

JSR Group  
**CSR Report 2009**

JSR



**With chemistry,  
 we can**



**JSR Corporation CSR Department**

Shiodome Sumitomo Building, 1-9-2,  
 Higashi-Shinbashi, Minato-ku,  
 Tokyo, Japan 105-8640  
 Telephone: 81-3-6218-3518  
 Facsimile: 81-3-6218-3682  
[http://www.jsr.co.jp/jsr\\_e/index.shtml](http://www.jsr.co.jp/jsr_e/index.shtml)



The paper used for this publication  
 helps to make effective use of wood  
 that has been felled to thin out and  
 revitalize forests.

**JSR Corporation**

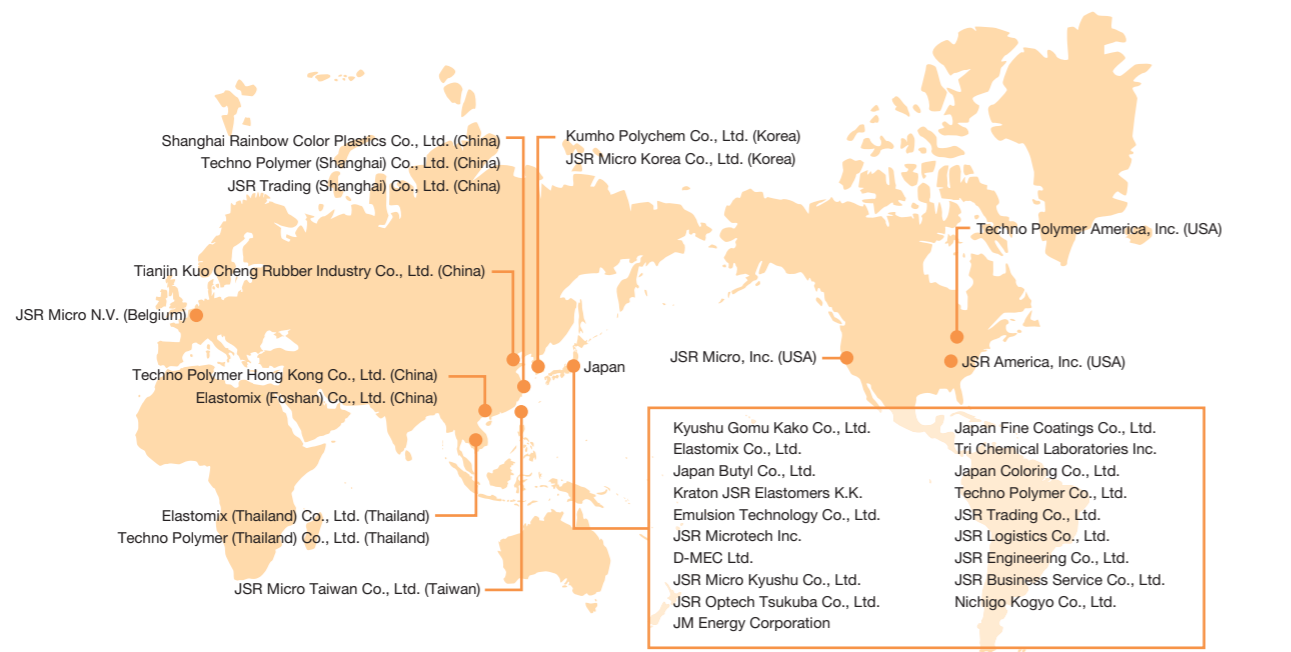
## JSR Profile

- Company name ● JSR Corporation
- Established ● December 10, 1957
- Head office ● Shiodome Sumitomo Building, 1-9-2, Higashi-Shinbashi, Minato-ku, Tokyo, Japan
- President ● Mitsunobu Koshihara
- Capital ● ¥23.3 billion (as of March 31, 2009)
- Number of employees ● 2,470 (non-consolidated) 5,256 (consolidated) as of March 31, 2009
- Businesses ● Elastomers, emulsions, thermoplastic-elastomers, plastics, electronic materials, display materials, optical materials, performance chemicals, 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 branch / offices ● Wallisellen Branch / Shanghai Office (China)  
Taiwan Office / Singapore Office

## JSR Group Enterprises

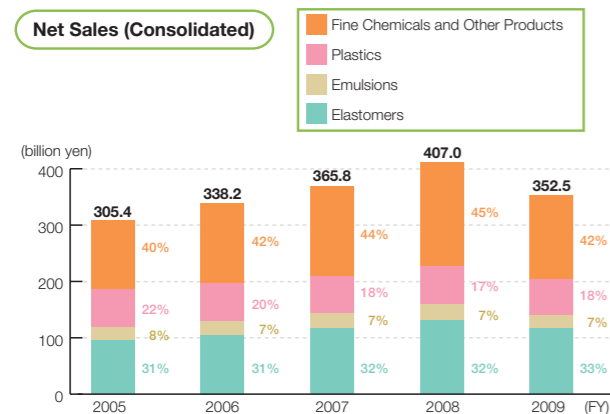


28 consolidated companies and 6 companies to which Equity Laws are applicable

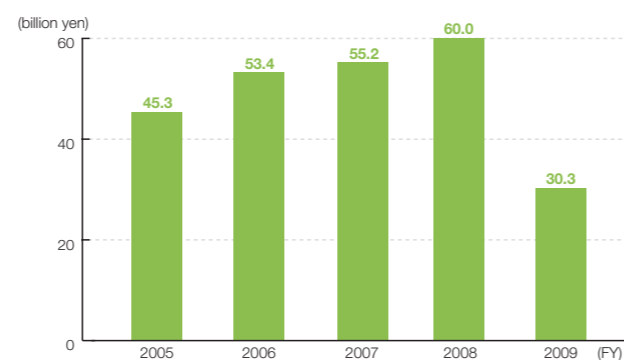
As of June 30, 2009

## Financial Information

### Net Sales (Consolidated)



### Operating Income (Consolidated)



## Editorial Policy

The purpose of this report is to inform all stakeholders of JSR Group policies and initiatives for a sustainable society.

We have strived to communicate our activities in a straightforward manner in the Executive Commitment section and two feature articles.

In addition, we have submitted to third-party verification to strengthen the reliability of the report. The results of this verification are available in the online version of the CSR Report.

## The "CSR Report 2009" Format

The JSR Group "CSR Report 2009" consists of printed and online versions.

### Printed

The printed version communicates JSR Group CSR activities that we particularly want to bring to the attention of our stakeholders.

### Online

In addition to the content found in the printed version, the online one details specific initiatives for management, responsible care (environment, safety, health), and society.

[http://www.jsr.co.jp/jsr\\_e/csr/csrreport2009.shtml](http://www.jsr.co.jp/jsr_e/csr/csrreport2009.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](http://www.jsr.co.jp/csr/dl_gri.shtml) (Japanese only)

## Target Period

April 1, 2008 - March 31, 2009

The CSR Report also includes a section on activities and initiatives conducted since April 2009.

## Operations Covered

JSR Corporation and 33 Group Companies

- Operations for which data was collected on "Responsible Care" (environment, safety, health)

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

Note 1: Excel Tokai Co., Ltd. was exempt from having data collected because all holdings were sold in April 2009.

Note 2: JM Energy Corporation became subject to consolidation in FY2010

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## Responsible Care®

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



## Publishing Information

Date of publication: September 2009  
Next scheduled issue: September 2010  
(Previous issue: June 2008)

## The front cover design of this report

The single line drawn on the cover represents the connection between products employing JSR-made materials and society. It also expresses the strong desire of the JSR Group to contribute to a recycling-based society.

JSR's fiscal year runs from April 1 of the current calendar year to March 31 of the following year. For example, fiscal year 2009 runs from April 1, 2008 to March 31, 2009.

# 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 situations in daily life.



## 1 Styrene Butadiene Rubber Elastomer

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

Main uses: Tires



## 2 Polybutadiene Rubber Elastomer

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

Main uses: Tires, golf balls



## 3 Paper Coating Latex Emulsion

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

Main uses: High-gloss paper, coated printing paper



## 4 Thermoplastic Elastomer TPE

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

Main uses: Footwear soles, adhesives, asphalt modification agent



## 5 Acrylonitrile-butadiene Styrene (ABS) Plastic

This material achieves a balance between shock resistance and rigidity and is used in numerous applications for its excellent luster and color and its ease of shaping.

Main uses: Automobile parts, industrial goods, electrical machinery

## 6 Semiconductor Materials

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

Main uses: Digital devices such as PCs and mobile phones



## 11 Lithium-ion Capacitors

### Next-stage Growth Business

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

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

\* Devices that compensate for voltage drops that occur as a result of lightning strikes and other causes.



## 10 Electrolyte Membranes

### Next-stage Growth Business

Electrolyte membranes are a key part of fuel cells, which generate electricity from the reaction of a fuel such as hydrogen with oxygen, and are used in fuel cell vehicles and other applications.

Main uses: Fuel cells (for automobiles, household use, and portable devices)

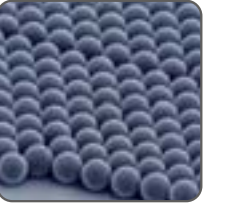


## 9 Medical Particles

### Performance Chemicals

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

Main uses: External diagnostic agents, genetic research reagents



## 8 Optical Fiber Coating Materials

### Optical Materials

These materials are ultraviolet light curable materials with superior properties. They are used to protect the glass of optical fiber, which has become essential in modern society as a means of communication for the Internet, long-distance communications and other technologies.

Main uses: Communications optical fiber



## 7 Liquid Crystal Display Materials

### Display Materials

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

Main uses: LCD televisions, PCs, mobile phones



### Major Product Group

Elastomer	Emulsion	TPE	Plastic	Electronic Materials	Display Materials	Optical Materials	Performance Chemicals	Next-stage Growth Business
Since JSR Corporation began operations as a general synthetic rubber manufacturer in 1960, the company has continuously provided high-quality products to global markets as the leading maker of synthetic rubber used in the manufacture of tires, automobile parts, and other goods.	Based on its synthetic rubber manufacturing technology, JSR has developed high-performance products for use in printing paper coatings, environmentally-friendly water-based paints, and water-based adhesives.	JSR handles thermoplastic elastomers (TPE) that combine the elasticity of synthetic rubber and the excellent molding ability of thermoplastic resin. Advanced research and development makes possible the provision of high added value products that are environmentally friendly.	JSR supplies and markets products used in a wide range of applications including automobile parts and home appliances with a focus on ABS, which features high performance and well-balanced properties.	Based on polymer technologies developed over many years through its petrochemical business, JSR has developed high-performance semiconductor materials to meet diverse market needs including photoresists, anti-reflective coatings, and developers.	JSR produces materials for flat-panel displays (FPD), which occupy a key position among information electronic devices that continue to become ever more advanced. The company has contributed to technological innovation by developing and marketing products using its unique polymer technologies.	JSR markets materials with optical functions such as optical fiber coatings, stereolithography resins, optical films and opto-functional UV resins, contributing to the advancement of optoelectronics.	Taking "high-performance and environmentally-friendly materials familiar to people in everyday life" as its basic concept, JSR provides various products in diverse application fields, ranging from information and printing to construction, energy, and medical.	By generating synergy effects between superior materials and processing technologies, JSR is focusing on the creation of future core businesses. These are positioned as next-generation growth fields with the aim of providing new value.

# Continuing steady growth and innovation through the development of groundbreaking materials that contribute to the realization of a prosperous society

**Mitsunobu Koshiba**  
Representative Director and President  
JSR Corporation



## Contributing Widely to Society by Providing Innovative Materials

The basis of the business activities of the JSR Group, in the course of its progress up to now, has been the corporate philosophy of “providing new materials, and through their value striving to contribute to the realization of an affluent human society.” We believe that the identity that ought to be shared throughout the JSR Group, in our pursuit of engaging in a diverse range of businesses, is one of extensively providing values to society through the development of materials that are both innovative and have a competitive edge.

The year 2010 will mark the final year of our mid-term business plan that has been carried out since 2001 over three stages. Implementing the plan is not an isolated goal in itself, but rather one step in an ongoing progress. As the next step, we are planning to formulate a new long-term business plan, with the year 2030 as the visionary target. In creating the plan, we view the role of top management as one that determines what the corporate approach of the JSR Group should be by 2030, on the basis of consolidating our position while accurately gauging changes in the business environment within which we operate.

In the midst of these developments, our orientation remains focused, as before, on growth and innovation. We are keenly aware that what has sustained the progress of the JSR Group up to now is our approach of undertaking new challenges from the standpoint of continually overturning the status quo, instead of being satisfied with the current situation.

In carrying out our business globally, we also need to be aware that no corporation will continue to exist if it does not possess a high level of fair and impartial management. We intend for our future management policies to continue to draw upon our fundamental stance of fairness,

which is an aspect that has deeply impressed me in my own experience at the JSR Group.

## Striving to Fulfill Our Responsibility as a Global Corporation

The world faces many important issues today, whether it is global warming, depletion of resources and food supplies, or the issue of human rights. The impact that corporate activities have with regard to these issues is quite significant, and the activities of the JSR Group are no exception.

Based on this understanding, the JSR Group established the CSR Committee in FY2004, which has since that time been involved in the CSR activities central to our corporate ethics and environmental/safety efforts. In June 2008, in order to take these initiatives to an even higher level, we launched a new Corporate Social Responsibility Department, which is advancing CSR efforts in the two areas of “corporate obligations” and “social contribution.”

The area of “corporate obligation” is further divided into the three issues of “corporate ethics,” “responsible care” and “risk management,” with specific committees set up to handle each issue, in order to strengthen the means of promoting efforts in those areas. Meanwhile, with regard to “social contribution,” we are aiming to implement initiatives that benefit JSR, making use of our distinctive characteristics; and this year we intend to specify and elaborate upon a plan of action in that respect.

On April 1, 2009, we signed the Global Compact of the United Nations, which espouses principles of action for corporations. We consider the signing of the document as a declaration by JSR to act in a responsible manner when conducting its business globally, and we firmly believe that this will contribute to the expansion of our CSR activities that respond to a diverse set of values.

## Contributing to Environmental Impact Reduction through Product Development

The JSR Group particularly wants to concentrate on environmental initiatives in the future. Amid rapidly escalating concerns over environmental issues—especially global warming—as manufacturers of chemicals our Group feels a strong responsibility toward helping to solve these issues in a variety of ways.

Ahead of other firms in the industry, we took a step in that direction in 2008 by setting a goal to achieve a 6% reduction in CO<sub>2</sub> emissions by 2012 compared to the total emissions in 1990. We will do our best to make this happen and are currently considering establishing additional future goals.

From this point on, not only must we focus on product performance, we must also incorporate the concept of lifecycle assessment into product development. Although environmentally-friendly products currently make up around 10% of our Group sales, we plan to set specific goals and work toward increasing that percentage.

In addition, we intend to target the areas of the environment and energy as the next growth businesses and will pour greater efforts into developing and producing more products that help to reduce environmental impact, such as synthetic rubber for fuel-efficient tires, electrolyte membranes for fuel cells, and lithium ion capacitors.

## Striving to Be a Company of which Employees are Proud to Be a Part

It goes without saying that it is the Group employees, including executive management, that support these kinds of initiatives. The key lies not in enforcing them from the top down, but in the fact that each and every employee possesses a high awareness of, and sensitivity to, the issues.

That type of attitude encourages discovery of new business opportunities and leads to business development.

For these reasons, we urge our employees to always practice the “3Cs” of Challenge, Communication, and Collaboration. They should continuously take on new challenges without fear of failure, improve how they communicate with employees in order to pool the efforts of exceptional individuals and employ them as corporate skills, and share information through close links, both within the organization and with other companies. These attitudes form an important corporate culture that has served to bolster the growth of the JSR Group.

Striving to be a company of which all employees are proud to be a part is also one of my important goals. We are working to build a work environment that makes the most of the abilities of our diverse workforce through establishing policies to improve the work-life balance and other initiatives.

While conducting business, we are obliged as a corporation to listen to stakeholders’ opinions and live up to their expectations. Paying careful attention to the true needs of society and offering products that accurately respond to those needs is fundamental to our entire business.

Therefore, we are committed to communicating with stakeholders outside our company in an even more open manner and actively applying what is gained from that interaction to our business activities. This CSR report is being published with the hope that it becomes one form of such communication. We hope that you will take the time to read it and invite you to give us your frank opinions on its content.

# Manufacturing Linked to the Future



The JSR Group creates new value through materials. The Group strives to make contributions to society through its chemical capabilities and conduct research and development with an eye to the future.



## JSR's Approach to Manufacturing

JSR provides support to the new industries and products required by society in the form of its materials. Its role in manufacturing is to provide materials with the functions required by customers when they are needed. The company believes that its mission is to fulfill this role at all times, and has been undertaking a wide

range of R&D activities to do so. One of the products that arose from this stance is solution polymerization styrene-butadiene rubber (S-SBR), a synthetic material that is used mainly in fuel-efficient tires.

## Development of Rubber for Fuel-efficient Tires



**Toshihiro Tadaki**  
Performance Polymer Research Laboratories

Unlike natural rubber made from tree sap, synthetic rubber made from petroleum can be given a wide range of performance characteristics by modifying the manufacturing processes. JSR began making use of this

property to develop synthetic rubber for fuel-efficient tires in the early 1980s, immediately after the second oil crisis. At that time, the price of oil was soaring, generating urgent demands from the automotive industry for higher fuel efficiency. Tires play a significant role in determining the fuel efficiency of a motor vehicle. When JSR was contacted by tire manufacturers and asked whether it was possible to invent new rubber materials to raise fuel efficiency, the company immediately began developing such a material.

## Seeking Both Safety and Fuel Efficiency

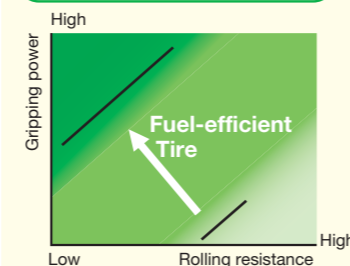
"The most difficult thing was figuring out how to raise fuel efficiency while maintaining safety," says Toshihiro Tadaki, who is involved in petrochemical product research as the Manager at the Performance Polymer Research Laboratories, regarding the development of fuel-efficient tires.

"To operate a motor vehicle with a small amount of energy, it is necessary to reduce the rolling resistance that is generated by friction between the tire and the road surface. If the friction is simply reduced, however, the gripping power of the tire against the road surface when the vehicle turns

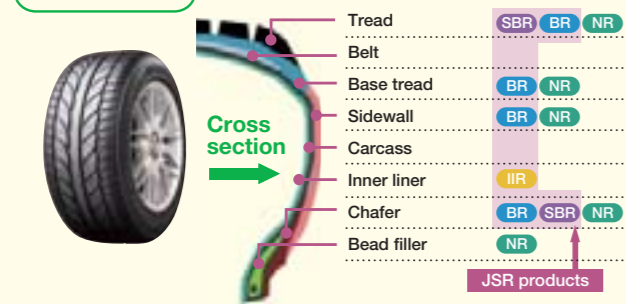
and stops also declines, which presents a safety problem. Fuel-efficient tires require conflicting properties: low rolling resistance and high gripping power."

In order to address this issue, the development team focused on reinforcements that are added during the manufacturing phase to increase the strength of the tire. A tire's gripping power depends entirely on the properties of the rubber, but it was learned that much of the rolling resistance during normal operation results from the formation of connections among the molecules in the tire so they gather into clumps. Tadaki explains, "Based on this, we made changes to the ends of the rubber molecules to make it easier for the reinforcements to form links without changing the properties of the rubber itself. As a result, the rubber molecules quickly form links with the reinforcement, preventing the formation of clumps."

### Achieving Both Low Rolling Resistance and High Gripping Power



### Structure of a Tire

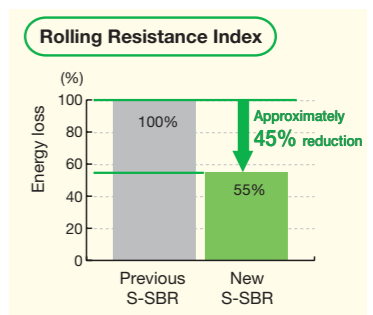


## JSR's Mission to Develop Environmentally-friendly Products

After a process of trial and error, a satisfactory product was completed, and the first product went on sale in 1985. Following that, various other improvements were made to further increase fuel efficiency. Current products reduce energy loss and rolling resistance by 45% and approximately 20%, respectively, compared to conventional S-SBR. The result is an approximately 3% reduction in energy consumption\*.

"The starting point was the oil crisis, but at an early stage we continued development from the perspective of contributing to reductions in carbon dioxide emissions," says Tadaki. "In the future, I hope we're able to continue making improvements from

the perspectives of both further fuel efficiency and cost reductions so that even more customers will use our products. I think our true mission is the development not just of S-SBR, but a broad range of products that can contribute to reducing environmental impact."



\* Figures are calculated based on data in the public domain.

## Improving the Lives of People Around the World through Technology

The start of sales of S-SBR in overseas markets in the 1980s marked an important milestone in the development of JSR's global business. In March 2009, the company concluded a production outsourcing agreement with German-based Dow Europe and has built structures to ensure stable, high-volume supplies to tire manufacturers in Europe.

"The globalization of automobile manufacturers as well as automobile parts manufacturers has progressed rapidly in recent years, and demand for S-SBR in overseas markets is on the rise. We are working to bolster our global competitiveness and take advantage of this opportunity to increase supply," says Takatoshi Nagatomo, Officer, Deputy General Manager of Petrochemical Products Division. Nagatomo has been posted in Europe since the 1990s and is involved in searching for outsourcing partners and negotiating with manufacturers throughout Europe.

In European markets, where demands placed on tire performance are particularly exacting because of weather and road conditions, S-SBR has

been extremely well received. JSR expects that demand for fuel-efficient tires will increase even further in the future as regulations on carbon dioxide emissions from automobiles are tightened.

"To respond to this increase in demand, we will expand our production bases to facilitate large-volume supply. Of course, it will be important to provide even higher-quality products while maintaining prices that are competitive in international markets," says Nagatomo. "Nothing pleases me more than to contribute through our products to improved safety and lower environmental impact, and as a result, to better the quality of life in Japan and around the world." This sentiment is widely shared throughout the JSR Group.



**Takatoshi Nagatomo**  
Petrochemical Products Division

## The Future of Manufacturing at JSR

**Hozumi Sato**  
Managing Director, Research & Development



JSR has an extensive track record of R&D in polymer fields such as synthetic rubber, and we have raised our technological capabilities substantially since our beginnings. We have been able to smoothly expand our business into new fields such as semiconductors, and it is precisely because we possess core polymer technologies that we were successful in doing so.

We will use these technologies and focus our efforts in new fields such as the environment, energy, and medical care. I am confident that there are unlimited areas in which our technologies can be beneficial such as the electrolyte membranes for fuel cells as well as hypoallergenic medical materials that we have already marketed. The products that we make are not used directly by consumers. Without materials, however, there would be no industry and no products. We are helping to create an environmentally- and people-friendly world through the provision of materials. This is the "manufacturing linked to the future" that we are striving for.



Feature Article **2** Round-table Discussion with Employees

On May 15, 2009, seven JSR Group employees gathered for a round-table discussion on the theme, "Creating an Ideal Working Environment."

**Various Policies Help Balance Work and Childcare**

**Ando** I have been involved in policy planning as part of the Labor Relations Team since 2002. When I took child-care leave, I was anxious about many things, such as being away from work for a whole year. Based on my own personal experience, I put a lot of effort into creating various support systems. There are three pillars to JSR policy planning—flexibility/ease of use, meeting employee needs, and career continuity. Taking child-care leave has now become a fairly established

practice. At any given time, the policy is being utilized by around 30 employees. That having been said, Iwagami is, unfortunately, the only male employee who has used it to date.

**Iwagami** My wife is also a JSR employee, and after our second child was born we were told that it was absolutely necessary for her to get complete bed rest. After looking up company regulations and speaking with the Human Resources Department, I discovered that male employees could also take child-care leave for up to eight weeks after their spouse gives birth, so I took advantage of it. My boss was

understanding, which was also helpful. It's rare to have that much time to spend at home with my children. It was truly a priceless experience.

**Akama** I have also taken advantage of child-care leave twice, and now I utilize the working from home policy once a week. Since it's possible to do my work from home as long as I have access to the Internet, I applied to use the policy as soon as it was established in 2006. Because there's no commute time, I feel relaxed both physically and emotionally. It's really helpful.

**Ando** When the working from home policy was introduced, there were many who worried about it, wondering what to do about issues such as safety management and evaluations, but we went ahead and launched the system with a once-a-week "partial working from home policy." However, at the moment there are only seven employees in the entire company utilizing the policy. There are some jobs where it would be difficult to use, and there is a feeling in some offices that working from home isn't necessary, although shorter work hours would be fine. One problem is that the policy is limited to employees possessing a certain level of vocational qualification who are part of a dual-career family with children or those caring for a family member, and at present there are few employees who qualify. In the future, the number of employees who can take advantage of it will grow as implementation stabilizes and understanding increases.

Yoshizawa has rejoined the company as a regular employee by using the career reentry policy established just last year.

**Yoshizawa** I quit my job at JSR when my husband was transferred for work. Later, I had an opportunity to work at JSR again as a temporary employee. My current boss told me about the reentry policy and asked if I was interested in taking advantage of it. I was surprised because I never thought that I would qualify for the policy since I didn't leave the company in order to have a child or get married. I was very happy. I think JSR is wonderful for creating this kind of new system.



The department where I work now is the same as when I was a temp, but becoming a regular employee means I can use my own judgment at work, and my motivation has improved. At this point, those of us who have utilized this policy are being watched to see how we perform, so I want to work hard for the sake of those who will apply for the system after me.

**Creating Flexible Policies**

**Iwashita** I'm the father of three, and when I was raising my kids I wondered if a policy couldn't be created to make it easier to take more time off, even without pay, for when my children fall ill



or the like. If you have a child, and especially if you have two or more, it can be trying for one parent to take care of them. It was easy for me to use flextime because I work in sales, but that would be difficult for those working in the office.

**Ando** In response to such needs, starting this year family-care leave was extended from five days a year to eight. There are, however, employees who would like even more flexibility given that, for example, working hours can only be reduced by a maximum of 1.5 hours a day.

**Inaba** As is the case for child-care leave, utilization of the policies is dependent on conditions such as being a dual-career family, or that the family member being cared for must reside in the same household. In my case, there have been instances where my wife—who is a full-time homemaker—has been sick, or I have had to go help my parents who live far away. At times like that, I can only use vacation days.



**Ando** We considered such situations, and the family-care leave I just mentioned has been changed this year to extend to all family members, not only children under school age. We are often asked by employees seeking assistance whether they are able to make use of a particular policy. When asked, we try to think of a way the employee can take advantage of a policy, and we can incorporate their opinions into the next policy we formulate, so

we hope that they won't hesitate to approach us with their inquiries.

**Inaba** I'm happy that from April this year a five-day leave for volunteer activities policy was established. Since being involved in an accident five years ago, I've been using a wheelchair and am active in wheelchair basketball. We take regional and overseas trips, and in the off-season we volunteer to give talks at schools. I barely had enough vacation days to cover this. Until now, I've used whatever means I could, including flextime, but I'd definitely like to use the leave for voluntary activities.

**Iwashita** I also volunteer as a nature guide and I am very interested in social contribution activities such as environmental preservation, so I'm grateful that the leave for voluntary activities policy was established. In certain cases like disaster-assistance volunteering, though, a short period of five days can actually be an inconvenience to organizations making use of volunteers. I think that being a little more flexible rather than holding employees to a particular policy would make it easier for such organizations to use us.

**A Trusting Relationship with Others Creates an Ideal Work Environment**

**Ando** It's essential to win the understanding of those around you to create more of those kinds of policies. Do you have any thoughts on that?

**Akama** Truthfully, even with the working from home policy in place, I don't think that there is 100% understanding from others. However, to increase understanding, I can only show others just how hard I'm working, and I think that by doing so it will become easier for others to utilize the policy, too.

**Iwagami** I think that an atmosphere has been created where people feel that if there is a problem, then we'll work together to solve it. But, employees who don't have a need usually don't look into the policies, and in actuality they're unaware that such great policies exist. I think it's important to further promote them to others because, not only would familiarity be beneficial in case the need to use them should ever arise, but it would also be good in the sense that we should communicate with those taking advantage of the policies with more compassion.

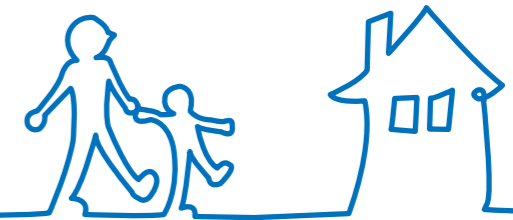
**Yoshizawa** When I used the career reentry policy, I talked it over at length with a senior female colleague working in the same department. I think that my own experience will help someone else, and I'd like to talk about it to younger employees who are facing the same issues. I think that it will also lead to increasing the number of choices available to employees.

**Ando** That kind of communication is crucial. Of course, policies are important, but it's just as important to have a trusting relationship with those around you.

**Kuroda** Today we were able to listen to your candid views. Sharing these kinds of opinions and ideas through mediums such as the CSR Report is sure to increase the options available to employees, and achieving an ideal work environment is good for the company. Thank you very much for your participation today.



# CSR Implemented by JSR



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

## Corporate Philosophy and Management Policies



### 1 Basic Approach to Corporate Ethics

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

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

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

### 3 Basic Approach to Risk Management

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

### 4 Basic Approach to Social Contribution

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

### Participating in the United Nations Global Compact

On April 14, 2009, the JSR Group became a participant in the Global Compact policy advocated by the United Nations. By doing so, we declare as a global organization that we are acting responsibly in the international community and are working hard to proactively execute our “corporate social responsibility.”



### The Ten Principles (United Nations Global Compact)

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

### FY2009 Activities


#### Installing a Photovoltaic Power Generation System

As a part of our initiatives to stop global warming, JSR installed a 100kW photovoltaic power generation system on the roof of the newly built employee recreational facility within the Yokkaichi Plant. This system will cut electricity consumption in the building by approximately 50% and reduce CO<sub>2</sub> emissions by around 54 tons per year.



The photovoltaic power generation system installed in the new building

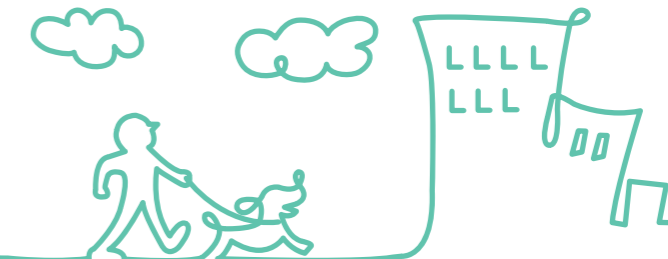
#### Taking Science Lectures on the Road

One of the more serious problems facing Japanese society today is our children’s waning interest in science. Therefore, the JSR Group is working with the Yokkaichi Board of Education to periodically conduct science classes at junior high schools in Yokkaichi. There are plans to take the program to other areas so that even more children will become interested in science.  Details can be found in the online version



An employee teaches science at a junior high school

# Targets and Performance



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

	Action	FY2009 target	FY2009 performance	Assessment	Target for FY2010 onward		
CSR management	Adopt CSR policies and create CSR structures	Adopt CSR policies and create CSR structures	Adopted long-term CSR targets, divided JSR group CSR activities into the corporate ethics, well as social contribution areas, and established four committees to carry out activities in these organization to support these activities	environment and safety, risk management as areas and the CSR Dept. as a specialized	⊙	Work to ensure that activities conducted by four committees firmly take hold	
	Consider United Nations Global Compact	Consider participation	Expressed agreement with United Nations Global Compact that came into effect in April 1, 2009, and	intranet, production and distribution of CSR	⊙	Raise and expand awareness of CSR by increasing output of publicity	
	Reinforce corporate ethics and legal compliance	Update JSR Group Principles on Corporate Ethics Consider creation of new hotline Establish legal compliance structures	Responded to increasing demands from society by updating JSR Group Principles on Corporate Ethics activities among all employees Supplemented existing hotline with new service featuring multi-language support operated by special used by overseas employees Conducted exhaustive investigations concerning status of legal compliance throughout entire group reinforced legal compliance system	joined on April 14 and conducting related awareness raising organ to provide system that may also be including overseas sites and subsidiaries, and	⊙ ⊙ ○	Utilize the Global Compact network in CSR activities Increase awareness of new JSR Group Principles on Corporate Ethics and hotline Conduct a survey concerning awareness of corporate ethics Periodically take measures to confirm and improve legal compliance	
	Reinforce risk management	Establish company-wide risk management structures Conduct crisis management training Adopt countermeasures against new influenza strains	Established new Risk Management Committee and created structures to identify risks company wide Conducted crisis management drills to reinforce response capabilities in event of major disaster or Adopted countermeasures to prepare for outbreak of new influenza strains	and manage them accident	⊙ ○ ⊙	Launch operation of risk management structures established in FY2009 Continue and improve crisis management training Continue countermeasures	
	Develop products that take into consideration the environment and safety	Provide environmentally-friendly products Determine environmental impact through LCA <sup>1</sup>	Continued provision of environmentally-friendly products such as energy-saving materials, recyclable materials, and resource-saving materials Established at Yokkaichi Plant facilities for mass production of high-performance hydrocarbon electrolyte membranes with excellent application Registered LCI <sup>2</sup> data concerning representative synthetic rubber in Japan Environmental Management Association for Industry database	materials, and resource-saving materials membranes with excellent application Association for Industry database	○ ⊙ ○	Encourage development of environmentally-friendly products from research stage; expand lineup of such products Investigate use of LCI data in activities to reduce environmental impact	
RC (environment, safety, health) management	Improve chemical substance management	Legal compliance with GHS <sup>3</sup> Legal compliance with EU's REACH Directive <sup>4</sup> Implement green procurement	Made advances in labeling of products shipped in Japan in accordance with the Industrial Safety and planned Completed provisional registration in accordance with EU's REACH Directive Joined JAMP <sup>5</sup> and encouraged common green procurement in the supply chain; revised JSR Green substance controls with those employed by JAMP	Health Law and performed GHS of MSDS <sup>6</sup> as Procurement Guidelines to standardize its	○ ○ ○	Swiftly respond to GHS in accordance with laws and regulations of each country with respect to export products Prepare for registration by gathering information Conduct activities that emphasize collaboration in supply chain	
	Continue improvement of product quality	Implement PLP <sup>7</sup> activities	Reviewed quality control systems and improved assessment technologies to prevent occurrence of	product-related accidents	○	Continue thorough PLP activities in collaboration with group companies	
	Provide environmental and safety information concerning products	Provide environmental and safety information to customers	Used MSDS electronic management system to provide appropriate MSDS concerning prototypes and	products to customers	○	Continue the thorough provision of environmental and safety information to customers	
	Eliminate accidents and disasters	Implement advance environmental and safety assessments Introduce systematic measures to prepare for and respond to major earthquakes	Continued advance environmental and safety assessments in accordance with safety and environmental existing facilities and performing non-regular work; in FY2009, there were no incidents that had to be on the Prevention of Disasters in Petroleum Industrial Complexes and Other Petroleum Continued activities to eliminate dangerous work practices and conditions in order to prevent work related health and safety accidents; in FY2009, there were no accidents resulting in lost work time by JSR employees Performed earthquake-proofing construction with focus on high-pressure gas facilities in plants based on results of earthquake-proofing diagnosis	manuals when installing new or modifying reported to the authorities pursuant to the Act related health and safety accidents; in on results of earthquake-proofing diagnosis	⊙ ⊙ ○	Identify potential risks concerning existing facilities, materials and work, and continue countermeasures Eliminate dangerous work practices and conditions, and encourage handing down of technologies Introduce measures in accordance with medium-term plans	
	Establish business sites that are trusted by society	Maintain certification under security related laws and ordinances Audit environmental and safety performance of group companies	Passed ISO 14001 and ISO 9001 audits at three JSR plants (Yokkaichi, Chiba, Kashima) Maintained and continued certifications relating to safety laws and regulations (High-Pressure Gas Safety Health Law) Continued environmental and safety audits of domestic and overseas group companies	Law, Fire Service Law, Industrial Safety and	○ ○ ○	Continue ISO 14001 and ISO 9001 reviews Update certifications under safety laws and regulations Continue environmental and safety audits of domestic and overseas group companies	
	Reduce environmental impact	Encourage energy savings: reduce energy consumption ratio by an average of 1% annually compared to FY1999 level Reduce atmospheric releases of VOCs <sup>8</sup> Advance reductions in industrial waste, etc., and impact of wastewater on environment Introduce measures to improve local environment	Set new target for absolute reduction in CO <sub>2</sub> emissions: 6% reduction compared to FY1991 by FY2013; in emissions were down by approximately 20,000 tons, but goal of reducing energy consumption ratio by an Indicated intent to participate in trial CO <sub>2</sub> emissions trading started by the government; gathered information and expertise concerning emissions trading (commenced in April 2008) Employee-driven activities launched to save energy at their homes to help alleviate global warming at the Yokkaichi Plant; system is expected to reduce CO <sub>2</sub> emissions by approximately 54 tons annually Installed photovoltaic power generation system on top of new employee recreational facility constructed reduce CO <sub>2</sub> emissions by approximately 54 tons annually Installed RTO <sup>9</sup> at three JSR synthetic rubber plants, resulting in reduction of approximately 65% in VOC emissions compared to FY2001 Introduced measures to control the generation of waste, practiced comprehensive sorting of waste, activities have lead to "zero waste goals" being achieved every year from FY2004 to FY2009 (23 tons/ and searched for recyclers; such ongoing year of landfill waste) Continued to introduce measures to reduce environmental impact from wastewater (chemical oxygen demand, total nitrogen, total phosphorus) Installed RTO at three JSR plants to reduce offensive odors; installed a ground flare <sup>10</sup> and reinforced Plant; there were no environmental complaints in FY2009	FY2009, production volume declined, and thus average of 1% annually was not achieved and expertise concerning emissions trading (commenced in April 2008) at the Yokkaichi Plant; system is expected to emissions compared to FY2001 and searched for recyclers; such ongoing year of landfill waste) demand, total nitrogen, total phosphorus) noise and light countermeasures at Yokkaichi	△ ⊙ ○ ○ ○ ○ ○ ○ ○ ○	Continue energy-saving activities to achieve target for CO <sub>2</sub> emissions reductions Continue the collection of information concerning emissions trading Encourage energy-saving activities at employee homes The target for VOC reductions in FY2013 is 80% compared to FY2001 level Continue achieving "zero waste goals" Further reduce impact to comply with stricter water standard regulations, including Sixth Total Volume Regulations Improve local environment by further stabilizing operation of ground flares	
	Protect the environment and ensure safety in international business	Sign declaration of support for RC Global Charter <sup>11</sup>	JSR signed declaration of support for RC Global Charter in October 2008, promising to make further environmental preservation	contributions to global health, safety, and	⊙	Implement RC activities in accordance with principles of RC Global Charter	
	Working environment	Support work-life balance for employees	Enhance various employee programs	Introduced career reentry policy, extended the period for working from home, extended the period for shortened working hours (implemented in April 2009)	shortened working hours (implemented in April 2009)	○ ⊙	Expand use Introduce measures so programs firmly take root
		Ensure diversity of the workforce	Increase employment of disabled people	Increased number of disabled employees; rate of employment of disabled people increased from 1.7% rate (1.8%)	in prior fiscal year to 1.8%, reaching statutory	⊙	Further increase employment of disabled people
		Improve health management	Improve mental health	Conducted psychological assessments for all employees (conducted once every two years)		○	Continue activities
Social contribution	Implement social contribution activities	Adopt basic policies and create structures Encourage activities that contribute to local communities	Established Social Contribution Committee and adopted basic policies; conducted full-scale examination solicited related ideas from employees Held special science classes at local junior high schools, conducted the Kids ISO 14001 environmental education program, and held special lectures	of future social contribution activities and education program, and held special lectures	⊙ ○	Start social contribution activities by entire JSR group Continue activities	

## Glossary

- LCA: Life Cycle Assessment**  
A method of analyzing and assessing quantitatively the impact on the environment of a product throughout all aspects of its life cycle including raw materials, manufacture, use, and disposal.
- LCI: Life Cycle Inventory**  
The compilation of input and output data on resources, energy and environmental impact concerning the LCA of a product.
- GHS: Globally Harmonized System of Classification and Labeling of Chemicals**  
A system for global standardization of chemical classifications, labeling, and MSDS submission.
- MSDS: Material Safety Data Sheet**  
Sheets indicating the safety information of materials that are attached to items when they are shipped to other businesses.
- REACH: (Registration, Evaluation, Authorization, and Restriction of Chemicals) Directive**  
A European Union regulation requiring registration of safety testing data for all chemicals that are manufactured or imported in volumes of 1 ton or more annually.
- JAMP: Joint Article Management Promotion-consortium**  
An organization established to facilitate the efficient dissemination of information concerning chemical substances in supply chains.
- PLP: Product Liability Prevention**  
Preventive activities designed to prevent the manufacture of defective products.
- VOC: Volatile Organic Compounds**  
Organic compounds that are highly volatile; they are a source of atmospheric pollution.
- RTO: Regenerative Thermal Oxidizer**  
A device that combusts VOCs and breaks them down into water and CO<sub>2</sub> to make emissions cleaner.
- Ground flare**  
A device that combusts waste gases in a cylindrical furnace placed on the ground; ground flares have lower impact on the surrounding environment compared to conventional flare stacks.
- Responsible Care (RC) Global Charter**  
A written commitment established by the International Council of Chemical Associations (ICCA) to encourage RC activities by the chemical industry around the world.

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

Targets and performance in other areas is available on the online version of this report