

## 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 FY2018.

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

Basic Issues in JSR Group's Corporate Activity	FY2018 Target	FY2018 Result	Assessment	FY2019 Target
Compliance	● Continue corporate ethics awareness surveys	● Conducted corporate ethics awareness surveys and followed up at domestic and overseas offices	○	● Continue corporate ethics awareness surveys
	● 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	○	● Continue providing training for new employees and new management employees as well as e-learning and other forms of employee education ● Revise JSR Group Principles of Corporate Ethics
	● Improve level of legal compliance	● Confirmed periodic legal compliance verification at domestic and overseas offices ● Held legal compliance seminars ● Implemented e-learning on antitrust laws, corruption prevention, subcontracting laws, and export control	○	● Continue periodic legal compliance verification ● Continue providing employee education through legal affairs seminars, e-learning, etc.
Corporate governance	● Continue response to the Corporate Governance Code	● Revised Corporate Governance Report in November 2018 in accordance with partial revision of Corporate Governance Code ● Expanded disclosure concerning officers' remuneration and methods for determining officers' remuneration ● Continuing from the previous year, evaluated the Board of Directors' effectiveness	○	● Continue response to the Corporate Governance Code ● Expand disclosure concerning officers' remuneration and methods for determining officers' remuneration ● Continue Board of Directors' effectiveness evaluation
Risk management	● Reconfirm and revise risks identified in FY2017 at all JSR Group divisions ● Verify the progress and status of measures to cope with critical JSR Group risks	● Reconfirmed and revised risks identified in FY2017 at all JSR Group divisions ● Implemented interviews in the Head Office and departments as part of monitoring of departmental risk and verified the progress and status of measures to cope with risk ● Reexamined risk management regulations and made partial revisions	○	● Verify the progress and status of measures to cope with critical JSR Group risks
	● Continue to hold and improve JSR headquarter crisis management drills (initial response drills and BCP drills) ● Establish and revise BCP*1 manuals for domestic manufacturing subsidiaries	● Conducted crisis-management training assuming a direct hit from a large-scale earthquake in Tokyo for mid-level personnel in each team of the headquarters for accident and crisis control ● Implementing countermeasures and follow-up for issues identified through crisis management training ● Rechecked the crisis management system and BCP manual in case of a crisis affecting a Group company ● Conducted a workshop on corporate duty to consider safety in the event of a major disaster	○	● Continue implementation of crisis management training (initial response training and BCP training) and improve issues identified through training ● Recheck the crisis management system and BCP manual in case of a crisis affecting a Group company
	● Continue measures in accordance with the seismic reinforcement plan (Yokkaichi Plant reinforcement work to be completed for manufacturing facilities in FY2018 and for the containment building in FY2021; Kashima Plant reinforcement work to be completed in FY2020. Note that seismic reinforcement work at the Chiba Plant is complete.)	● Conducted seismic reinforcement work according to plan (Yokkaichi Plant, Kashima Plant) Equipment work at Yokkaichi Plant was completed FY2018	○	● Continue measures in accordance with the seismic reinforcement plan (Kashima Plant reinforcement work to be completed in FY2020; Yokkaichi Plant reinforcement work to be completed for the containment building in FY2021) ※ Complete seismic work for Chiba Plant and Yokkaichi Plant equipment

Social Issues Attributable to JSR Group's Corporate Activity	FY2018 Target	FY2018 Result	Assessment	FY2019 Target
Health and safety initiatives	<ul style="list-style-type: none"> <li>● Zero facility accidents and zero serious workplace accidents</li> <li>&lt;Safety foundation&gt; <ul style="list-style-type: none"> <li>- Improve mechanisms for sharing needed information</li> <li>- Maintain and manage information on the safety foundation and keep information up to date</li> </ul> </li> <li>&lt;Safety culture&gt; <ul style="list-style-type: none"> <li>- Continue efforts to spread safety values</li> <li>- Continue activities to eradicate unsafe behavior</li> <li>- Provide education and awareness-raising on safety mindsets suitable for the current age</li> <li>- Conduct safety competency level assessments by Japan Safety Competency Center (Yokkaichi Plant)</li> </ul> </li> <li>● Continue systematic identification of hazards with HAZOP<sup>2</sup> and implement measures for major identified hazards</li> </ul>	<ul style="list-style-type: none"> <li>● Accidents ※Accidents tallied for the calendar year</li> <li>- Facility accidents (abnormalities stipulated in the Act on the Prevention of Disaster in Petroleum Industrial Complexes and Other Petroleum Facilities): 2 JSR accidents, 4 Group accidents</li> <li>There was an increase in the number of leak-related accidents attributable to aging equipment.</li> <li>- Workplace accidents (requiring time off work or worse): 0 JSR accidents, 1 accident in a JSR manufacturing partner, 2 Group accidents</li> <li>Although there were fewer serious accidents, there were more accidents involving tripping/falling as well as getting caught in machinery due to inattentiveness.</li> <li>&lt;Safety foundation&gt; <ul style="list-style-type: none"> <li>- Improved mechanism for sharing safety information; however, promoting use of safety foundation information remained a problem</li> </ul> </li> <li>&lt;Safety culture&gt; <ul style="list-style-type: none"> <li>- Conducted questionnaire survey on organizational penetration of safety values and found that, although some progress was made, disparities exist among business establishments</li> <li>- Prepared and tested separate safety education curricula for young workers and veteran workers and observed results</li> <li>- Yokkaichi Plant underwent safety competency level assessment by Japan Safety Competency Center</li> </ul> </li> <li>● Implemented hazard identification with HAZOP according to plan</li> </ul>	<ul style="list-style-type: none"> <li>△</li> </ul>	<ul style="list-style-type: none"> <li>● Zero facility accidents and zero serious workplace accidents</li> <li>- Reinforce measures to prevent accidents due to equipment damage</li> <li>- Prevent workplace accidents through eradication of unsafe behaviors and development of age group-specific safety education curricula</li> <li>● Improve security capability (from dependent to independent organization)</li> <li>&lt;Safety foundation&gt; <ul style="list-style-type: none"> <li>- Review safety and security-related regulations and criteria schemes and make regulations common throughout the organization</li> <li>- Predict damage from major accidents and apply results to prevention activities</li> </ul> </li> <li>&lt;Safety culture&gt; <ul style="list-style-type: none"> <li>- Continue efforts to spread safety values</li> <li>- Advance education to improve hazard recognition skills (with dual use of virtual reality and exercises)</li> </ul> </li> </ul>
	<ul style="list-style-type: none"> <li>● Maintain and renew certifications on security-related laws and regulations</li> <li>- Renew 2-year consecutive certification as a Class 1 Pressure Vessel: Chiba Plant</li> <li>● Maintain and improve security management activities in accordance with the Accreditation system acquired by plants</li> </ul>	<ul style="list-style-type: none"> <li>● Maintained and renewed certifications on security-related laws and regulations</li> <li>- Renewed certification of Class 1 Pressure Vessel: Chiba Plant (March 2018)</li> <li>● Conducted certified high pressure gas establishment audits and confirmed security management systems are compliant</li> </ul>	<ul style="list-style-type: none"> <li>○</li> </ul>	<ul style="list-style-type: none"> <li>● Maintain and renew certifications on security-related laws and regulations</li> <li>● Maintain and improve security management activities in accordance with the Accreditation system acquired by plants</li> </ul>
	<ul style="list-style-type: none"> <li>● Make audits more efficient while continuing to use the previous fiscal year's audit method</li> <li>● Conduct priority-oriented audits, focusing on the handling of critical risks present at the audited division</li> </ul>	<ul style="list-style-type: none"> <li>● Conducted efficient audits by simultaneously conducting environment and safety audits and certified high-pressure gas establishment audits</li> <li>● Disseminated thoughts of business establishment managers on safety through audits, verified expansion of activities tailored to section operations, identified issues, and linked the above to improvements</li> </ul>	<ul style="list-style-type: none"> <li>○</li> </ul>	<ul style="list-style-type: none"> <li>● Implement efficient and highly accurate audits</li> <li>- Conduct priority-oriented audits, focusing on the handling of critical risks present at the audited division</li> </ul>
Climate change mitigation	<ul style="list-style-type: none"> <li>● Promote efforts for reductions with attention to government goals on CO2 emissions reductions</li> </ul>	<ul style="list-style-type: none"> <li>● 3.2% increase in FY2018 compared to FY2013</li> </ul>	<ul style="list-style-type: none"> <li>△</li> </ul>	<ul style="list-style-type: none"> <li>● Promote new activities for achieving a 15% reduction compared to FY2013 by FY2030</li> </ul>
Environmental impact reduction	<ul style="list-style-type: none"> <li>● Reduce VOC<sup>3</sup> emissions by 75% from FY2000 levels</li> </ul>	<ul style="list-style-type: none"> <li>● Reduced VOC emissions by 82% from FY2000 levels through continuance of stable operation of RTO<sup>4</sup> installed in the three JSR plants</li> </ul>	<ul style="list-style-type: none"> <li>○</li> </ul>	<ul style="list-style-type: none"> <li>● Continue current efforts</li> </ul>
	<ul style="list-style-type: none"> <li>● Ensure reliable and stable functionality of environmental equipment and maintain current status of zero environmental complaints</li> </ul>	<ul style="list-style-type: none"> <li>● Ensured reliable and stable functionality of environmental equipment and maintained current status of zero environmental complaints in FY2018</li> </ul>	<ul style="list-style-type: none"> <li>○</li> </ul>	<ul style="list-style-type: none"> <li>● Continue current efforts</li> </ul>
Waste reduction	<ul style="list-style-type: none"> <li>● Reduce generated waste by 15% in FY2030 compared to FY2013</li> </ul>	<ul style="list-style-type: none"> <li>● 4.5% reduction in FY2018 compared to FY2013</li> </ul>	<ul style="list-style-type: none"> <li>○</li> </ul>	<ul style="list-style-type: none"> <li>● Continue current efforts</li> </ul>
Water resources conservation	<ul style="list-style-type: none"> <li>● Maintain current recycling rate</li> </ul>	<ul style="list-style-type: none"> <li>● Used 15,275,000 m3 of water and recycled the equivalent of 29.3% of that water (4,481,000 m3)</li> </ul>	<ul style="list-style-type: none"> <li>○</li> </ul>	<ul style="list-style-type: none"> <li>● Continue current efforts</li> </ul>

Social Issues Attributable to JSR Group's Corporate Activity	FY2018 Target	FY2018 Result	Assessment	FY2019 Target
Chemical and product safety	<ul style="list-style-type: none"> <li>● Provide environmental and safety information to customers</li> <li>● Continue to label products and provide SDS based on GHS<sup>*5</sup> in compliance with domestic regulations</li> <li>● Comply timely with GHS in accordance with laws and regulations of each export destination</li> </ul>	<ul style="list-style-type: none"> <li>● Provided proper SDS on prototypes and products to customers by utilizing the SDS<sup>*6</sup> electronic management system</li> <li>● Labeled products shipped domestically and provided SDS based on GHS in compliance with domestic laws/JIS</li> <li>● Implemented responses corresponding to GHS legislation of export destinations for overseas SDS</li> </ul>	○	<ul style="list-style-type: none"> <li>● Continue providing environmental and safety information to customers</li> <li>● Continue to label products and provide SDS based on GHS in compliance with domestic regulations</li> <li>● Advance compliance with GHS in accordance with laws and regulations of each export destination</li> </ul>
	<ul style="list-style-type: none"> <li>● Continue precise compatibility with domestic laws/regulations and standards</li> </ul>	<ul style="list-style-type: none"> <li>● Completed preparations for smooth pre-enforcement response to portion of 2017 revision of Chemical Substances Control Act coming into effect in January 2019 through in-house publicity and preparations concerning necessary responses</li> </ul>	○	<ul style="list-style-type: none"> <li>● Continue precise compatibility with domestic laws/regulations and standards</li> </ul>
	<ul style="list-style-type: none"> <li>● Continue proper responses to overseas legislation and amendments, such as the EU's REACH<sup>*7</sup> and US's revised TSCA<sup>*8</sup></li> </ul>	<ul style="list-style-type: none"> <li>● Transferred necessary information and upgraded dossiers for REACH compliance and made preparations for compliance associated with Brexit</li> <li>● Made notifications necessary for compliance with the US's revised TSCA</li> <li>● Continued preparing for compliance with other amended laws in Asian countries</li> </ul>	○	<ul style="list-style-type: none"> <li>● Continue response to the EU's REACH and UK laws concerning Brexit as well as surefooted response to amended laws in South Korea, Taiwan, Turkey, etc.</li> </ul>
Quality management	<ul style="list-style-type: none"> <li>● Develop quality control systems and upgrade quality control by introducing new methods</li> </ul>	<ul style="list-style-type: none"> <li>● Reflected business strategy formulated from customers' perspective on quality assurance plan and advanced the plan through PDCA</li> <li>● Completed ISO9001 renewal audits at JSR's 3 plants</li> <li>● Began making product quality testing equipment online-compatible</li> <li>● Advanced quality improvement and operational efficiency using the Six Sigma methods</li> </ul>	○	<ul style="list-style-type: none"> <li>● Develop quality control systems and upgrade quality control by introducing new methods</li> </ul>
	<ul style="list-style-type: none"> <li>● Implement Seventh Quality Performance Review as well as external and internal quality audits</li> </ul>	<ul style="list-style-type: none"> <li>● Implemented Seventh Quality Performance Review as well as external and internal quality audits</li> <li>● Conducted five extra audits as well</li> </ul>	○	<ul style="list-style-type: none"> <li>● Implement Eighth Quality Performance Review as well as external and internal quality audits</li> </ul>
	<ul style="list-style-type: none"> <li>● Prepare company-wide quality guidelines toward building a global quality control system</li> </ul>	<ul style="list-style-type: none"> <li>● Prepared guidelines for sharing thinking vis-à-vis quality and implemented activities for disseminating them, including in overseas Group companies</li> </ul>	○	<ul style="list-style-type: none"> <li>● Develop company-wide quality guidelines toward building a global quality control system</li> </ul>
Labor environment	<ul style="list-style-type: none"> <li>● Advance workstyle innovation activities</li> <li>● Continue other efforts</li> </ul>	<ul style="list-style-type: none"> <li>● Implemented workstyle innovation activities</li> <li>● JSR recognized as a 2019 Excellent Health and Productivity Management Organization (White 500)</li> <li>● Provided stratified training programs, etc.</li> <li>● Disclosed overtime status (monthly)</li> </ul>	○	<ul style="list-style-type: none"> <li>● Advance workstyle innovation activities</li> <li>● Continue other efforts</li> <li>● Provide stratified training programs, etc.</li> </ul>
Diversity	<ul style="list-style-type: none"> <li>● Execute concrete measures and achieve quantitative targets for diversification of human resources</li> </ul>	<ul style="list-style-type: none"> <li>● Percentage of female employees hired in April 2019 [JSR] College graduates hired for technical positions: 23% (target: 15-20%) College graduates hired for general office positions: 50% (target: 40-50%)</li> <li>● Percentage of females in management positions as of April 2019 [JSR]: 4.3% (target: 8%)</li> </ul>	△	<ul style="list-style-type: none"> <li>● Execute concrete measures and achieve quantitative targets for diversification of human resources</li> </ul>
	<ul style="list-style-type: none"> <li>● Advance recruitment diversity</li> </ul>	<ul style="list-style-type: none"> <li>● Percentage of employees with disabilities [JSR]: 2.43% (statutory employment rate : 2.2%)</li> <li>● Foreign national employees recruited [JSR]: 19 (hired from FY2016 to FY2018)</li> </ul>	○	<ul style="list-style-type: none"> <li>● Continue current efforts</li> </ul>
	<ul style="list-style-type: none"> <li>● Advance corporate culture</li> </ul>	<ul style="list-style-type: none"> <li>● Continued communication-building activities at each office/workplace</li> <li>● Held various seminars</li> </ul>	○	<ul style="list-style-type: none"> <li>● Cultivate a corporate culture built on healthy communication</li> </ul>
Human rights	<ul style="list-style-type: none"> <li>● Improve awareness of corporate ethics and revision of JSR Group Principles of Corporate Ethics as necessary</li> </ul>	<ul style="list-style-type: none"> <li>● Implemented corporate ethics e-learning program</li> <li>● Conducted corporate ethics training that included the topics of sexual harassment and power harassment for new employees and new management employees</li> </ul>	○	<ul style="list-style-type: none"> <li>● Continue providing training for new employees and new management employees as well as e-learning and other forms of employee education</li> <li>● Conduct corporate ethics training that included the topics of sexual harassment and power harassment for new employees and new management employees</li> </ul>
Supply chain management	<ul style="list-style-type: none"> <li>● Expand CSR/sustainable procurement<sup>*9</sup> (continue second round of the supplier survey)</li> </ul>	<ul style="list-style-type: none"> <li>● Continued second round of supplier survey with revised CSR/Sustainable Procurement Questionnaire</li> </ul>	○	<ul style="list-style-type: none"> <li>● Continue with the second round of the supplier survey (including for overseas suppliers)</li> </ul>
	<ul style="list-style-type: none"> <li>● Continue advancing activities focusing on collaborations in supply chains</li> </ul>	<ul style="list-style-type: none"> <li>● Practiced green procurement<sup>*10</sup> based on JSR Green Procurement Guidelines</li> <li>● Provided data on chemical substances in supply chains using chemSHERPA<sup>*11</sup></li> </ul>	○	<ul style="list-style-type: none"> <li>● Continue advancing activities focusing on collaborations in supply chains</li> </ul>
Communication with employees	<ul style="list-style-type: none"> <li>● Continue CSR awareness-raising activities</li> </ul>	<ul style="list-style-type: none"> <li>● Held CSR Explanatory Briefings (4 domestic bases)</li> <li>● Held annual CSR report presentation meeting</li> </ul>	○	<ul style="list-style-type: none"> <li>● Continue CSR awareness-raising activities</li> </ul>

Social Issues Attributable to JSR Group's Corporate Activity	FY2018 Target	FY2018 Result	Assessment	FY2019 Target
Communication with communities and society	<ul style="list-style-type: none"> <li>Utilize the UN Global Compact (GC) network</li> <li>Participate in the Consortium for Sustainable Paper Use</li> </ul>	<ul style="list-style-type: none"> <li>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</li> <li>Participated in the Consortium for Sustainable Paper Use</li> </ul>	○	● Continue current efforts
	<ul style="list-style-type: none"> <li>Advance social contribution activities that highlight JSR Group's sustainable orientation (continue visiting lessons and lectures, etc.)</li> <li>Continue communication with local communities, including plant neighbors, with the aim of being a company that is trusted by the community</li> </ul>	<ul style="list-style-type: none"> <li>In cooperation with educational institutions, continued providing education on preventing and coping with global warming by means of guest science lessons at elementary schools as well as accepting junior high school and high school students for a workplace experience program</li> <li>Carried out communication activities with local communities near each base</li> </ul>	○	● Continue current efforts
	<ul style="list-style-type: none"> <li>Advance communication using green areas that help conserve biological diversity</li> </ul>	<p>Implemented the following measures at business establishments to advance communication using green areas that help conserve biological diversity</p> <ul style="list-style-type: none"> <li>Yokkaichi Plant: Accepted green area tours at the plant workplace level and confirmed the potential of green spaces through an expert-led biological study</li> <li>Chiba Plant: Developed the green spaces through forest thinning and created a new pond</li> <li>Kashima Plant: Conducted an overall review of the green space management plan, planted new trees, and installed more birdhouses</li> <li>Tsukuba Research Laboratories: Eliminated use of herbicides and chemical fertilizers within the biodiversity promotion area, created soil from fallen leaves and branches, and monitored invasive species</li> </ul>	○	● Continue current efforts
	<ul style="list-style-type: none"> <li>Create and distribute marketing materials to promote the "Mirai no kigen (Origin of the Future)" TV program</li> </ul>	<ul style="list-style-type: none"> <li>Distributed marketing materials during student recruitment and at universities hosting program filming</li> <li>Placed text advertisement on Shinkansen trains</li> </ul>	○	● Continue current efforts
Communication with shareholders and investors	<ul style="list-style-type: none"> <li>Release information through various media</li> </ul>	<ul style="list-style-type: none"> <li>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</li> </ul>	○	● Continue current efforts
	<ul style="list-style-type: none"> <li>Communicate bi-directionally with shareholders and investors</li> </ul>	<ul style="list-style-type: none"> <li>Held financial results briefings (quarterly) and management policy briefing (annually) for institutional investors and analysts</li> <li>Held meetings with domestic and overseas institutional investors and securities analysts (e.g., participated in domestic and overseas conferences, including those specialized in the Life Sciences Business; held individual visits with institutional investors in Japan and abroad; held small meetings, etc.)</li> <li>Held briefings for individual investors</li> </ul>	○	● Continue current efforts
	<ul style="list-style-type: none"> <li>Conduct shareholder meetings that encourage relationship-building</li> </ul>	<ul style="list-style-type: none"> <li>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</li> </ul>	○	● Continue current efforts

\*1 BCP = Business Continuity Plan. A plan that defines decision-making criteria and courses of action for continuing business operations in the event of an emergency or disaster in order to permit the continuation or restoration of operations as quickly as possible following a major emergency event—such as a large-scale disaster, fire/explosion, or terrorist attack—that could affect the existence of the company. Business Continuity Management (BCM) refers to the management system implemented to improve and operate the BCP through PDCA.

\*2 HAZOP (Hazard and Operability Studies) safety inspection

\*3 VOC = "Volatile Organic Compounds," which is a cause of air pollution.

\*4 RTO = Regenerative Thermal Oxidizer. A device used to burn VOCs and decompose them into CO<sub>2</sub> and water to create cleaner exhaust gases.

\*5 GHS = Globally Harmonized System Classification and Labeling of Chemicals. A system designed to globally standardize the classification and labeling of chemicals and the provision of SDS.

\*6 SDS = Safety Data Sheet. A sheet describing the safety information on chemical substances is attached when shipped to other operators.

\*7 REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) is an EU regulation that requires the registration of all uses and safety data for imported chemicals.

\*8 TSCA: The Toxic Substances Control Act of the United States. The act was revised in 2016 to more strongly regulate chemical substances that pose unreasonable risks.

\*9 CSR/sustainable procurement is a system of procuring raw materials from suppliers that practice environmental protection as well as implement initiatives having social importance in terms of corporate ethics, employment, etc.

\*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 chemSHERPA : A basic information sheet used to provide downstream users with information on chemical substances in products. It is managed by the Joint Article Management Promotion Consortium.