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

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

Mitsunobu Koshiba
Representative Director and President
JSR Corporation

A Proactive Approach towards Management

Economic conditions in FY2010 (April 1, 2009 to March 31, 2010), remained uncertain and unstable following on from the previous year, and the JSR Group’s annual sales declined by more than 20% compared to FY2009, the fiscal year prior to the collapse of Lehman Brothers, making FY2010 an extremely difficult period for the group.

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

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

An Era in which Diversity is a Keyword

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

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

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

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

Including the Environment as a Management Focus

Prior to the adoption of the next mid-term business plan, we launched two projects in April 2009 as activities that took ahead to 2030. One is the Information and Electronics Project. This project seeks to forecast changes in industrial structures and identify new business areas in the information and electronics industry, an area that is expected to undergo rapid growth in the future.

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

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

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

CSR Activities that Live Up to the Public’s Trust

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

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

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

A Corporate Culture that Welcomes Differences Strengthens the Organization

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

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

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

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

1. Elastomers

- **Styrene Butadiene Rubber**
  - This synthetic rubber, developed using polymer technologies established by JSR, boasts outstanding workability and dynamic characteristics and is highly regarded as a material for tire treads, high-performance tires, and Nunobiki tires.
  - Main uses: Tires, rubber parts, and other goods.

- **Poly-Butadiene Rubber**
  - The material has superior abrasion resistance, dynamic characteristics, and low-temperature properties, and is highly workable. It has a wide range of applications, including use in tires for large vehicles, various industrial products, and golf balls.
  - Main uses: Tires, golf balls.

- **Thermoplastic Elastomers**
  - TPEs have the elasticity of rubber at room temperatures, but become pliable when heated, making molding and processing easy. In addition, they can be reprocessed, which makes recycling possible.
  - Main uses: Footwear soles, adhesives, and other modification agents.

2. Plastics

- **Acrylonitrile-Butadiene-Styrene (ABS) Plastic**
  - ABS, which features high-impact strength and high rigidity, is used in a wide range of applications including automobiles and home appliances because of its excellent luster, color, and moldability.
  - Main uses: Automotive parts, industrial goods, electrical machinery.

3. Petrochemicals

- **Emulsions**
  - Petrochemicals are core products that were developed by JSR Corporation. JSR has been a leader in the development of high-quality synthetic rubber and adhesives, which have contributed to various industrial fields.
  - Main uses: Foundry materials, adhesives, and general modification agent.

4. Fine Chemicals and Other Products

- **Display Materials**
  - Display Materials are materials that are used in flat panel displays (FPD), which occupy a key position among information electronic devices. JSR produces materials for flat-panel displays, such as electronic materials, optical films, and opto-functional UV resins.
  - Main uses: Touch panel sheets and films, based on the synergistic benefits of its innovative materials that use polymer materials technologies and precision processing technologies.

5. Medical Materials

- **Elastomers**
  - JSR produces medical products for life sciences. The company has contributed to technological innovation by developing and marketing products using its unique polymer technologies.
  - Main uses: Adhesive products for medical equipment and processes.

6. Strategic Businesses

- **Lithium-ion Capacitors**
  - These capacitors are able to charge and discharge large amounts of energy almost instantaneously and 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 air power, equipment for protecting against momentary voltage drops, construction machinery, and other applications.

- **Optical Fiber Coating Materials**
  - These materials are applied onto optical fibers with superior properties. They are used to protect the glass of optical fibers, which makes recycling possible.
  - Main uses: Telecommunications, optical fibers for communications.

- **Liquid Crystal Display Materials**
  - These highly rated cutting-edge materials, which are unique to JSR, contribute to the high picture quality of televisions and other devices that employ liquid crystal displays (LCD).
  - Main uses: LCD televisions, PDAs, cell phones.

- **Precision Materials and Processing**
  - This material, which achieves a balance between shock resistance and rigidity, is used in high-performance applications because of its excellent luster, color, and moldability.
  - Main uses: Automotive parts, industrial goods, electrical machinery.

- **Optical Materials**
  - Optical Fiber Coating Materials, Display Materials, Liquid Crystal Display Materials, and Precision Materials and Processing are all related to each other and contribute to the high picture quality of televisions and other devices that employ liquid crystal displays (LCD).
  - Main uses: LCD televisions, PDAs, cell phones.

- **Medical Materials**
  - JSR’s medical products, such as photoresists and chemical mechanical planarization (CMP) materials, are used in the semiconductor device manufacturing industry. The development of new medical materials is a major focus for JSR.
  - Main uses: External diagnostic agents, genetic research reagents, and other products.

- **Environment and Energy**
  - Lithium-ion Capacitors and Electronic Materials are used in high-performance products created through the advanced application of polymer material technologies.
  - Main uses: Batteries, solar cell components, and other products.

JSR Group Products in Daily Life

---

**Major Products**

- **Elastomers**
  - JSR produces elastomers which are used in automobile parts, industrial goods, and electrical machinery. They are used as materials for tires, auto parts, and other goods.

- **Plastics**
  - JSR supplies various types of plastics, including polyethylene, polypropylene, and other plastics, which are widely used in automobiles, home appliances, and other fields.

- **Emulsions**
  - JSR produces various types of emulsions, including latex and adhesives, which are used in various industrial fields.

- **Petrochemicals**
  - JSR produces various types of petrochemicals, including synthetic resins and adhesives, which are used in various industrial fields.

---

**Strategic Businesses**

- **Medical Materials**
  - JSR produces medical products for life sciences. The company has contributed to technological innovation by developing and marketing products using its unique polymer technologies.

- **Environmental and Energy**
  - Lithium-ion Capacitors and Electronic Materials are used in high-performance products created through the advanced application of polymer material technologies.

---

**Main Products**

- **Elastomers**
  - JSR produces elastomers which are used in automobile parts, industrial goods, and electrical machinery. They are used as materials for tires, auto parts, and other goods.

- **Plastics**
  - JSR supplies various types of plastics, including polyethylene, polypropylene, and other plastics, which are widely used in automobiles, home appliances, and other fields.

- **Emulsions**
  - JSR produces various types of emulsions, including latex and adhesives, which are used in various industrial fields.

- **Petrochemicals**
  - JSR produces various types of petrochemicals, including synthetic resins and adhesives, which are used in various industrial fields.
Manufacturing Linked to the Future

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

From Cathode Ray Tubes to Liquid Crystal Displays

Liquid crystal displays have become the mainstream for televisions and computer displays in recent years. Compared to cathode ray tube displays, which were once commonly used, liquid crystal displays are lighter and more compact, and as a result their share of the market is increasing. Approximately 90% of televisions sold in Japan are liquid crystal displays. JSR has made continuous contributions to technological advances through the development and commercialization of specialized materials since the advent of liquid crystal displays.

The figure below shows the broad range of liquid crystal display materials that JSR currently produces and supplies. Many of these products are highly valued for their quality and boast top market shares in the industry. Such products as coating materials that reduce the glare reflected from the surface of liquid crystal displays and color pigmented resists that produce the colors of liquid crystal displays are not directly visible to consumers, but they are all key materials essential for providing high-quality images.

JSR Technologies Support the High Quality of Liquid Crystal Displays

One of the liquid crystal display materials that JSR provides is liquid crystal display materials. These products are highly valued for their quality and boast top market shares in the industry. Such products as coating materials that reduce the glare reflected from the surface of liquid crystal displays and color pigmented resists that produce the colors of liquid crystal displays are not directly visible to consumers, but they are all key materials essential for providing high-quality images.

Liquid crystal display materials

- Anti-reflective coating materials
  - Materials that reduce the reflections of people and objects on the display surface and make the display easier to see.
- Refractive films
  - Materials used to increase contrast and also used to increase the viewing angle and image quality even viewed from the side.
- Color pigmented resists
  - Materials used for display colors of liquid crystal panels. Full color is produced through combination of the three primary colors—red, green, and blue. The components made from elements with a glass substrate on top and color pigmented resists as known color films.

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

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

JSR began developing alignment films for liquid crystal displays in 1986 in response to requests from customers. The first products were launched in 1988. Since then, sales have been expanded in conjunction with the widespread use of LCD televisions, and JSR alignment films now boast the world’s highest market share. According to Michinori Nishikawa, General Manager of the LCD Materials 2nd Laboratory at the JSR Display Materials Research Laboratories, which conducts research and development of alignment films, “The functions and specifications of alignment films demanded by customers vary greatly. Meeting those demands is the most challenging thing we do.” He also comments, “It is also necessary for us to respond to new functions and other demands such as the rapid increase in display sizes. We conduct research and make repeated improvements while paying close attention to customer needs.”

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

Overseas Business Developments and Contributing to Local Communities

As the production scale of liquid crystal displays has increased overseas in recent years, liquid crystal display material production and sales sites outside of Japan have also expanded. JSR began commercial production in South Korea in 2004 and in Taiwan in 2006. “By establishing local production sites overseas, we are able to quickly identify local needs and respond to them,” explains Hirakki Namoto, General Manager of the Display Materials Division. We believe that this type of overseas business must also contribute to the development of local communities. In addition to economic contributions through the creation of jobs and other effects, we also work to build trusting relationships with local residents cooperated with school events, hosting exchange events, and participating in other similar activities. This attitude has been extremely well received, and in 2009 JSR Micro Taiwan, a group company, won an Industry Contribution Award from the Industrial Development Bureau of the Ministry of Economic Affairs in Taiwan.

Contributing to Next-generation Displays with Specialized Materials

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

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

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

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

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

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

In this display segment, calls for even higher performance and completely new needs are certain to arise from time-to-time. In order to make significant contributions to meeting these needs through specialized materials, we will make full use of our strengths and continue research and development by breaking free from traditional conceptions.
As part of efforts to ensure diversity of its workforce, JSR invited Mariko Kono, Chief Executive Officer of Career Network Inc., to talk with Masaki Hirose, JSR’s managing director responsible for human resources. (The discussion was held on April 19, 2010.)

Diversity is Essential for Continuous Corporate Development

Hirose: Starting in FY2011, the JSR Group has made promoting workforce diversity with a focus on women a priority management issue, and plans to make additional efforts concerning further diversification.

In the future, Japan’s workforce is going to decline in size. In order to maintain continuous development, it will be essential for businesses to recruit outstanding personnel. However, behind the drive for diversification with a focus on women is the awareness that such an undertaking will be difficult under the existing male-oriented structure. The drive is also intended to respond to the diversification of values in conjunction with increasing globalization. Businesses will be unable to successfully compete on a global scale if they don’t establish corporate cultures that welcome a wide variety of different values.

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

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

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

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

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

Promoting Change within the Company through Repeated and Steady Efforts

Hirose: None of the number of women in career-track positions that are eligible to enter management is itself low. We have a program for personnel to shift from clerical positions to career-track positions, but many employees avoid making this change because of the possibility of being transferred to a different location. Also, there are instances where employees limit themselves because of the “clerical position” label. In 2007, we modified the program to encourage more employees to transfer to career-track positions, but I believe it would be beneficial if we could entirely eliminate the barriers between clerical positions and career-track positions in the future. This type of change will of course take some time, but we have set a goal of women filling 5% of managerial positions by 2015.

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

Hirose: Women have become more active in various divisions, and the presence of women is linked to the company’s performance. This is probably the single most important factor in successfully promoting diversity.

Another important issue is spreading these policies and programs throughout the company. We provide information at every turn through internal newsletters, an intranet, training, and so on, but it is still not enough. There is no surefire remedy, and I believe that the only solution is steady and repeated efforts.

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

Work-Life Management and Allocation of Work

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

Kono: I completely agree with you.

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

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

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

Kono: I look forward to this program. This may very well be a good opportunity to make significant changes to the corporate culture.

I have high hopes that JSR will make even greater use of the skills of its female employees and become an even better and more diverse company.

Mariko Kono
Chief Executive Officer, Career Network Inc.

Mariko Kono began working for Pioneer International Inc. in 1981. After working at Pioneer’s Paris-based office at the head office, she transferred to its New York office. In 1992, she founded Career Network Inc., a personnel and career-resume service subsidiary that was established with the basic principles of organizational development and individual growth. She serves as senior supervisor and president, and also the company factor in a Paris office. In 2006, she was appointed Chairman of the Business Advisory Board of the Cabinet Office Council for Gender Equality and the Japan Productivity Center’s Council for Promotion of Work-Life Balance. She was also a member of the Cabinet Office’s Gender Equality and the Japan Productivity Center’s Council for Promotion of Work-Life Balance. She is also a mother with two junior and senior high school students.
The JSR Group mission is to contribute to the realization of a more prosperous society through our business activities. In this process, it is important that we act with integrity as a good corporate citizen and live up to the trust that our stakeholders place in us. Our Group CSR represents the initiatives we employ to successfully achieve our mission and as such we view CSR as a key management issue.

**Corporate Philosophy**

*Materials Innovation*

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

**Management Policies**

1. **Basic Approach to Corporate Ethics**
   - Contribution and Responsibility to Society: Obey the law, and conduct business activities as a responsible member of society; contribute to the betterment of society as a good corporate citizen. Furthermore, strive to conserve the environment and ensure safety; co-exist with society.
   - Business Integrity: Provide appropriate and timely disclosure of information to shareholders; engage in highly transparent management, and increase corporate value, continually earning the trust of our stakeholders.
   - Services and Responsibilities to Customers and Other Business Partners: Interact in good faith with all business partners, Management Policies related to Workplace Safety, the Environment, Quality, and Product Safety
   - Practice responsible care for the world’s future.

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

3. **Basic Approach to Risk Management**

4. **Basic Approach to Social Contribution**

**Participating in the United Nations Global Compact**

In April 2000, the JSR Group became a participant in the Global Compact policy advocated by the United Nations. JSR understands that businesses must take responsibility for the impact of their operations on the environment and society; contribute to the betterment of society as a good corporate citizen.

**Key Stakeholders Involved with the JSR Group**

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

**FY2010 Activities**

Biodiversity Measures

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

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

JSR Group

CSR Report 2010
The JSR Group has identified long-term actions in various categories and set targets for each year:

**Action**

- Adapt CSR policies and procedures
- Communicate CSR
- Establish risk management systems
- Conduct site-wide safety, quality and environmental audits
- Implement chemical management
- Establish division-specific CSR goals
- Establish division-specific CSR goals
- Implement social contribution activities
- Conduct CSR-related training

**Results**

- Improved establishment of division-specific CSR goals
- Improved establishment of division-specific CSR goals
- Improved establishment of division-specific CSR goals
- Improved establishment of division-specific CSR goals
- Improved establishment of division-specific CSR goals
- Improved establishment of division-specific CSR goals
- Improved establishment of division-specific CSR goals
- Improved establishment of division-specific CSR goals

**Actions**

- Adopt CSR policies and procedures
- Communicate CSR
- Establish risk management systems
- Conduct site-wide safety, quality and environmental audits
- Implement chemical management
- Establish division-specific CSR goals
- Establish division-specific CSR goals
- Implement social contribution activities
- Conduct CSR-related training

**Results**

- Improved establishment of division-specific CSR goals
- Improved establishment of division-specific CSR goals
- Improved establishment of division-specific CSR goals
- Improved establishment of division-specific CSR goals
- Improved establishment of division-specific CSR goals
- Improved establishment of division-specific CSR goals
- Improved establishment of division-specific CSR goals
- Improved establishment of division-specific CSR goals

**Actions**

- Adopt CSR policies and procedures
- Communicate CSR
- Establish risk management systems
- Conduct site-wide safety, quality and environmental audits
- Implement chemical management
- Establish division-specific CSR goals
- Establish division-specific CSR goals
- Implement social contribution activities
- Conduct CSR-related training

**Results**

- Improved establishment of division-specific CSR goals
- Improved establishment of division-specific CSR goals
- Improved establishment of division-specific CSR goals
- Improved establishment of division-specific CSR goals
- Improved establishment of division-specific CSR goals
- Improved establishment of division-specific CSR goals
- Improved establishment of division-specific CSR goals
- Improved establishment of division-specific CSR goals

**Actions**

- Adopt CSR policies and procedures
- Communicate CSR
- Establish risk management systems
- Conduct site-wide safety, quality and environmental audits
- Implement chemical management
- Establish division-specific CSR goals
- Establish division-specific CSR goals
- Implement social contribution activities
- Conduct CSR-related training

**Results**

- Improved establishment of division-specific CSR goals
- Improved establishment of division-specific CSR goals
- Improved establishment of division-specific CSR goals
- Improved establishment of division-specific CSR goals
- Improved establishment of division-specific CSR goals
- Improved establishment of division-specific CSR goals
- Improved establishment of division-specific CSR goals
- Improved establishment of division-specific CSR goals

**Actions**

- Adopt CSR policies and procedures
- Communicate CSR
- Establish risk management systems
- Conduct site-wide safety, quality and environmental audits
- Implement chemical management
- Establish division-specific CSR goals
- Establish division-specific CSR goals
- Implement social contribution activities
- Conduct CSR-related training

**Results**

- Improved establishment of division-specific CSR goals
- Improved establishment of division-specific CSR goals
- Improved establishment of division-specific CSR goals
- Improved establishment of division-specific CSR goals
- Improved establishment of division-specific CSR goals
- Improved establishment of division-specific CSR goals
- Improved establishment of division-specific CSR goals
- Improved establishment of division-specific CSR goals

**Actions**

- Adopt CSR policies and procedures
- Communicate CSR
- Establish risk management systems
- Conduct site-wide safety, quality and environmental audits
- Implement chemical management
- Establish division-specific CSR goals
- Establish division-specific CSR goals
- Implement social contribution activities
- Conduct CSR-related training

**Results**

- Improved establishment of division-specific CSR goals
- Improved establishment of division-specific CSR goals
- Improved establishment of division-specific CSR goals
- Improved establishment of division-specific CSR goals
- Improved establishment of division-specific CSR goals
- Improved establishment of division-specific CSR goals
- Improved establishment of division-specific CSR goals
- Improved establishment of division-specific CSR goals

**Actions**

- Adopt CSR policies and procedures
- Communicate CSR
- Establish risk management systems
- Conduct site-wide safety, quality and environmental audits
- Implement chemical management
- Establish division-specific CSR goals
- Establish division-specific CSR goals
- Implement social contribution activities
- Conduct CSR-related training

**Results**

- Improved establishment of division-specific CSR goals
- Improved establishment of division-specific CSR goals
- Improved establishment of division-specific CSR goals
- Improved establishment of division-specific CSR goals
- Improved establishment of division-specific CSR goals
- Improved establishment of division-specific CSR goals
- Improved establishment of division-specific CSR goals
- Improved establishment of division-specific CSR goals

**Actions**

- Adopt CSR policies and procedures
- Communicate CSR
- Establish risk management systems
- Conduct site-wide safety, quality and environmental audits
- Implement chemical management
- Establish division-specific CSR goals
- Establish division-specific CSR goals
- Implement social contribution activities
- Conduct CSR-related training

**Results**

- Improved establishment of division-specific CSR goals
- Improved establishment of division-specific CSR goals
- Improved establishment of division-specific CSR goals
- Improved establishment of division-specific CSR goals
- Improved establishment of division-specific CSR goals
- Improved establishment of division-specific CSR goals
- Improved establishment of division-specific CSR goals
- Improved establishment of division-specific CSR goals

**Actions**

- Adopt CSR policies and procedures
- Communicate CSR
- Establish risk management systems
- Conduct site-wide safety, quality and environmental audits
- Implement chemical management
- Establish division-specific CSR goals
- Establish division-specific CSR goals
- Implement social contribution activities
- Conduct CSR-related training

**Results**

- Improved establishment of division-specific CSR goals
- Improved establishment of division-specific CSR goals
- Improved establishment of division-specific CSR goals
- Improved establishment of division-specific CSR goals
- Improved establishment of division-specific CSR goals
- Improved establishment of division-specific CSR goals
- Improved establishment of division-specific CSR goals
- Improved establishment of division-specific CSR goals

**Actions**

- Adopt CSR policies and procedures
- Communicate CSR
- Establish risk management systems
- Conduct site-wide safety, quality and environmental audits
- Implement chemical management
- Establish division-specific CSR goals
- Establish division-specific CSR goals
- Implement social contribution activities
- Conduct CSR-related training

**Results**

- Improved establishment of division-specific CSR goals
- Improved establishment of division-specific CSR goals
- Improved establishment of division-specific CSR goals
- Improved establishment of division-specific CSR goals
- Improved establishment of division-specific CSR goals
- Improved establishment of division-specific CSR goals
- Improved establishment of division-specific CSR goals
- Improved establishment of division-specific CSR goals

**Actions**

- Adopt CSR policies and procedures
- Communicate CSR
- Establish risk management systems
- Conduct site-wide safety, quality and environmental audits
- Implement chemical management
- Establish division-specific CSR goals
- Establish division-specific CSR goals
- Implement social contribution activities
- Conduct CSR-related training

**Results**

- Improved establishment of division-specific CSR goals
- Improved establishment of division-specific CSR goals
- Improved establishment of division-specific CSR goals
- Improved establishment of division-specific CSR goals
- Improved establishment of division-specific CSR goals
- Improved establishment of division-specific CSR goals
- Improved establishment of division-specific CSR goals
- Improved establishment of division-specific CSR goals

**Actions**

- Adopt CSR policies and procedures
- Communicate CSR
- Establish risk management systems
- Conduct site-wide safety, quality and environmental audits
- Implement chemical management
- Establish division-specific CSR goals
- Establish division-specific CSR goals
- Implement social contribution activities
- Conduct CSR-related training

**Results**

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

### Measures to Help Prevent Global Warming

#### Reducing Carbon Dioxide Emissions
**Cogeneration System Installed at the Yokkaichi Plant**
As a member of the Japan Chemical Industry Association (JCIA), the JSR Group is taking measures to reduce its carbon dioxide emissions by conserving energy in accordance with the policies of the Kyoto Protocol. The JSR Group is participating in the trial carbon dioxide emissions trading that began in 2008 and set goals to reduce the absolute volume of carbon dioxide emissions, as shown in the right. The Group is working to accumulate expertise and information concerning emissions trading. Furthermore, the Yokkaichi Plant installed a large-scale, natural gas-fired cogenration system in April 2010. By using natural gas as fuel, this system greatly reduces the amount of heavy oil consumed compared to the earlier coal and heavy oil-fired steam boilers, and as a result, it is expected to reduce carbon dioxide emissions. The reduction effects will be confirmed at the end of this fiscal year.

#### Reducing Emissions of VOCs

The JSR Group has long worked to reduce atmospheric emissions of chemical substances, and with the FY2003 amendments to the Air Pollution Control Act, the scope of these efforts was expanded to include VOCs as a whole. Measures to reduce VOC emissions include the installation of five dried-synthetic rubber waste incinerators at three plants between FY2007 and FY2010, resulting in FY2010 emissions falling by approximately 75% compared to FY2001. We have already achieved the FY2011 goal of 70%.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Tons</td>
<td>4,228</td>
<td>3,081</td>
<td>2,949</td>
<td>2,806</td>
<td>2,685</td>
<td>2,545</td>
<td>2,388</td>
</tr>
</tbody>
</table>

#### Highlights of RC Activities

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

#### Reducing Carbon Dioxide Emissions
**Cogeneration System Installed at the Yokkaichi Plant**

#### Reducing Emissions of VOCs

The JSR Group has long worked to reduce atmospheric emissions of chemical substances, and with the FY2003 amendments to the Air Pollution Control Act, the scope of these efforts was expanded to include VOCs as a whole. Measures to reduce VOC emissions include the installation of five dried-synthetic rubber waste incinerators at three plants between FY2007 and FY2010, resulting in FY2010 emissions falling by approximately 75% compared to FY2001. We have already achieved the FY2011 goal of 70%.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Tons</td>
<td>4,228</td>
<td>3,081</td>
<td>2,949</td>
<td>2,806</td>
<td>2,685</td>
<td>2,545</td>
<td>2,388</td>
</tr>
</tbody>
</table>

#### Safety Measures

Since its establishment, JSR has conducted safety activities based on the following principles:

1. Safety is a principle that takes priority over production. ES-based safety management systems were established at business sites in FY1997. JSR has also added health-related items, safety and health management systems are currently operated and various activities are conducted. Prior safety assessment activities and hazard prediction activities are conducted with respect to facilities and regular and non-regular work to identify hazards and implement both physical (facility) and nonphysical (standards and education) countermeasures. JSR also conducts training and education that incorporates various innovations in terms of increasing people’s awareness of the issues and passing on technological expertise. In FY2010, these were no work accidents resulting in absence from work. Employees from various cooperative companies work at our plants, and safety and hygiene work activities are always jointly promoted with these cooperative companies. To ensure thorough safety in each operation, each plant has a Comprehensive Disaster Prevention Council. In addition to considering the causes and measures to be taken to prevent accidents or disasters that occur at cooperative companies, the Disaster Prevention Council also conducts various activities to improve health and safety levels, including instruction, supervision and education on daily health and safety as well as joint inspections of workplaces when construction is underway.

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

#### Group Company Safety Measures: Elastomix Fine Chemical Manufacturing Department

The Fine Chemical Manufacturing Department at Elastomix Co., Ltd., produces polishing materials (CMP pads) for electronic materials on commission from JSR. Since the products are used for electronic materials, it is necessary to be particularly careful of foreign substances while using rotating and driving machines that operate at high temperatures, such as excluders and molding machines, and as a result, production is extremely dangerous. Various activities are undertaken based on the JSR safety management system under the principle of “attentive and reliable conduct in respect to the basics.” In FY2010, safety activities were conducted with a focus on “narrowly-avoided accident” activities, identification of potential hazards, and basic operational training to identify and reduce hazards in the workplace. Furthermore, in respect to new employees, individual serves as instructors using a “risk identification photo collection” for safety training conducted through group discussions of dangerous work areas and the reasons why they are dangerous. JSR will continue to conduct innovative safety activities involving all employees.

#### Implementation of the three “rights” and SS activities

In the Fine Chemical Manufacturing Department, we refer to JSR activities and implement the three “rights” — work (right components), tools (right components), and spaces (right volume) — together with SS activities: sorting, straightening, systematic cleaning, standardization and sustaining. As the foundation of these activities is the idea that when maintaining an orderly and well-organized workplace becomes habitual, quality and safety levels increase. We are working first to establish this principle within the division and will then conduct routine safety activities based on the idea.
Social Contribution Activities Conducted by the JSR Group

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

Taking Science Lectures on the Road

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

Yokkaichi Kid’s CO2 Reduction Challenge

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

Yokkaichi City Teacher training in progress

The Yokkaichi Plant worked with the Yokkaichi City Board of Education to conduct training for 28 teachers from elementary and junior high schools in the city. The training, which included lectures, workshops, and visits to local plants, was conducted in Yokkaichi City and Kamisu City in Ibaraki Prefecture, where the Kashima Plant is located. The training aimed to raise teachers’ awareness of the importance of science education and to encourage them to introduce science curriculum materials to their students.

TABLE FOR TWO Program

On February 1, 2010, the JSR Group head office and the Yokkaichi Plant began participating in the TABLE FOR TWO (TFT) program, which supports the provision of school meals to developing countries. At the head office, delivered meals for the TFT program were prepared, and at the Yokkaichi Plant, a special menu was created at the staff cafeteria. As of the end of April 2010, some 4,860 meals worth approximately 96,000 yen had been donated. The program will continue at both sites.

TABLE FOR TWO Program

NEW INITIATIVE IN FY2010

Connect with the Community through the Community Complex

The Cashima Plant was one of the first plants in the JSR Group to launch a program with local communities. It is undertaken as a public solution to the declining interest in the sciences among children, by getting science teachers interested in our science experiments.

Comment from the Group:

Emi Haba
General affairs Team, Administration Dept.

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

Comment from a Participating Teacher:

Yoshihito Nakashima
Table for Two Program

JSR CSR Report 2010
JSR Profile

Company name: JSR Group
Established: December 10, 1957
Head office: Shiodoma Sumitomo Building, 1-9-2 Higashishinbashi, Minato-ku, Tokyo, Japan

President: Mitsuhiro Kishi
Vice President: Yoko Furaishi
CFO: Tadashi Nishikawa
CIO: Susumu Horiguchi
Senior Managing Executive Officer: Masayuki Nishimura

Number of employees: 2,517 (non-consolidated)
2,122 (consolidated)

Businesses: Elastomers, thermoplastic elastomers, emulsions, plastics, electronic materials, display materials, optical materials, precision materials and processing, medical materials, environment and energy, etc.

(as of March 31, 2010)

JSR Group Companies

Japan

JSR Corporation
JSR Operations
10.8.17 7:36:11 PM

Financial Information

Net Sales (consolidated)

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>(billion yen)</td>
<td>359.0</td>
<td>368.8</td>
<td>407.0</td>
<td>392.6</td>
<td>316.0</td>
<td>359.0</td>
<td>359.0</td>
<td>359.0</td>
<td>359.0</td>
</tr>
</tbody>
</table>

Operating Income (consolidated)

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>(billion yen)</td>
<td>55.8</td>
<td>55.8</td>
<td>60.8</td>
<td>50.3</td>
<td>20.3</td>
<td>31.2</td>
<td>35.3</td>
<td>30.3</td>
<td>20.3</td>
</tr>
</tbody>
</table>

Editorial Policy

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

The CSR Report 2010 Format

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

Online

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


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 on the following website:


Target Period

April 1, 2009 – March 31, 2010

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

Operations Covered

JSR Corporation and 34 Group Companies

Operations for which data was collected on “responsible care” (the environment, health and safety):

- Yotsukaichi Plant, Chiba Plant, Kashiwa Plant, Yotsukaichi Research Center, Precision Processing Research Laboratories, Tsukuba Research Laboratories, and 13 domestic Group companies

* Information on the 13 companies listed above can be found on page 57 of this report.