

Targets and Results

Beginning in FY2017, we will evaluate ourselves in accordance with the Mid-Term CSR Plan. The following report describes the main activities and their results in FY2017.

FY: Fiscal Year means the year ending March 31. For example, FY2017 means April 1, 2017 - March 31, 2018

Assessment ○: Better than planned ○: As planned △: Improvement needed — : New item for this FY

Basic Issues in JSR Group's Corporate Activity	FY2017 Target	FY2017 Result	Assessment	FY2018 Target
Responsible care: Quality and product safety	• Improve relevancy of customer-oriented business strategies	• Incorporated business strategies planned from a customer orientation in QA plans and executed with a PDCA cycle • Three JSR plants completed migration to ISO 9001:2015	○	• Improve quality control systems and revamp quality control by introducing new techniques
	• Implement the Sixth Quality Performance Review as well as external and internal quality audits	• Implemented the Sixth Quality Performance Review as well as external and internal quality audits • Conducted five extra audits as well	○	• Implement the Seventh Quality Performance Review as well as external and internal quality audits
	• Provide outline of company-wide guidelines and support for new production bases and production transfers	• Implemented equalization of product quality between production bases using Six Sigma • Promoted propagation and dissemination activities throughout JSR Group, including new Group companies	○	• Establish company-wide guidelines in preparation for the construction of a global quality control framework
	• Provide environmental and safety information to customers	• Provided proper information on prototypes and products to customers by utilizing the SDS** electronic management system • Petrochemicals business division held meetings with distributors and shared information and problem areas	○	• Continue current efforts
	• Continue to label products and provide SDS based on GHS**2 in compliance with regulations • Comply timely with GHS in accordance with laws and regulations of each export destination	• Labeled domestic-shipped products and provided SDS based on GHS in accordance with domestic regulations • Complied as necessary as export destinations adopt GHS regulations	○	• Continue current efforts
	• Respond to new overseas laws and legislations such as the US's revised TSCA**3 as well as the EU's REACH**4.	• Transferred necessary information for REACH compliance and confirmed registration status of raw materials • Confirmed status of notifications and registrations necessary for compliance with the revised TSCA	○	• Continue current efforts
Compliance	• Continue corporate ethics awareness surveys	• Conducted corporate ethics awareness surveys and followed up at domestic and overseas offices	○	• Continue current efforts
	• Continue improving awareness of corporate ethics and revision of JSR Group Principles of Corporate Ethics as necessary	• Implemented corporate ethics e-learning program • Conducted corporate ethics training for new employees and new management employees	○	
	• Improve level of legal compliance	• Confirmed periodic legal compliance verification at domestic and overseas offices • Held legal compliance seminars	○	
Corporate governance	• Continue response to the Corporate Governance Code	• Maintained compliance with the Corporate Governance Code	○	• Continue current efforts
Risk management	• Continue strengthening risk identification to reduce risk • Begin monitoring of departmental risks	• Verified and revised risks identified in FY 2016 at all JSR Group divisions • For monitoring of departmental risks, interviewed Head Office coordination departments and verified status of monitoring measures and management	○	• Reconfirm and revise risks identified in FY 2017 at all JSR Group divisions • Verify the progress and status of measures to cope with critical JSR Group risks
	• Strengthen headquarters' crisis management drill • Support BCP**5 formulation by Group companies	• Implemented measures to address issues identified in FY 2016 crisis management drills • Conducted crisis management drills assuming a direct hit from a large-scale earthquake on Tokyo and implemented measures to address issues identified in the drills • As a precursor to establishing and reviewing BCP decision criteria, conducted BCP drills on domestic Group companies	○	• Continue to hold and improve JSR headquarter crisis management drills (initial response drills and BCP drills) • Establish and revise BCP manuals for domestic manufacturing subsidiaries
	• Continue CSR awareness-raising activities	• Held CSR Explanatory Briefings (4 domestic bases) • Held annual CSR report presentation meetings	○	• Continue current efforts
	• Continue measures in accordance with the seismic reinforcement plan (Scheduled completion at the Yokkaichi Plant in FY2018 and at the Kashima Plant in FY2020)	• Implemented measures in accordance with the seismic reinforcement plan (Continued reinforcement work at the Yokkaichi Plant; began reinforcement work at the Kashima Plant based on the seismic reinforcement plan formulated in FY 2016)	○	• Continue measures in accordance with the seismic reinforcement plan (Yokkaichi Plant reinforcement work to be completed for manufacturing facilities in FY 2018 and for the containment building in FY 2021; Kashima Plant reinforcement work to be completed in FY 2020) Note that seismic reinforcement work at the Chiba Plant is complete

Social Issues Attributable to JSR Group's Corporate Activity	FY2017 Target	FY2017 Result	Assessment	FY2018 Target
Health and safety initiatives	• Verify effects of procedures reviewed in FY2016 and establish their operation	• Verified the effectiveness and status of application of procedures reviewed in FY 2016, such as the Change Management and Preventative Safety Assessment Procedures	○	---
	• Zero facility accidents and zero serious workplace accidents (Safety foundation) – Put new accident investigation methods into full-scale operation and provide education by using the collection of accident case studies – Start education and training systems in manufacturing departments to strengthen the transfer of technologies – Develop education and training systems for managers and full-time staff (Safety culture) – Continue current efforts to spread safety values – Implement activities to eradicate unsafe behavior • Systematically identify hazards using HAZOP and expand HAZOP**6 to Group companies	• Accidents Facility accidents: 2 JSR accidents, 1 Group accident Workplace accidents (requiring time off work): 2 JSR accidents, 1 Group accident *Accidents tallied for the calendar year (Safety foundation) – Started operating education and training systems at manufacturing departments – Expanded scope of safety training to managers (Chiba Plant and Kashima Plant) (Safety culture) – Conducted activities to spread safety values with the Safety and Health Activity Forum and CSR & RC explanatory briefings – Expanded activities to eradicate unsafe behavior to each business establishment – Underwent safety competency level assessments by Japan Safety Competency Center (Chiba Plant and Kashima Plant) • Began systematic identification of hazards with HAZOP (expanded to some Group companies as well)	△	• Zero facility accidents and zero serious workplace accidents (Safety foundation) – Improve mechanisms for sharing needed information – Maintain and manage information on the safety foundation and keep information up to date (Safety culture) – Continue efforts to spread safety values – Continue activities to eradicate unsafe behavior – Provide education and awareness-raising on safety mindsets suitable for the current age – Conduct safety competency level assessments by Japan Safety Competency Center (Yokkaichi Plant) • Continue systematic identification of hazards with HAZOP and implement measures for major identified hazards
	• Maintain and renew certifications on security-related laws and regulations – Renew certification as a Class 1 Pressure Vessel: Yokkaichi Plant (in November 2017 or later) – Renew certifications regarding dangerous goods completion inspection: Chiba Plant (June 2017)	• Maintained and renewed certifications on security-related laws and regulations – Renewed certification as a Class 1 Pressure Vessel at the Yokkaichi Plant (March 2018) – Renewed certifications regarding dangerous goods completion inspections at the Chiba Plant (June 2017)	○	• Maintain and renew certifications on security-related laws and regulations – Renew certification as a Class 1 Pressure Vessel: Chiba Plant • Maintain and improve security management activities in accordance with the Accreditation system acquired by plants
	• Implement audits with greater attention to process safety • Expand the number of audited departments to include overseas JSR Group companies	• Disseminated thoughts of business establishment managers on safety through audits, verified expansion of activities tailored to section operations, and, on the other hand, re-recognized sense of dissatisfaction with activities on process safety as compared to work safety • Conducted audits at overseas Group companies (Thailand, South Korea, and Taiwan)	○	• Make audits more efficient while continuing to use the previous fiscal year's audit method • Conduct priority-oriented audits, focusing on the handling of critical risks present at the audited division
Climate change mitigation	• Achieve 1% average annual reduction in per-unit energy consumption in line with the Energy Conservation Act	• Promoted project activities to conserve energy and resources throughout the company; however, target was not achieved, as the most recent per-unit energy consumption showed a 0.7% year-on-year increase	△	• Continue current efforts
	• Promote efforts for reductions with attention to government goals on CO ₂ emissions reductions	• Emissions were 653 kt-CO ₂ in FY 2017 versus 646 kt-CO ₂ in FY 2013	○	
	• Calculate greenhouse gas emissions (Scope 1, 2 and 3) throughout the supply chain and continue disclosure of this information via the CSR report	• Calculated greenhouse gas emissions (Scope 1, 2 and 3) throughout the supply chain and continued disclosure of this information via the CSR report	○	

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Social Issues Attributable to JSR Group's Corporate Activity	FY2017 Target	FY2017 Result	Assessment	FY2018 Target
Environmental impact reduction	• Shift to 2015 edition of ISO14001 certification	• Three JSR plants completed migration to ISO 14001:2015	○	• Operate ISO 14001:2015 efficiently and effectively
	• VOC*7 Reduction Target: Maintain 75% reduction in VOC levels over FY2000 levels	• Reduced VOC emissions by 78% from FY 2000 levels through continuance of stable operation of RTO*8 installed in the three JSR plants	○	• Reduce VOC emissions by 75% from FY 2000 levels
	• Ensure reliable and stable functionality of environmental equipment and maintain current status of zero environmental complaints	• Maintained reliable and stable functionality of environmental equipment and maintained current status of zero environmental complaints for FY 2017	○	• Continue current efforts
	• Review audit methods to bring improved environmental performance and conduct safety and environment audits	• For FY 2017, each plant selected a priority theme and the related divisions met together and shared issues and exchanged comments; tested audit methods designed to identify new issues	○	• Continue audits that bring performance improvements
Waste reduction	• Reduce industrial waste	• Reached zero waste targets for industrial waste from FY2003 through FY2017 (0 tons of waste going to landfills) through systematic initiatives at all plants including strict waste reduction and separation efforts as well as searching for suitable recyclers	○	• Continue current efforts
Water resources conservation	• Promote reduction of wastewater emission and stabilization of wastewater treatment • Promote initiatives to improve water resource management (maintain current level of water recirculation and reuse)	• Verified wastewater management, maintained stabilization of wastewater treatment and measures to improve water quality, as well as complied with the Seventh Comprehensive Water Quality and Pollutant Control standards	○	• Comply with the Eighth Comprehensive Water Quality and Pollutant Control standards
Labor environment	• Implement work reform activities	• Implemented work reform activities • JSR recognized as a 2018 Excellent Health and Productivity Management Organization (White 500) • Conducted rank appropriate training for leader class and subleader class employees • Disclosed overtime status (monthly)	○	• Advance workstyle innovation activities • Continue other efforts
Diversity	• Execute concrete measures and achieve quantitative targets for diversification of human resources	• Percentage of female employees hired in April 2018 [JSR]: College graduates hired for technical positions: 18% (target: 15-20%) College graduates hired for general office positions: 45% (target: 40-50%) • Percentage of females in management positions as of April 2018 [JSR]: 4.1% (target: 8%)	○	• Continue current efforts
	• Diversify recruitment	• Percentage of employees with disabilities [JSR]: 2.47% (statutory employment rate: 2%) • Foreign national employees recruited [JSR]: 10 (hired from FY2015 to FY2017)	○	
	• Advance corporate culture	• Continued communication-building activities at each office/workplace • Held diversity and inclusion seminars	○	
Human rights	• Improve awareness of corporate ethics and revision of JSR Group Principles of Corporate Ethics as necessary	• Implemented corporate ethics e-learning program • Conducted corporate ethics training that included the topics of sexual harassment and power harassment for new employees and new management employees • Revised JSR Group Principles of Corporate Ethics	○	• Continue current efforts
Supply chain management	• Expand CSR/sustainable procurement *9	• Produced a revised edition of the CSR Procurement Questionnaire with dramatically expanded survey questions and started the second round of the supplier survey	○	• Continue with the second round of the supplier survey
	• Maintain green procurement*10 – Promote activities focusing on collaboration among the supply chain	• Practiced green procurement based on JSR Green Procurement Guidelines • Provided data on chemical substances using MSDS Plus*11 and chemSHERPA*11	○	• Continue promoting activities focusing on collaborations in supply chains
Communication with communities and society	• Utilize the UN Global Compact (GC) network • Participate in the Consortium for Sustainable Paper Use	• Participated as an active member in the Supply Chain Subcommittee, the Corruption Prevention Subcommittee, and the Human Rights Due Diligence Subcommittee of the GC Network Japan • Participated in the Consortium for Sustainable Paper Use	○	• Continue current efforts
	• Promote social contribution activities that highlight JSR Group's sustainable orientation (continue visiting lessons and lectures, etc.) • Continue communication with local communities, including plant neighbors, with the aim of being a company that is trusted by the community	• In cooperation with educational institutions, continued education programs on preventing and coping with global warming by means of guest science lessons at elementary schools, as well as giving workplace experience tours to junior high schools and high schools • Carried out communication activities with local communities near each base	○	• Continue current efforts
	• Promote communication using green areas that help conserve biological diversity	• Yokkaichi Plant: Posted additional signboards describing the flora and fauna in green areas • Chiba Plant: Held family events using the grove in the rest area within the plant • Kashima Plant: Exterminated invasive plants and conducted wildlife monitoring • Tsukuba Research Laboratories: Conducted wildlife monitoring, maintained walkways using chipped prunings, and monitored for and exterminated invasive species	○	• Continue current efforts
	• Create and distribute marketing materials to promote the "Mirai no Kigen (Origin of the Future)" TV program	• Distributed marketing materials during student recruitment and at universities hosting program filming • Appended program introduction to email messages • Placed text advertisement on Shinkansen trains	○	• Continue current efforts
Communication with shareholders and investors	• Release information through various media	• Released information about the group that is easy to understand in a timely manner including such examples as the Information for Investors section of the website, annual reports, and the "JSR Throughout Society" booklet	○	• Continue current efforts
	• Communicate bi-directionally with shareholders and investors	• Held financial results briefings (quarterly), management policy briefing (annually), and business briefings (Life Sciences business) for institutional investors and analysts • Held individual meetings and small meetings with Japanese and overseas institutional investors (participated in domestic conferences, visitation IR with Japanese and overseas institutional investors, etc.)	○	
	• Conduct shareholder meetings that encourage relationship-building	• Released meeting announcements schedules earlier and more frequently, produced meeting announcements for smartphones, and avoided conflict with other shareholder meetings as well as enriched briefings of business overviews and product introductions at venues	○	

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Social Issues that JSR Group Can Help Resolve	FY2017 Target	FY2017 Result	Assessment	FY2018 Target
Health and longevity	<ul style="list-style-type: none"> Contribute to the promotion of changing perspective from treatment to prevention and personalized medicine through the Life Sciences Business 	<ul style="list-style-type: none"> Constructed a system that supports drug discovery processes from the beginning stage to the final stage with the acquisition of Selexis and Crown Established a system that contributes to the advancement of personalized medicine together with MBL's diagnostic technology 	○	<ul style="list-style-type: none"> Contribute to the improved efficiency of drug discovery processes, in order to realize better treatments sooner
Eco-friendly products	<ul style="list-style-type: none"> Continue analysis/discussion of feasibility of activities to reduce the environmental impact utilizing LCI*12 data 	<ul style="list-style-type: none"> Estimated the CO₂ emissions from new and alternative products starting from the development phase through the incorporation of LCA*13 (LCA processes are used during the manufacturing phase of 52 products) 	○	<ul style="list-style-type: none"> Include eco-friendly design in product design reviews and encourage development of eco-friendly products
	<ul style="list-style-type: none"> Set new targets for eco-friendly products during FY2017 	<ul style="list-style-type: none"> The percentage of sales from eco-friendly products leveled off from last year. In view of the growth of Life Sciences Business and the global base expansion of the S-SBR business, continued the acquisition of business activity results without setting targets at the present time. 	—	<ul style="list-style-type: none"> Disseminate internally and further activate eco-friendly products

*1 SDS = Safety Data Sheet. A sheet describing the safety information on chemical substances is attached when shipped to other operators.

*2 GHS = Globally Harmonized System Classification and Labeling of Chemicals. This system is designed to globally standardize classification, labeling and provision of SDS.

*3 TSCA = The Toxic Substances Control Act of the United States. The act's purpose is to regulate chemical substances and mixtures that pose unreasonable risks to human health and the environment.

*4 REACH = Registration, Evaluation, Authorization and Restriction of Chemicals. This is a European Union regulation to provide safety test data on all chemical products that are manufactured or imported by an amount of at least 1 ton per year.

*5 BCP = Business Continuity Plan. BCP defines the planning of determination criteria and course of action plans to continue business operations in the event of emergencies or disasters and to continue or restore operations as quickly as possible after a major emergency event that could affect the existence of the company occurs such as largescale disasters, fires/explosions, terrorist attacks, etc.

BCM defines the management system implemented to improve and operate the BCP through PDCA

*6 HAZOP (Hazard and Operability Studies) safety inspection

*7 VOC = "Volatile Organic Compounds," which is a cause of air pollution

*8 RTO = Regenerative Thermal Oxidizer. A device used to burn VOCs and decompose them into CO₂ and water to create cleaner exhaust gases.

*9 CSR/sustainable procurement is a system of procuring raw materials from suppliers that have demonstrated resolve to engage in environment protection as well as incorporating the social aspect into corporate ethics and employment activities.

*10 Green procurement is a system of procuring raw materials from suppliers that meet strict guidelines on the management of substances that have the potential to cause harm to human health.

*11 MSDS Plus/chemSHERPA = A basic information sheet used to provide downstream users with information on chemical substances in products. It was created by the Joint Article Management Promotion Consortium.

*12 LCI = Life Cycle Inventory. Sum of the input and output data of resource, energy, and environmental impact of products used for LCA.

*13 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.