as they watched a cloudy white glob form and float to the surface. As soon as they strained the glob with a tea strainer they were finished. Their experiment had produced synthetic rubber. "There's one more thing you made today besides rubber. What is it?" asked Yoshifumi Kato of the Environment & Safety Department, taking Emi's place as lecturer. "The answer is: 'liquid waste.' JSR's rubber factory produces a large amount of liquid waste every day, but we filter this liquid so it doesn't pollute our rivers and oceans." The children listened attentively to this critical detail.

Fun Lab Classes Held

Hinaga Elementary, Yokkaichi (Nov. 2010)
Utsube-Higashi Elementary, Yokkaichi (Dec. 2010)
Mihama Elementary, Yokkaichi (Apr. 2011)
Utsube-Higashi Elementary, Yokkaichi (Jun. 2011)

Emi Hata
General Affairs Team, Administration Dept., Yokkaichi Plant

Yasuo Ito
Teacher, Hinaga Elementary School in Yokkaichi

≫ Bringing Children Back to Science

As one of its social contribution activities, JSR has been an ongoing supporter of education, hosting a range of educational programs, including workplace tours for junior-high-school students and teacher training events. The "Taking Science Lectures on the Road Program," which started at Yokkaichi Plant in 2007, is one such initiative. The idea for this program came when we received a request from Yokkaichi City asking us to help them spark children's interest in science.

A particularly important theme at Yokkaichi Plant, which is located next to a residential area, is harmony with the community. And for a manufacturer like JSR who could potentially suffer from a future lack of workers, bringing children back to science would certainly be an appropriate way for us to contribute to society. It was considerations like these that led us to launch a program to teach science at local junior high schools with JSR employees standing in as "substitute teachers." With the drafting of the JSR Group's "Basic Approach to Social Contribution" in 2009, this program was expanded into a company-wide initiative. Around the same time, we also added elementary schools to list of participants. Yasuo Ito, an elementary school teacher in Yokkaichi who proposed that the project be held for elementary students, put it this way: "Children are born inquisitive. They love to experiment and observe. I suggested that a company plan a class project because I hoped to give children an experience we normally can't provide."

Voice from the Classroom
I was surprised when two completely different liquids made this new thing, synthetic rubber.

Yuma Isaki

Voice from the Classroom
The best part was when we dropped the white liquid in and rubber came out. I had never seen synthetic rubber before.

Kazuki Kubo

≫ Working Together: Industry, Government, and Education

While the general idea of the project was set, what subject to teach was not. How do you keep a child's interest through a 45-minute class while also connecting the subject with the textbook? "What about an experiment like this?" "That seems a little dangerous..." A prolonged brainstorming session led by Ito and Hata took place between JSR, local teachers and the board of education. After nearly a year, the subject was decided: synthetic rubber, a material readily seen and used in children's lives. We were finally ready to start.

It was to be a novel approach to teaching, made possible through partnerships between business, schools, and local government.

"Meeting and hearing from a person who works at a company is a taste of the real thing," said Ito, referring to the program's value. "What is a company and what goes on at a company? JSR can communicate something that we can't, no matter how hard we try. That's the power of 'the real thing.'"

Hata said, "We feel that it's a sustainable social contribution that also perfectly matches our capabilities. If it helps the children when choosing their future career, we would be happy." Since then, the program has spread to other JSR sites as well, including a science class held by Kashima Plant at junior high schools in Ibaraki Prefecture. JSR's role in creating the leaders of tomorrow is ever expanding.

Plant field trip (Nov. 2010)

Students toured the Yokkaichi Plant, performed a rubber experiment, and experienced the daily work of the plant manager, including a plant patrol.
Participants: Eighth graders, Utsube Junior High School, Yokkaichi

Teacher training at a private company (July 2010)

Teachers learned about company operations and interviewed different divisions at JSR's head office. They also learned about safety activities and toured the Chiba Plant.
Participants: 4 teachers from elementary, junior high, and high school

Fostering the Leaders of Tomorrow

Tatsuya Kubo
General Manager, CSR Department

Contributing to society through business—that's the essence of a company and its "reason for being." In that sense, I think social contribution activities that take advantage of a company's business capabilities are really the perfect way to meet the company's true goals. For the employee, these activities are stimulating, expand their field of view, and give them a valuable opportunity to think about how to connect with society at large and behave within it.
Going forward, we intend to increase the number of participating employees and sites, and also hold activities for high school students. We also want to do more than visiting lectures, and take part in the educational development of the next generation in a number of different ways.

Targets and Results

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

	Action	FY2011 target	FY2011 performance		Assessment	Target for FY2012 onward	Implementing division
CSR Management	• Adopt CSR policies and construct CSR framework	• Establish and enhance activities by the four committees (especially new risk management and social contribution activities set in FY2009)	• Bolstered CSR implementation to achieve long-term CSR goals. Further advanced risk management and social contribution activities begun in the previous fiscal year • Selected among the "East Asia 30," the top CSR performing companies in East Asia (Dec. 2010)		◎	• Bolster CSR implementation and raise awareness across the entire group	• CSR Department
		• Raise awareness of CSR	• Opened the CSR Report Presentation to all divisions, and increased the dissemination of information, including messages from senior management via the internal newsletter and intranet to raise employee awareness of CSR; results were confirmed through surveys		○	• Message from CSR Department • Implement measures to raise awareness within the company by holding forums, etc.	
	• Consider United Nations Global Compact (GC)	• Use the GC network in CSR activities	• Used the GC subcommittee and other networks and reflected their activities in corporate policies; assumed the position of auditor in the Global Compact Japan Network (effective Apr. 2010)		◎	• Utilize the Global Compact network to carry out collaborative activities	• CSR Department
	• Reinforce corporate ethics and legal compliance	• Conduct follow-ups to surveys on awareness of corporate ethics	• Conducted follow-ups to surveys on awareness of corporate ethics conducted for the entire group in FY2010		○	• Periodically conduct surveys on awareness of corporate ethics and conduct follow-ups	• Corporate Ethics Committee
		• Update the JSR Group Principles of Corporate Ethics	• Revised the Principles, designated them as the global code of conduct for JSR Group, including overseas sites, and increased efforts to familiarize employees with them (Dec. 2010) • Introduced policy requiring staff who handle sensitive information to sign a "pledge" to assure trust in the hotline		◎	• Revise the JSR Group Principles of Corporate Ethics to match the new Corporate Mission revised in April 2011, and familiarize employees with the new Principles • Continue educational activities	
		• Improve legal compliance framework	• Periodically confirmed the status of legal compliance and conducted improvement activities for the entire group including companies overseas. Ranked legal requirements according to importance • Held an explanatory meeting for officers and managers on the prevention of insider trading		○	• Continue and improve activities	
	• Reinforce risk management	• Periodically operate the company-wide risk management system	• Formulated Risk Management Policies, and clarified the JSR Group's basic policy on and its managerial commitment to risk management (Jul. 2010) • Operated the risk management system across the entire group, including overseas sites. Identified 12 major company-wide risks		○	• Continue and improve activities	• Risk Management Committee
		• Reinforce emergency response capabilities	• Conducted real-time crisis management training in anticipation of a major accident or disaster, and developed responses to earthquakes of different magnitudes ⇒ These efforts proved effective, helping to minimize damage	a contingency plan with expected impacts and necessary in the Great East Japan Earthquake	◎	• Continue and improve crisis management training	
		• Influenza countermeasures	• Continued to train employees on the internal influenza countermeasures manual and developed a system to respond flexibly to strains with different levels of virulence.		○	• Continue countermeasures	
	• CSR Procurement[1]	• Begin CSR procurement	• Implemented CSR procurement at full scale, covering 90% of suppliers on a purchasing cost basis		◎	• Expand coverage of CSR procurement (to 95% on purchasing cost basis in FY2012)	• Procurement Department
RC (Environment, Health and Safety) Management	• Develop products that take into consideration the environment and safety	• Provide environmentally-friendly products	• Reviewed environmentally-friendly products and reinforced measures to develop those products		○	• Encourage development of environmentally-friendly products and expand product lineup	• Responsible Care Committee
		• Use LCA[2] in environmental impact reduction activities	• Educated researchers on LCA and performed LCA estimates for their products to implement LCA from the R&D stage		○	• Continue investigation of use of LCI[3] data in activities to reduce environmental impact	
	• Improve management of chemical substances	• Legal compliance with GHS[4]	• Made progress in labeling products shipped in Japan in accordance with the Industrial Safety and Health Law and performed GHS of MSDS[5] 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 registration of 1,3-butadiene and isoprene as per the REACH Directive. Continued to confirm the registration status of raw materials		○	• Comply with the REACH Directive and CLP Regulation	
		• Implement green procurement[7]	• Participated in and conducted trial operation of the JAMP[8] global portal site		○	• Conduct activities that focus on collaboration within the supply chain	
	• Continue to improve product quality	• Implement PLP[9] activities	• Continued to reinforce measures to prevent quality-related incidents by reviewing quality control systems and improving quality assessment technologies, including such systems and technologies at group companies		○	• Improve quality control across entire supply chains, from raw material procurement through distribution—not just from design to manufacturing	
	• Provide product environmental and safety information	• Provide customers with environmental and safety information	• Used MSDS electronic management system to provide customers with appropriate MSDS for prototypes and products		○	• Continue to provide customers with environmental and safety information	
	• Eliminate accidents and disasters	• Implement preliminary environmental and safety assessments	• Continued to implement preliminary environmental and safety assessments in accordance with safety and environmental manuals when installing new facilities or modifying existing ones and performing non-regular work • In FY2011, no facility accidents occurred that required reporting to the government under the Act on Prevention of Disasters in Petroleum Industrial Complexes and Other Petroleum Facilities. • Continued activities to eliminate dangerous work practices and conditions in order to prevent work related health and safety accidents; in FY2011, there were no accidents resulting in lost work time by JSR employees		○	• Identify potential risks concerning existing facilities, materials and work, and continue countermeasures • Eliminate dangerous work practices and conditions, and encourage passing down of skills from experienced to inexperienced workers	
		• 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		○	• Implement measures in accordance with the mid-term business plan	
	• Develop business sites to be worthy of public trust	• Conduct reviews to maintain ISO 14001 and ISO 9000	• Passed audits to maintain ISO 14001 and ISO 9000 at three JSR plants. Group company Nichigo Kogyo Co., Ltd. obtained ISO 14001 certification		○	• Maintain and continue to operate ISO 14001 and ISO 9001	
		• Maintain certification under security related laws and ordinances	• Renewed certifications under the High-Pressure Gas Safety Law and Fire Service Law at Yokkaichi and Kashima plants		○	• Renew certifications under safety laws and regulations	
		• Audit environmental and safety performance of group companies	• Continued environmental and safety audits of domestic and overseas group companies		○	• Continue environmental and safety audits of domestic and overseas group companies	
	• Reduce environmental impact	• Encourage energy conservation: reduce specific energy consumption by an average of 1% annually compared to the FY1999 level	• Investigated measures to achieve the goal of a 6% reduction in total CO_2 emissions by FY2013 compared to the FY1991 level. A large-scale natural gas-fired gas turbine cogeneration system was installed at the Yokkaichi Plant in April 2010. This system cut CO_2 emissions by approximately 33,000 tons; the entire group achieved a 2% reduction from the FY1991 level		◎	• Continue energy-saving activities to achieve target for reduction of CO_2 emissions	
			• Continued energy conservation activities at employee homes. Participated in Eco-cho (Environmental Ministry's Wagaya-no-Kankyodaijin (The Environmental Minister in My Home) program	Household Account Book), which is part of the Environment	○	• Use the intranet to continue to encourage energy conservation at employee homes	
		• Reduce atmospheric release of VOCs[10]	• VOC emissions were reduced by approximately 80% compared to FY2001 with the installation of RTO[11] at three JSR plants		○	• Reduce VOC emissions to achieve the FY2016 target: a 75% reduction from the FY2001 level	
		• Reduce industrial waste, the environmental impact of wastewater, and other impacts	• Industrial waste: "zero waste" goals have been achieved every year from FY2004 to FY2011 (7 tons of landfill waste per year) thanks to measures to limit the generation of industrial waste, sort waste thoroughly, search for recyclers, and other measures were taken at all plants,		○	• Continue to achieve "zero waste" goals	
			• Wastewater: efforts were made to reduce environmental impact (COD, total nitrogen, and total phosphorous) to comply with the 6th Total Pollutant Load Control		○	• Make further impact reductions to comply with the 7th Total Pollutant Load Control	
		• Introduce measures to improve local environments	• 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[12] at Yokkaichi Plant; there were no environmental complaints in FY2011		◎	• Continue zero environmental complaints performance	
	• Conservation of Biodiversity	• Adopt specific policies concerning biodiversity	• Co-developed the Map of Corporate Activities and Biodiversity and Land Use Score Report in working group meetings as a member of the Japan Business Initiative for Conservation and Sustainable Use of Biodiversity (JBIB) • Conducted the second seminar for directors, this time inviting a specialist from JBIB to talk about what companies should do for biodiversity based on what was decided at COP 10 • Incorporated biodiversity policies into JSR Group's Management Policies (Apr. 2011)		○	• Clearly identify JSR's risks and opportunities with regard to biodiversity, and set concrete policies, targets, and plans	
Human resources	• Support work-life balance of employees	• Promote understanding of sound work-life management and promote measures to increase understanding	• Worked with labor union to produce and distribute the WLM Guidebook		○	• Raise awareness of work-life management and implement measures to promote it	• Human Resources Development Department
		• Confirm employee understanding of work-life management programs and implement measures to increase understanding	• Conducted an awareness survey and followed up on results. Enhanced various programs to support nursing care		○	• Continue to explore measures to support nursing care	
	• Ensure diversity in the workplace	• Cultivate a diverse corporate culture, take concrete 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)	• Percentage of women among employees hired in April 2011—engineering positions for college graduates: 13%, clerical positions for college graduates: 44%; Percentage of managerial positions filled by women as of April 2011: 2.4%		○	• Cultivate a diverse corporate culture • Achieve quantitative targets	
		• Encourage diversity in hiring	• Employed 12 employees of foreign nationality; employment rate for people with disabilities was 1.64%	(statutory quota: 1.8%)	△	• Encourage diversity in hiring	
Social contribution	• Implement social contribution activities	• Begin operation of new social contribution programs	• Expanded activities to foster the next generation by developing and implementing a traveling science lecture program for elementary students through collaboration with school-teachers and BOEs. Formulated "Policies for Making Disaster Relief Donations" (Oct. 2010), thereby establishing a system to enable quick deployment of funds		◎	• Explore and introduce new programs	• Social Contribution Committee
		• Encourage activities that contribute positively to local communities	• Held local food fairs in the cafeteria of Yokkaichi Plant. Conducted activities that focused on engaging in a dialogue with local residents, such as social events with local residents at plants, local cleanup activities, and plant tours		○	• Continue activities	

Glossary

1. CSR Procurement
Measures aimed at procuring materials from suppliers who are environmentally compliant and strive to be socially responsible in their corporate behavior, when hiring employees, etc.

2. LCA: Life Cycle Assessment
A method of quantitatively analyzing and assessing a product's environmental impact in all lifecycle stages, including raw materials, manufacturing, use, and disposal.

3. LCI: Life Cycle Inventory
In LCA, the compilation of data on the flow of resources, energy, and environmental impacts of a product.

4. GHS: Globally Harmonized System of Classification and Labelling of Chemicals
A system aimed at creating a global standard for chemical classifications, labeling, and MSDS submission.

5. MSDS: Material Safety Data Sheet
A form that is attached to chemical substances when they are shipped to other businesses to provide safety information.

6. REACH: The 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 aimed at procuring materials from suppliers who 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 communication of information concerning chemical substances within supply chains.

9. PLP: Product Liability Prevention
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. RTO: Regenerative Thermal Oxidizer
A device that combusts VOCs and breaks them down into water and CO_2 to make emissions cleaner.

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

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

You can read about other targets and results in the online version of this report

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. Major activities are described below.

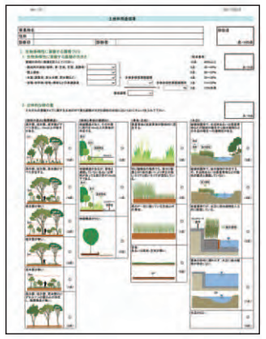
Biodiversity Conservation

JSR sees biodiversity conservation as a key management issue and is actively engaged in a number of initiatives, especially those of the Japan Business Initiative for Conservation and Sustainable Use of Biodiversity (JBIB), in order to make continuous contributions to this field. In FY2011, we created the "Map of Corporate Activities and Biodiversity"* to understand the interrelationships between biodiversity and our business activities for synthetic rubber, one of our core products. This assessment involved clarifying how we are dependent on and how we impact biodiversity in each operational process—from raw material procurement and manufacturing, to transportation, use, and recycling. In FY2012, we will expand this assessment to other products.

We also conducted a pilot assessment of biodiversity at Chiba Plant and Tsukuba Research Laboratories. Using a trial-version of JBIB's "Land Use Score Report," which JSR helped to develop as part of its JBIB member activities, and made actual observations of vegetated areas at both sites. The survey identified what kind of plants are growing and what insects, birds, and other creatures are living on these properties and determined whether these sites are helping or hurting biodiversity. We plan to implement this project at a full scale in FY2012.

Another event held in FY2011 was a biodiversity seminar for company directors taught by an external specialist. Titled, "What was decided at COP 10 and what should companies work on now?" the management team reviewed the results of COP 10 and reached a consensus on the direction of future company activities.

The JSR Group will make continuous efforts to understand clearly the risks and opportunities it faces as a business who wishes to grow sustainably, and set concrete policies, plans, and targets to conserve biodiversity.

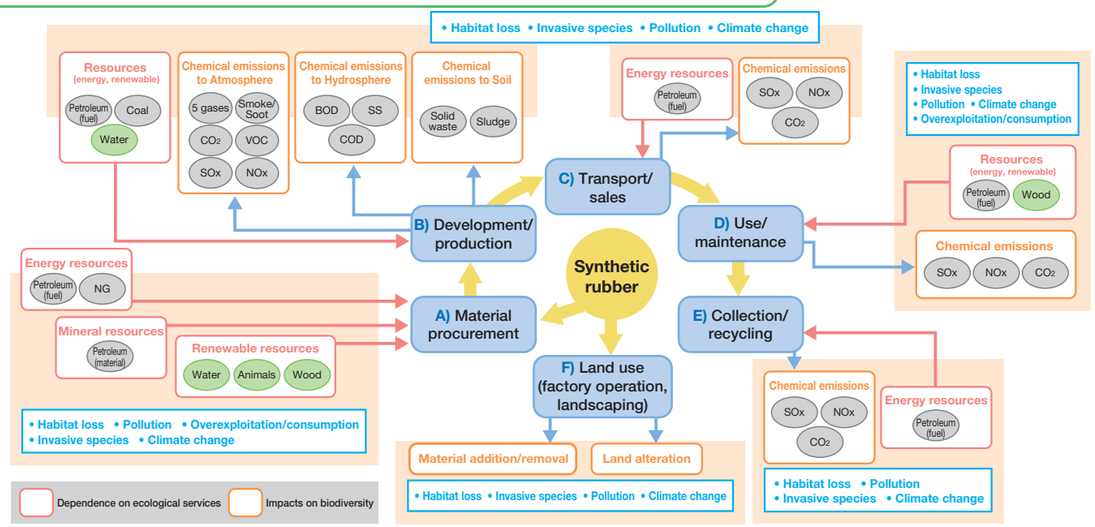


Land Use Score Report

Greenery assessment at Chiba Plant

Biodiversity seminar for directors at the head office

Map of Corporate Activities and Biodiversity: Synthetic Rubber's Dependency and Impacts on Ecosystems



* Based on a "Map of Corporate Activities and Biodiversity," a product of research by the JBIB

Initiatives to Prevent Global Warming

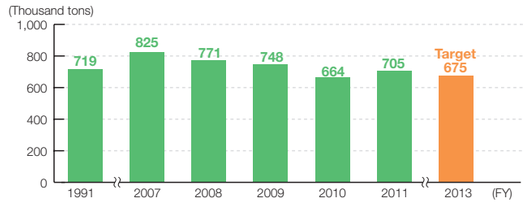
• Reducing Carbon Dioxide Emissions

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. Since FY2011, we have been setting reduction targets for total CO_2 emissions.

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 is expected to produce fewer CO_2 emissions than the earlier coal and heavy oil-fired steam boiler and condensing steam turbine system. In FY2011, the company as a whole cut some 33,000 tons, an approximate 2% reduction from the FY1991 level.

Cogeneration system at Yokkaichi Plant

CO_2 emissions



Reduction target: 6% fewer emissions in FY2013 than in FY1991

• Household Energy-Conservation Activities

In FY2011, JSR participated in *Eco-cho* (Environmental Household Account Book), which is part of the Environment Ministry's *Wagaya-no-Kankyodaijin* (The Environmental Minister in My Home) program promoted by the Ministry of the Environment, as a way to encourage employees to conserve energy at home. With some 900 employees registered in the program, JSR has raised awareness of energy conservation by surveying and recording monthly electricity, gas, and water use and determining CO_2 emissions from such data. While we can no longer measure the effects of this program due to its cancellation by the Ministry of the Environment, Japan's power situation has become more critical due to the Great East Japan Earthquake, making household energy conservation more important than ever. Our efforts will continue, but through different approaches such as informing employees of creative ways to reduce energy use over the intranet.

Safety Initiatives

The JSR Group operates safety and health management systems based on the principle that safety takes priority over production. Audit teams under the leadership of the company president conduct environmental and safety audits. The president visits each audit site to hear directly from workers and provides an overall assessment in his or her own words after the audit is complete. Our improvement activities place great importance on communication.

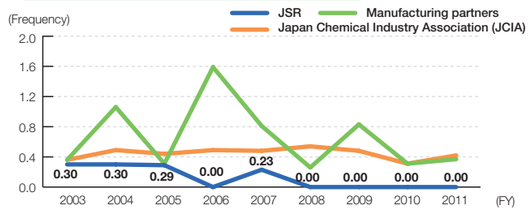
All employees at JSR Micro Kyushu, recipient of the Kawasaki Commemorative Safety Award in our safety award system, have been participating in activities to reduce human exposure to handled substances, ensure safety during construction, and achieve other safety goals. JSR Group companies also provide education and technical training according to experience level, communicate examples of accidents to other companies, and promote a work environment that puts safety first.

In recent years we have sought to make workplaces safer by focusing on individual awareness, the last line of defense against accidents.

The president participates in audit activities at the Kashima Plant

Emergency response training at JSR Micro Kyushu

Labor Accidents (Accidents Resulting in Lost Work Time)



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

On Emergency Response Training

Rie Mawatari Quality Assurance Section
Products & Technologies Department
JSR Micro Kyushu Co., Ltd.

JSR Micro Kyushu runs a company-wide emergency response training program to prepare itself for disasters. This important activity is a culmination of the hard work each division has put toward training. My role is to record various kinds of information on what's happening throughout the company as it reaches the general manager. Using the experience I've gained through training, I want to fulfill my role in the event that an emergency does happen.

You can read about our other RC activities in the online version of this report.

You can read about other targets and results in the online version of this report

Highlights of Social Activities
Stakeholder Relations

The JSR Group not only promotes CSR in its operations, but also conducts activities to encourage better relations with its suppliers, local communities, and other stakeholders. By continuing these activities, we aim to increase our employees' sensitivity to social issues and thus create momentum to do more.

Supplier Relations: CSR Procurement

In FY2011 we began a CSR procurement initiative to practice and promote social responsibility in our supply chains. We established criteria for how much suppliers should practice eco-consciousness and social responsibility, and we are trying to raise standards throughout each supply chain.

Specifically, based on our Purchasing Policy, we surveyed the social and environmental considerations of our suppliers using a questionnaire. When an issue was detected, we dispatched a procurement employee to the supplier to work on solving the issue together.

In FY2011, the first year we conducted this survey, we questioned 52 suppliers in and outside Japan, accounting for approximately 90% of all purchased raw and processed materials by cost. Six companies gave sub-standard scores, but after advising them on ways to improve, four companies met the standards.

In FY2012, we will increase the survey's coverage of suppliers for raw and processed materials to 95% by cost, and will include suppliers for construction-related work.

Voice Kei Tominaga
Procurement Department I

We see CSR procurement not as something JSR should force on its suppliers but as a process to be worked on together based on an understanding of the need for social responsibility. We are also trying to incorporate successful activities and methods from other companies.

Purchasing Policy (excerpt)

- When making purchases, JSR will give sufficient consideration to legal and regulatory compliance, resource protection, environmental conservation, safety, human rights, and other factors that lead to a sustainable society.
- JSR will screen new companies who desire to become a supplier fairly, based on the company's performance; reliability; technological capabilities; consideration of the environment, safety, and human rights; and other factors.

Self-Assessment Form: Social Responsibility

Theme	Assessment standard	Score ✓ or ×	Have clearly documented provision(s)	Evidence, comments, name of provision(s)
Corporate ethics, legal and regulatory compliance	1) We have a corporate ethics policy and/or provisions.			
	2) We are devising measures to comply with laws and regulations.			
Human rights	3) We respect the human rights of our employees, and prohibit discrimination on the basis of sex, national origin, ethnicity, race, religion, creed, disability, etc.			
	4) We strive to provide comfortable and healthy work environments.			
	5) We respect the freedom of our employees to form and participate in labor unions.			
Safety	6) We have systems to ensure operational safety.			
Management systems	7) We have approval systems and perform internal audits to realize fair and transparent business management			
	8) We properly manage the confidential information of our company and our suppliers.			

Self-Assessment Form: Environmental Conservation (excerpt)

I. ISO 14001 and other third-party certifications

		Check all applicable	Obtained/scheduled obtainment date	Certification body	Certification number
ISO 14001	Obtained				
	Set to obtain				
	Not obtained				
Eco-Action 21	Obtained				
	Set to obtain				
	Not obtained				

Disclosure	21. We publicize information on environmental conservation	
Improvements in distribution	22. We are implementing environmental measures in the distribution area, including reuse and recycling of shipping materials, using better packaging types, and conducting modal shifts.	
Number of checked items		

III. Management of hazardous chemical substances in products and raw materials

	Check all applicable
We have systems for managing hazardous chemical substances in products.	
We have systems for managing hazardous chemical substances in purchased raw materials	
We are familiar with the Joint Article Management Promotion-consortium (JAMP).	
We are a member of JAMP.	
We use JAMP MSDSplus to manage hazardous chemical substances.	
Number of checked items	

Employees Relations: Promoting Employee Diversity and Work-Life Management

In FY2011 we began implementing various measures to support the careers of our female employees as a key management issue. Major initiatives in FY2011 are described below.

• Two-person team seminars for female employees and their supervisors

We held a total of 12 seminars for all of our female employees and their male supervisors to promote diversity throughout the JSR Group in Japan. The seminars were a truly unique program in which female employees and their supervisors shared their personal challenges and goals through direct one-on-one discussion. Although participants were initially apprehensive about the seminar—a first attempt as it was for JSR—it produced great results, generating such comments as, "I was able to communicate with my boss more than ever before," and "I realized I was making certain assumptions about my female subordinates." The highlight of the seminar was a session in which each participant took a minute to say encouraging things to his/her partner and vice versa. Even the more bashful participants admitted: "I'm so happy he was noticing such things about me," and "It's hard to talk with your partner, let alone encourage them, when you normally don't pay attention to them." They seemed to realize then the importance of accepting and communicating with others, the foundation of all employee diversification.

Voice Business Administration Department
Emulsion Technology Co., Ltd.
Mitsuru Oguchi

Oguchi (left) and Yoshioka (right)

I think female employees until now had few chances to broaden their experience at work. I realized that we managers really have to allocate tasks in a way that gives female employees more experience doing work that suits and challenges them. From now on I want our female employees also to have a variety of experiences and play a larger role in the company.

Miwa Yoshioka

I realized that even I made gender-based assumptions, like believing that different genders should have different jobs. The seminar was a great opportunity for me to change the way I think. From now on, I will act in ways that will help me change.

• Career development seminar for female employees

JSR held a career development seminar to help female employees switch to career-track positions. The seminar was a valuable time for participants, who over the two-day program confirmed their strengths and weakness from observations written by their co-workers and by taking a self-assessment test, and then developed an action plan to improve skills as they continue to work.

Employees take a self-assessment test

• Social networking service to support working mothers

Responding to past requests for an internal all-female community, in July 2010 we launched HARMONY, an in-house social networking service (SNS) made primarily for working mothers. HARMONY now has an active membership of 60 female employees, including those without children, who also share responses to the diversity seminars and exchange ideas.

HARMONY, JSR's in-house SNS

• New guidebook encourages work-life management

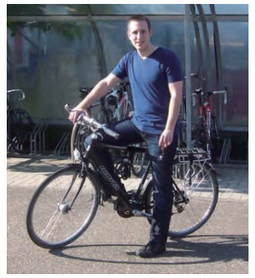
In its effort to encourage work-life balance, JSR promotes work-life management (WLM) with the goal that employees will be able to "autonomously control their work time and personal time." As a part of this program, JSR and its labor union co-produced the "WLM Guidebook" in December 2010. As many employees think WLM is only for those who are caring for their children or elderly family members, and there are others who just can't get away from work, the book introduces six employees who are practicing WLM to encourage these individuals to consider practicing it themselves.

Community Relations

• The "ik kyoto Project"

JSR Micro N.V. in Belgium is a participant in the "ik kyoto Project"* and is encouraging employees to commute to work without relying on cars. The project provides free breakfast and other incentives to employees who carpool or commute by bicycle. It helps promote employee health and contributes to the mitigation of global warming.

David Wallenus, winner of the 1st prize at JSR Micro N.V., commutes to and from work by bicycle everyday—an "ik kyoto-er" to the core. "I consider commuting by bicycle to be a luxury. It's 15 minutes from home to work, but I think I would do it even if work were farther away. Belgium lately has had serious traffic problems, so getting stuck on the road to work would ruin my entire day, mentally speaking. That's why I think commuting by bike is ideal. After all, it's also good for my health and good for the environment."



David Wallenus, setting off for work

* The "ik kyoto Project": This initiative was begun by local governments in Belgium and was named after the Kyoto Protocol (http://www.ikkyoto.be) (Dutch) In the FY2011 campaign period (June to September), employees at JSR Micro N.V. reduced 11,622 kilometers worth of car commuting distance, a 1,106-kilogram cut in CO_2 emissions.

• Promoting local food

Since October 2010, Yokkaichi operations of JSR Business Service Co. Ltd. has been supporting the local community and helping to mitigate global warming at the employee cafeteria of JSR's main plant, Yokkaichi Plant. Uokuni Sohonsha, the company that operates the cafeteria, has been increasing its use of local produce by introducing menu items inspired by the seasons and local culture of Mie Prefecture.

The company supports JSR Group's social contributions activities by holding a "Local Food Fair" twice a month.

Rice bowl with toppings imitating the *dondo* bonfires lit on New Year's Eve at Ise Shrine.

You can read about our other RC activities in the online version of this report.

JSR Group Profile, Index & Editorial Policy

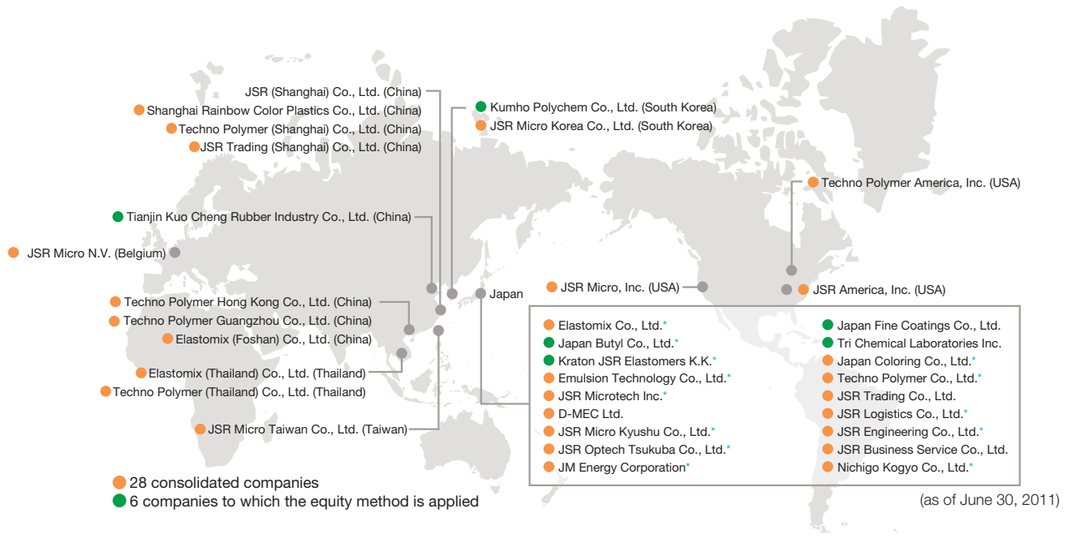
JSR Profile

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	2,512 (non-consolidated); 5,259 (consolidated) (as of March 31, 2011)
Businesses	Synthetic rubbers, thermoplastic elastomers, emulsions, plastics, semiconductor materials, flat-panel displays materials, optical materials, precision materials and processing, environment and energy related products and materials, biomedical materials, etc.

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) / Taiwan Office Singapore Office

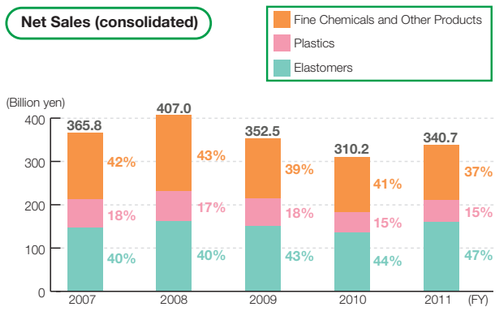
JSR Group Companies



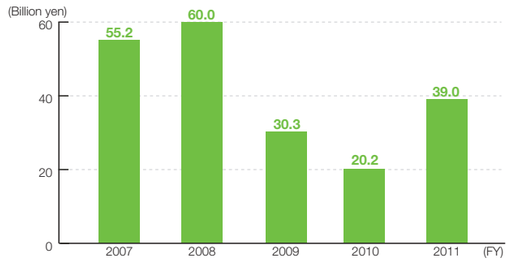
(as of June 30, 2011)

Financial Information

Net Sales (consolidated)



Operating Income (consolidated)



Editorial Policy

The JSR Group's corporate social responsibility (CSR) is to act with integrity as a good corporate citizen and carry out initiatives to meet the expectations of society.
We publish our CSR reports to inform all stakeholders of JSR Group policies and initiatives for a sustainable society.
In *CSR Report 2011*, we strived to communicate our activities in a straightforward manner in the Executive Commitment section and two feature articles.
You can also read a third-party opinion and an independent review of our activities and report on our website to see how others are evaluating our work.

The *CSR Report 2011* Format

The JSR Group's *CSR Report 2011* consists of both printed and online versions.

- Printed

The printed version features CSR activities in the JSR Group that we would particularly like to communicate with our stakeholders.

- Online

In addition to the content provided 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/csrreport2011.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

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, 2010 – March 31, 2011
(Some parts of the *CSR Report 2011* include activities and initiatives conducted since April 2011.)

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

Publication Information
Date of publication: September 2011
Next scheduled issue: September 2012
(Previous issue: September 2010)

Cover Design
The single line drawn on the cover represents the connection between society and the products that use JSR-made materials. 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 2011 refers to the period from April 1, 2010 to March 31, 2011).