Executive Commitment

Becoming a Company where Freedom and Discipline Thrive Together

The JSR Group will Embark on “Activation Toward Growth” to Realize its Long-term Vision

The New Mid-Term Business Plan and Activation Toward Growth

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

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

For the JSR Group, FY2012 (April 1, 2011 to March 31, 2012) marks the start of a new mid-term business plan that covers the period until FY2014: JSR2013 (“twenty thirteen”). We formulated this plan—under the start of a new mid-term business plan that covers the period until FY2014: JSR2013 (“twenty thirteen”). We formulated this plan—

The JSR Group’s Essential Elements with Enduring Goals

For JSR2013 we revised our Corporate Mission for the first time in nine years and gave it a place within “JSR Group’s Essential Elements” alongside our Corporate Mission, Management Policies and Course of Action. We did this because we believe that in order for our Group to continue to grow we need to communicate and share with all our employees what the JSR Group will always aspire to become, even when our business areas or managers change.

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

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

Activating the E2 Initiative™

Accompanying the start of JSR2013 this year will be the full-scale implementation of the E2 Initiative™. The E2 Initiative™ seeks to create value for both Eco-innovation, the creation of new business opportunities, and Energy Management, which focuses on the reduction of CO2 emissions. In other words, it seeks to create value on both aggressive (the products and services area of our business) and defensive (internal activities and processes) fronts.

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

In FY2013, we set a target to reduce CO2 emissions by 6% from 1990 levels. While we need to determine the effects of the Great East Japan Earthquake, our strong commitment to achieving further reductions will remain the same. We will also ambitiously pursue energy management.

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

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

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

Cultivating a Corporate Culture of “Freedom and Discipline”

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

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

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

This CSR Report presents the many new initiatives the JSR Group is activating at this present milestone in its development. We hope that you will take the time to read it and invite you to give us your frank opinions regarding its content.
JSR Group Products in Daily Life

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

1. **Styrene-Butadiene Rubber**
   - **Synthetic Rubbers**
   - This synthetic rubber, developed using polymer technologies established by JSR, boasts outstanding workability and dynamic characteristics, and is used in a wide variety of fields, including tires and high-performance tires.

2. **Poly-Butadiene Rubber**
   - **Synthetic Rubbers**
   - Has superior abrasion resistance, dynamic characteristics, and low-temperature properties, allowing it to be highly workable. Applications range from tires to large vehicles, to industrial products to golf balls.

3. **Thermoplastic Elastomers (TPE)**
   - These materials act like rubber at room temperature, but soften when heated, making moulding and processing easy. They can also be reprocessed, and dying and recycling possible.

4. **Paper Coating Latex**
   - **Emulsions**
   - Featuring strong bond ing and high suitability for printing, this latex is used as paper coating on various printed materials, everything from art prints to flyers.

5. **Acrylonitrile-Butadiene-Styrene (ABS) Plastic**
   - **Plastics**
   - Ofﬁcing both shock resistance and rigidity, ABS plastic is used in numerous applications because of its excellent luster, gloss, and moldability.

6. **Materials for Semiconductor Manufacturing**
   - **Semiconductor Materials**
   - JSR manufactures semiconductor materials such as photoresists and chemical mechanical planarization (CMP) materials. Semiconductors that use these materials abound in PCs, cell phones, and other digital electronic devices.

7. **Display Materials**
   - **Flat Panel Display (FPD) Materials**
   - JSR’s original, highly reputed cutting-edge materials support the high picture quality of LCD televisions and other devices that employ video displays.

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

9. **Thermal Management Materials**
   - **Environment and Energy**
   - These materials combine JSR’s advanced polymer technology with materials that control the transfer of heat, which is essential for reducing energy use.

10. **Lithium-ion Capacitors**
    - **Environment and Energy**
    - These capacitors can charge and discharge large amounts of energy almost instantly, have long life spans, and are safe—perfect for use in a wide range of energy storage applications.

11. **Particles for Clinical Diagnostics**
    - **Biomedical Materials**
    - Minute polymer particles created using JSR’s polymer technologies, used in immunodiagnostics and as genetic research reagents.

12. **Lithium-ion Batteries**
    - **Environment and Energy**
    - These high-performance products created through the advanced application of polymer technologies offer attractive features such as high-energy density and long life spans, including those for lithium-ion battery, solar cell components, bioplastic materials, and thermal management materials.

13. **Biomedical Materials**
    - **Biomedical Materials**
    - By combining state-of-the-art polymer materials with biomedical technologies, JSR provides materials for high-sensitivity immunodiagnostic agents, nucleic acid test materials, and other products, thereby contributing to the development of life sciences.
In April 2011, JSR carried out a revision of JSR Group’s Essential Elements, which consists of a Corporate Mission (our “significance of existence”), Management Policies (evaluation standards), and a Course of Action (individual working styles). The JSR Group’s Essential Elements reflects values to be shared throughout the JSR Group, not at JSR Corporation alone.

**Corporate Mission and Management Policies**

**Materials Innovation:**

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

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

**Management Policies – JSR’s Fundamental Pillars of Management**

- Continuous creation of businesses
- Enhancement of corporate culture
- Increase in corporate value

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

As society evolves, so will our organization. JSR will build on its existing positive corporate culture to create an organization and management style with the vitality to keep evolving. JSR will position itself to increase our overall corporate value by creating businesses through materials with focuses on customer satisfaction and the fulfillment of employees.

**Management Policies – Responsibility to Our Stakeholders**

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

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

- **Responsibility to society**
  - All members of the JSR Group will honor our responsibility to both the local and global communities through:
  - Responsible and respectful business practices (Responsible Care) that consider the environment and safety
  - Support of environmental conservation by providing eco-friendly products
  - Reduction of our environmental impact throughout the entire product lifecycle
  - Active contribution to conserving biodiversity throughout its business activities and the entire product lifecycle

- **Responsibility to shareholders**
  - JSR Group will maintain its responsibility to its shareholders by:
  - Aiming to increase corporate value by creating business opportunities through materials
  - Constantly enhancing its management efficiencies
  - Inspiring trust by being highly transparent and conducting sound corporate management practices

**CSR Implemented by the JSR Group**

The JSR Group mission is to create value through materials to enrich society, people and the environment. In this process, it is important that we act with integrity as a good corporate citizen and live up to the trust that our stakeholders place in us. Our Group CSR represents the initiatives we employ to successfully achieve our mission and as such we view CSR as a key management issue.

Specifically, we have identified four key action areas for CSR:

- **Corporate ethics**
  - Responsible Care (RC), risk management, and social contribution

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

**Key Stakeholders Involved with the JSR Group**

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

**A Closer Look**

**Communicating the New Corporate Mission**

JSR is trying to acquaint everyone in the JSR Group with the JSR Group’s Essential Elements. We published “An introduction to the JSR Group’s Essential Elements,” which includes an explanation our Corporate Mission in the President’s own words, with the goal of disseminating this information throughout the Group. Also, the President holds explanatory briefings on the subject at JSR sites across Japan and overseas.
The E2 Initiative™ and Manufacturing for the Future

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

The E2 Initiative Concept

In 2009, JSR launched a project that investigated possible approaches to two major goals: addressing risks related to environmental and energy issues, such as regulatory requirements for global warming mitigation, and finding ways to create new business opportunities. The E2 Initiative is the product of this endeavor. Named after the two initiatives it comprises, Eco-innovation and Energy Management, the E2 Initiative shows the outlook of JSR’s Group-wide effort to create value on both aggressive fronts, such as the development of environmentally-friendly products, and defensive fronts, such as CO2 emission reductions at Group plants.

The E2 Initiative is motivated by two major goals: addressing risks related to the environment and energy, the concept will be promoted across the company, leading to changes in action.

Eco-innovation

- New needs
- Feedback from customers
- Processing Materials
- New growth cycle
- Aggressive creation of value
- Build an E2 Initiative reputation
- Low-cost technologies
- Use JSR plants as testing ground
- Effective materials
- Evaluate the E2 Initiative Concept

Energy Management

- High-end, high-performance products
- Develop new business opportunities benefiting JSR
- Enhance existing products based on environmental performance
- Economic performance
- Environmental performance
- Thermal performance
- Reduce in-house CO2 emissions
- New needs
- Feedback of useful information
- Effect of JSR’s “SIFCLEAR™” for thermal insulation paints

Schematic Concept of JSR’s E2 Initiative

E2 Matrix

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

Thesis

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

1. Thermal Management Materials

One technology we are currently positioning as an “aggressive creation” area is thermal management materials. Thermal management materials are products that help to reduce energy consumption by controlling the effective use of heat. We are currently undertaking the development of thermal storage materials that maintain constant temperature levels and thermal barrier coating materials that insulate heat. The thermal storage materials we are developing are paraffin, a type of organic compound, combined with a JSR proprietary polymer. These materials allow for “thermal control,” the trapping and release of heat, leading to more efficient use of energy. In addition, thermal insulation paints containing SIFCLEAR™—a thermal insulation material developed by JSR—are applied to a warehouse roof resulted in a 6-degree reduction in peak temperature in one test. These products make the most of JSR’s expertise as the top maker of polymers.

2. Lithium-ion Capacitors

JSR was also quick out the gates for the development of lithium-ion capacitors (LiCs), a hot technology in the race for next-generation electricity storage devices. JM Energy Corporation, a JSR Group company, beat competitors by being the first to mass-produce this technology. In spring 2011, JM Energy launched a laminated product with two-thirds less internal resistance than conventional LiCs, and also began shipping samples of flat prismatic type cells and modules that dissipate heat better and are more vibration-resistant. Users have expressed great enthusiasm for these products.

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

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

Defense: Energy Management

In our efficiency promotion project, E-100plus, all companies in the JSR Group are deploying advanced energy-conservation technologies to reduce CO2 emissions. Monthly emissions for each division and product are now being quantified to help us visualize progress, with recognition given to particularly successful divisions and products through a newly created award program. We are also aiming to make CO2 reduction a permanent part of business activities when starting new R&D projects or mass-scale production, for example by including the cost of CO2 emissions in their budgets. And for newly developed products with energy-saving features, we are trying to combine such products with our “aggressive” strategy by testing them internally and then marketing only those that demonstrated their effectiveness in reducing emissions.

Third-Party Opinion

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

Uniting eco-innovation and energy management is a necessary endeavor that will also make the JSR Group a fundamentally stronger company. Due to the Great East Japan Earthquake, achieving carbon-efficient power is now a major challenge. Businesses, therefore, must determine the extent of their responsibilities while keeping a close watch on Japan’s stance at COP 17 in December 2011 and trends for 2020 medium-term targets. Meanwhile, rigorous energy-saving initiatives are an effective approach in any climate. Particularly urgent is the challenge to cut energy use, not toward products that save energy during use. As a whole, the E2 Initiative is an ambitious initiative that we can expect to reap real and effective results.

Response

Katsuya Inoue
Officer and General Manager, Corporate Planning Department

Professor Yasui’s opinion was a reassuring reassessment that our E2 Initiative is inherently a pursuit of two simultaneous goals: solutions to society’s problems and the strengthening of our corporate competitiveness. This seems to fit in with not only our CSR philosophy, which considers social solutions to be a corporate responsibility, but also that of Creating Shared Value (CSV), which sees such problems as an opportunity. The most important piece, I think, is that the source of value has shifted from being a diastolic question of “differentiation” or “cost,” to one where “environmental performance” is a necessary component to be balanced with one of the two. We believe that contributing to solving society’s problems by closely pursuing the E2 Initiative, and by adapting quickly to the structural changes Professor Yasui mentioned are taking place after the Great East Japan Earthquake.
How can we use our strengths as a chemical manufacturer to help kids grow and become the leaders of society’s future? Compelled by this desire, JSR has undertaken a variety of educational support activities. Here we introduce the visiting lectures happening at Yokkaichi Plant and other locations.

Our Desire for Children
The waning interest in science among children these days is a matter of deep concern. Even at school, children are said to have fewer opportunities to conduct chemistry experiments and enjoy other experiences. We at JSR want children to feel for themselves the importance, the potential, and even the enjoyment of such emotions as surprise and delight. At the same time, we also want children to learn how necessary and important JSR’s materials are in making so many things that exist in the world.

Science Class using Synthetic Rubber
Utterances of excitement were heard as each lab group stood before the mysterious white substance that was distributed to them. “What?” Watch closely now,” Emi Hata, of the General Affairs Team at JSR’s Class” taught by JSR employees at elementary schools in Yokkaichi, Our Desire for Children materials are in making so many things that exist in the world. want children to learn how necessary and important JSR’s such emotions as surprise and delight. At the same time, we also want children to feel for themselves the importance, the potential, and even the enjoyment of other experiences. We at JSR want children to feel for themselves the importance, the potential, and even the enjoyment of such emotions as surprise and delight. At the same time, we also want children to learn how necessary and important JSR’s materials are in making so many things that exist in the world.

As one of its social contribution activities, JSR has been an ongoing supporter of education, hosting a range of educational programs, including workplace tours for junior-high-school students and teacher training events. The “Sharing Science Lectures on the Road Program,” which started at Yokkaichi Plant in 2007, is one such initiative. The idea for this program came when we received a request from Yokkaichi City asking us to help them spark children’s interest in science. A particularly important theme at Yokkaichi Plant, which is located next to a residential area, is harmony with the community. And for a manufacturer like JSR who could potentially suffer from a future lack of workers, bringing children back to science would certainly be an appropriate way for us to contribute to society. It was considerations like these that led us to launch a program to teach science at local junior high schools with JSR employees standing in as “substitute teachers.” With the drafting of the JSR Group’s “Basic Approach to Social Contribution” in 2009, this program was expanded into a company-wide initiative. Around the same time, we also added elementary schools to list of participants. Yasuo Ito, an elementary school teacher in Yokkaichi who proposed that the project be held for elementary students, put it this way: “Children are born inquisitive. They love to experience and observe. I suggested that a company plan a class project because I hoped to give children an experience we normally can’t provide.”

Plant field trip (Nov. 2010)
Students toured the Yokkaichi Plant, performed a rubber experiment, and experienced the daily work of the plant manager, including a plant patrol. Participants: Eighth graders, Utsube Junior High School, Yokkaichi

Perhaps the most exciting part was when we dropped the white liquid in and rubber came out. I had never seen synthetic rubber before... Yumiko Isaki

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

Yasuo Ito

Our Own Way
Fostering the Leaders of Tomorrow
Contributing to society through business—that’s the essence of a company and its “reason for being.” In that sense, I think social contribution activities that take advantage of a company’s business capabilities are really the perfect way to meet the company’s true goals. For the employees, these activities are stimulating, expand their field of view, and give them a valuable opportunity to think about how to connect with society at large and behave within it. Going forward, we intend to increase the number of participating employees and sites, and also hold activities for high school students. We also want to do more than visiting lectures, and take part in the educational development of the next generation in a number of different ways.
The JSR Group has identified long-term actions in various categories and set targets for each year.

### Major action targets and results are set forth below.

#### 1. CSR Policy

- **Specify the JSR Group’s Sustainability Policy and Goals:**
  - Set clear sustainability goals and objectives aligned with long-term business strategies.
  - Regularly review and update the sustainability policy to ensure alignment with changing business conditions.

#### 2. Environment

- **Reduce the company’s environmental footprint:**
  - Implement energy-saving measures to reduce CO2 emissions.
  - Enhance water and energy efficiency in all operations.

#### 3. Social Responsibility

- **Promote social responsibility:**
  - Increase the diversity and inclusion of employees.
  - Support the local community and contribute to social issues.

#### 4. Risk Management

- **Identify and manage key risks:**
  - Conduct risk assessments to identify potential threats and opportunities.
  - Implement measures to mitigate identified risks.

#### 5. Assessment and Reporting

- **Assess the company’s sustainability performance:**
  - Utilize the Global Compact Network to carry out collaborative activities.
  - Regularly report on sustainability performance to stakeholders.

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**Note:**
- The above targets are specific to the JSR Group and are set to ensure sustainable growth and responsible business practices. Regular monitoring and reporting of progress are crucial to achieving these goals.
- The JSR Group emphasizes the importance of stakeholder engagement in the implementation of these targets.

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**Glossary:**
- **GHS (Global Harmonization System)**: A system aimed at creating a global standard for chemical classifications, labeling, and packaging.
- **REACH (Registration, Evaluation, Authorisation, and Restriction of Chemicals Directive)**: European Union regulation requiring the safety testing of all chemicals and their testing data for all chemicals that are tonnage volume of 1 t or more annually.
- **ISO 9001**: International standard for quality management systems.
- **ISO 14001**: International standard for environmental management systems.
- **ISO 26000**: ISO’s guidance on social responsibility.
- **PLP (Partnership for Life Cycle):** A system for measuring and managing environmental impact throughout the entire lifecycle of products.
As a chemical manufacturer, the JSR Group undertakes Responsible Care (RC) activities to protect the environment and to ensure the health and safety of employees, local residents, customers, and other concerned parties. Major activities are described below.

Biodiversity Conservation

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

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

Another event held in FY2011 was a biodiversity seminar for directors taught by an external specialist. Titled “What was decided at COP 10 and what should companies work on now?” the management team reviewed the results of COP 10 and reached a consensus on the direction of future company activities. The JSR Group will make continuous efforts to understand clearly the risks and opportunities it faces as a business who wishes to grow sustainably, and set concrete policies, plans, and targets to conserve biodiversity.

Initiatives to Prevent Global Warming

As a member of the Japan Chemical Industry Association (JCIA), the JSR Group is taking measures to reduce its carbon dioxide emissions by conserving energy in accordance with the policies of the Kyoto Protocol. Since FY2011, we have been setting reduction targets for total CO2 emissions.

Furthermore, the Yokkaichi Plant installed a large-scale, natural gas-fired turbine cogeneration system in April 2010. By using natural gas as fuel, this system is expected to produce fewer CO2 emissions than the earlier coal and heavy oil-fired steam boiler and condensing steam turbine system. In FY2011, the company as a whole cut some 33,000 tons, an approximate 2% reduction from the FY1991 level.

Household Energy-Conservation Activities

In FY2011, JSR participated in Eco-cho (Environmental Household Account Book), which is part of the Environment Ministry’s Wagaya-no-Kanpyodajin (The Environmental Minister in My Home) program promoted by the Ministry of the Environment, as a way to encourage employees to conserve energy at home. With some 900 employees registered in the program, JSR has raised awareness of energy conservation by surveying and recording monthly electricity, gas, and water use and determining CO2 emissions from such data. While we can no longer measure the effects of this program due to its cancellation by the Ministry of the Environment, Japan’s power situation has become more critical due to the Great East Japan Earthquake, making household energy conservation more important than ever. Our efforts will continue, but through different approaches such as informing employees of creative ways to reduce energy use over the Internet.

Safety Initiatives

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

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

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

**On Emergency Response Training**

Rico Majiwata, Quality Assurance Section, Products & Technologies Department, JSR Micro Kyushu Co., Ltd. JSR Micro Kyushu runs a company-wide emergency response training program to prepare itself for disasters. This important activity is a culmination of the hard work each division has put toward training. My role is to record various kinds of information on what’s happening throughout the company as it reaches the general manager. Using the experiences I’ve gained through training, I want to tell you about the event’s effectiveness.

You can read about other targets and results in the online version of this report.
The JSR Group not only promotes CSR in its operations, but also conducts activities to encourage better relations with its suppliers, local communities, and other stakeholders. By continuing these activities, we aim to increase our employees’ sensitivity to social issues and thus create momentum to do more.

Supplier Relations: CSR Procurement

In FY2011 we began a CSR procurement initiative to practice and promote social responsibility in our supply chains. We established criteria for how much suppliers should practice eco-consciousness and social responsibility, and we are trying to raise standards throughout each supply chain. Specifically, based on our Purchasing Policy, we surveyed the social and environmental considerations of our suppliers using a questionnaire. When an issue was detected, we dispatched a procurement employee to the supplier to work on solving the issue together.

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

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

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

Employees Relations: Promoting Employee Diversity and Work-Life Management

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

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

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

• Career development seminar for female employees

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

Purchasing Policy (excerpt)

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

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

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

Employees take a self-assessment test

Community Relations

• The “Ik Kyoto Project”

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

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

* The “Ik Kyoto Project”: This initiative was begun by local governments in Belgium and was named after the Kyoto Protocol (http://www.ikkyoto.be) (Dutch). In the FY2011 campaign period (June to September), employees at JSR Micro N.V. reduced 11,032 kilometers worth of car commuting distance, a 1,106 kilogram cut in CO2 emissions.

Voice
David Wallenus
I consider commuting by bicycle to be a luxury. It’s 15 minutes from home to work, but I think I would do it even if it were farther away.

Voice
Business Administration Department
Mitsuru Oguchi
Oguchi (left) and Yoshioka (right)

Rice bowl with toppings

You can read about our other RC activities in the online version of this report.
**JSR Group Profile, Index & Editorial Policy**

### JSR Profile
- **Company name:** JSR Corporation
- **Established:** December 10, 1952
- **Head office:** Shiodome Sunromodomo Building, 1-9-2 Higashi-Shinbashi, Minato-ku, Tokyo, Japan
- **President:** Mitsunobu Koshiba
- **Capital:** ¥123.3 billion
- **Number of employees:** 2,512 (non-consolidated); 5,259 (consolidated) (as of March 31, 2011)
- **Businesses:** Synthetic rubbers, thermoplastic elastomers, emulsions, plastics, semiconductor materials, flat-panel displays materials, optical materials, precision materials and processing, environment and energy related products and materials, biomedical materials, etc.

### JSR Operations
- **Plants**
  - Yokkaichi Plant (Yokkaichi City, Mie Prefecture)
  - Chiba Plant (Ichihara City, Chiba Prefecture)
  - Kashima Plant (Kamisu City, Ibaraki Prefecture)
- **Research centers and laboratories**
  - 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)
  - Kyoto Office (Saga City, Saga Prefecture)
  - Wallstein Branch (Switzerland) / Taiwan Office
- **Overseas branches / offices**
  - Singapore Office

### JSR Group Companies
- **Japan**
  - JSR Corporation
  - JSR Micro N.V. (Belgium)
  - JSR Micro Europe Co., Ltd. (Europe)
  - JSR Micro Americas Inc. (USA)
  - JSR Micro Korea Co., Ltd. (South Korea)
  - JSR Microtech Inc.*
  - Emulsion Technology Co., Ltd.*
  - JSR Optech Tsukuba Co., Ltd.*
  - JSR Business Service Co., Ltd.*
  - JSR Engineering Co., Ltd.*
  - JSR Logistics Co., Ltd.*
  - JSR Micro, Inc. (USA)
  - Nichigo Kogyo Co., Ltd.*
  - Tri Chemical Laboratories Inc.*
  - Japan Butyl Co., Ltd.*
  - Japan America, Inc.*
  - Japan Fine Coatings Co., Ltd.
  - 70 companies to which the equity method is applied

- **Outside Japan**
  - Techno Polymer Guangzhou Co., Ltd. (China)
  - Techno Polymer Hong Kong Co., Ltd. (China)
  - Techno Polymer (Shanghai) Co., Ltd. (China)
  - Techno Polymer Co., Ltd.*
  - JSR America, Inc.*
  - JSR China Co., Ltd.*
  - JSR (Shanghai) Co., Ltd.*
  - Shanghai Rainbow Color Plastics Co., Ltd.*
  - JSR Micro China Co. Ltd.* (China)
  - JSR Micro Taiwan Co. Ltd.* (Taiwan)
  - JSR Micro Mexico Co. Ltd. (Mexico)
  - JSR Micro N.V. (Belgium)
  - JSR Micro Korea Co. Ltd. (South Korea)
  - JSR Micro, Inc. (USA)
  - Shanghai Rainbow Color Plastics Co., Ltd. (Shanghai, China)
  - Techno Polymer (Guangzhou), Co., Ltd. (China)

- **Other companies**
  - JSR Technology (Kawasaki), Co., Ltd.
  - JSR Micro Japan Co., Ltd.
  - JSR Micro Korea Co., Ltd.
  - D-MEC Ltd.

### JSR Group Profile, Index & Editorial Policy

**Financial Information**

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<tr>
<th>Year</th>
<th>Net Sales (consolidated)</th>
<th>Fine Chemicals and Other Products</th>
<th>Plastics</th>
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### Editorial Policy

The JSR Group’s corporate social responsibility (CSR) is to act with integrity as a good corporate citizen and carry out initiatives to meet the expectations of society.

We publish our CSR reports to inform all stakeholders of JSR Group policies and initiatives for a sustainable society.

In CSR Report 2011, we strived to communicate our activities in a straightforward manner in the Executive Commitment section and two feature articles.

You can also read a third-party opinion and an independent review of our activities and report on our website to see how others are evaluating our work.

### The CSR Report 2011 Format

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

- **Printed**
  - The printed version features CSR activities in the JSR Group that we would particularly like to communicate with our stakeholders.
- **Online**
  - In addition to the content provided in the printed version, the online version details specific initiatives in the areas of management, “responsible care” (the environment, health, and safety), and society.


### Referenced Guidelines

- “Sustainability Reporting Guidelines, 3rd Edition,” GRI (Global Reporting Initiative)
- “Environmental Accounting Guidelines for Chemical Companies,” Japan Responsible Care Council

**Target Period**

April 1, 2010 – March 31, 2011

(Some parts of the CSR Report 2011 include activities and initiatives conducted since April 2011.)

### Operations Covered

JSR Corporation and 34 Group Companies

- **Operations on which data was collected on “Responsible Care” (the environment, health and safety)**
  - Yokkaichi Plant, Chiba Plant, Kashima Plant, Yokkaichi Research Center, Precision Processing Research Laboratories, Tsukuba Research Laboratories, and 13 domestic Group companies

- **Information on the 13 companies listed above can be found on page 17 of this report.**

### Executive Commitment

**JSR Group Products in Daily Life**

**The JSR Group’s Essential Elements and CSR**

**Feature Articles**

**The 32 Initiative℠ and Manufacturing for the Future**

**Social Contribution Activities: Supporting Education in Our Own Way**

**Targets and Results**

**Highlights of Social Activities**

**Stakeholder Relations**

**JSR Group Profile**

**Index & Editorial Policy**