In the CSR Report 2012, we present specific examples of the JSR Group’s current initiatives with a view to a sustainable society.

We publish our CSR reports to inform all stakeholders of JSR Group policies and good corporate citizen and carry out initiatives to meet the expectations of society.

A large number of materials are utilized for a wide variety of products available to general end-users, even if they do not recognize or are not aware of such materials. Items useful in your daily life and products to improve the world are underpinned by the power of the chemical industry. By pursuing new possibilities of materials through the power of chemistry, and contributing to the development of society, the JSR Group would like to ensure our own sustainable growth.

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 with a view to a sustainable society.

In the CSR Report 2012, we present specific examples of the JSR Group’s current efforts and also our direction from here on out. Containing a dialogue with an expert from outside the company, this report presents specific examples of the direction that the JSR Group is aiming for and the initiatives that the Group is currently carrying out. In compliance with our Management Policies, our activities are reported according to our “Responsibility to Our Stakeholders.”

A third-party opinion and an independent review regarding our activities and report are provided (with the opinion available both in the printed version and on our website, and with the review only on the website).

The JSR Group’s CSR Report 2012 is available both in printed and online versions.

Online

The online version presents a comprehensive report on the JSR Group’s CSR activities. In addition to the content provided in the printed version, the online version details specific initiatives regarding “Responsible Care” (the environment, health, and safety) and many other responsibilities for our stakeholders.

Print

The printed version features CSR activities in the JSR Group that we would particularly like to communicate to our stakeholders. This version also provides the highlights of our previous fiscal year’s activities.

Report Download

Referenced Guidelines

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

Note: Details on how this report conforms to the GRI Guidelines are available in the online version.

CSR Report 2012 － Comparative Table of Guidelines

The CSR Report 2012 includes activities and initiatives conducted since April 2012.

Operations Covered

- JSC Corporation and 38 Group Companies
- Operations for which data was collected on “Responsible Care,” the environment, health, and safety
- Yokohama Plant, Dibba Plant, Kashima Plant, Yokohama Research Center, Precision Processing Research Laboratories, Tsukuba Research Laboratories, and 13 domestic Group companies

* The names of the 13 companies above are provided and marked with “*” in the section on “CSR Group Companies” on page 7 of this report.

Referral Guidelines

- Environment Accounting Guidelines for Chemical Companies, Japan Responsible Care Council

Target Period

April 1, 2011 – March 31, 2012

(See part of the CSR Report 2012 to detail activities and initiatives conducted since April 2012.)

Date of publication: August 2012

Next scheduled issue: July 2013

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Society

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JSR Group’s Relationship between Global Social Trends and Materials

Operations Covered

- JSC Corporation and 38 Group Companies
- Operations for which data was collected on “Responsible Care,” the environment, health, and safety

Explicit Reference

JSR Group’s CSR Report 2012 features explicit reference to “Responsible Care (RC)” in this report.
We provide materials that will bring new value to society. The JSR Group will continue to take on challenges, utilizing innovation as our driving force.

Reaffirming the Importance of Business Continuity as a Materials Manufacturer

In FY 2012 (April 1, 2011 to March 31, 2012), we were confronted with two severe problems — the Great East Japan Earthquake and the serious flooding in Thailand. It was fortunate that none of the JSR Group’s business establishments suffered critical or direct damage. However, at the time of the Great East Japan Earthquake, some of our raw materials suppliers were affected by the disaster, forcing our Kashima Plant in Ibaraki Prefecture to discontinue its operation for two months. At the time of the Thai flooding, the production of many Japanese companies, some of which were our customers, was seriously affected. These natural disasters made us keenly aware once again of the indispensability of the areas covered by the material industry. Partly because we were able to secure a safe inventory that was not affected by the disasters, we successfully averted causing considerable inconvenience to our customers. However, since the JSR Group’s products are used in a wide range of important parts and materials for automobiles and lifestyle products, we received many inquiries regarding the continuity of supply of our products. In FY 2012, these experiences made us, as a materials manufacturer, once again strongly realize the importance of continuing our business operations.

Achieving Business Reform Through Materials Innovation

Under our Corporate Mission of “Materials Innovation,” the JSR Group takes actions with a view to enriching society, people and the environment by creating value through materials.

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Creating a Corporate Culture Encouraging a Wide Diversity of Human Resources to Take on Challenges

I believe that the keywords of the former half of the 2010s are “uncertainty” and “diversification.” Of the JSR Group’s total sales, the ratio of overseas sales is currently approximately 45%, which is expected to increase to approximately 70% in 2020. What will be required at that time to support the trend is a pattern for achieving success, we will also create a business model superior to that pattern. This is the very thing that the JSR Group aims for toward 2020. When we look back on the first year of JSR 2013, we find that the macro trend was going in the direction that we expected, although the speed was much faster than we expected. With our confidence and courage, we aim to accelerate JSR 2013 even further.

Responsibility to Our Stakeholders

When reviewing the Essential Elements, we also reexamined our Responsibility to Our Stakeholders. The JSR Group can be called a “small” company. For example, the Group’s products used for smartphones and LCDs cannot be directly identified by end-users, but they are all materials essential to such items. We hope to continue to be a materials manufacturer that is indispensable for customers in the making of their innovative products, and that provides the customers with feelings of reliance and expectation. In the previous “Business to Business (B to B)” format, the concept of “product-out” was dominant. However, in order to ensure sustainable company development in the future, it is vital to increase customer satisfaction by improving functional performance, quality, service, and cost competitiveness. From this point of view, importance should be placed on “customers / business partners,” as well as on “employees,” who are the cornerstone of business, and “society,” which includes the global environment. We believe that if we can firmly fulfill our responsibility to these stakeholders, it automatically means that we will fulfill our responsibility to our “shareholders.” The responsibility to the stakeholders is important in every aspect of the operation of our global business. The JSR Group, a participant in the United Nations Global Compact, will continue to perform our corporate social responsibility more actively even in the international society. Providing materials that will solve customers’ problems through business, and presenting materials that will surprise the world — and thereby improve society — to achieve these goals, the JSR Group will continue to take on challenges.

Mitsunobu Koshiba
Representative Director and President
JSR Corporation
JSR Group’s Materials Essential in Various Scenes of Daily Life

The following shows how the power of chemistry makes people’s daily lives more comfortable and convenient.

JSR Group’s materials are used in a wide variety of products.

Since our establishment as a general synthetic rubber manufacturer, we have been supplying high-quality products, including rubbers for tires, in addition to TPEs, emulsions and plastics.

Minute polymer particles developed by JSR based on our polymer technologies are utilized for external diagnostic agents, as well as separation and purification for biomedical research.

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We have developed high-performance semiconductor materials, including photoreists, interconnect materials, chemical mechanical planarization (CMP) materials, and packaging materials. Our materials meet diverse market needs.

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We provide display materials that anticipate more sophisticated market needs regarding flat-panel displays (FPDs), such as liquid crystal displays (LCDs) and organic electroluminescence displays (OLEDs).

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By combining innovative materials that use polymer material technologies and precision processing technologies, we have created cutting-edge product lineups, including touch panel films and other functional films.

Utilizing technologies established for the development of polymer materials, we develop a wide range of performance chemicals, such as high-performance despairants, high-functional seal gel materials, and particles for industrial use.

Applying high-functional materials, we operate our business extensively in the field of the environment and energy. Our products include binders for lithium-ion batteries, lithium-ion capacitors, bioplastic materials, and thermal management materials.

We provide manufacturing process materials for biomedical products, external diagnostic particles, high-quality polymer materials for medical supplies, thereby contributing to the development of life sciences.

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We develop and sell lithium-ion capacitors that can charge and discharge large amounts of energy almost instantly. The capacitors are utilized to make effective use of power generated from natural energy, such as wind and solar, and to store regenerative energy.

Our optical fibers are indispensable for the Internet and long-distance communications. Our optical floor coating materials are used for many of the optical fiber cables manufactured domestically.

JSR has developed and sells lithium-ion capacitors that can charge and discharge large amounts of energy almost instantly. These capacitors are utilized to make effective use of power generated from natural energy, such as wind and solar, and to store regenerative energy.

Since our establishment as a general synthetic rubber manufacturer, we have been supplying high-quality products, including rubbers for tires, in addition to TPEs, emulsions and plastics.

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**JSR Group Profile**

**JSR Profile** (as of March 31, 2012)
- **Company name:** JSR Corporation
- **Established:** December 10, 1957
- **Head office:** Shiodome Sumitomo Building, 1-9-2 Higashi-Shinbashi, Minato-ku, Tokyo, Japan
- **President:** Mitsuatsu Koshiba
- **Capital:** 23.3 billion yen
- **Number of employees:** 2,529 (non-consolidated), 5,403 (consolidated)
- **Businesses:** Petrochemical products businesses (resins, emulsions, TPEs, and plastics), electronics materials, display materials, optical materials, precision materials and processing, performance chemicals, environment & energy, biomedical materials, etc.
- **Number of employees:**
  - JSR Corporation: 1,822
  - JSR Trading, Inc.: 1,374
  - JSR Micro Korea Co., Ltd.: 1,263

**JSR Operations** (as of March 31, 2012)
- **Plants:**
  - Yokaichi Plant (Yokaichi City, Mie Prefecture), Diba Plant (Ushihara City, Diba Prefecture), KSakama Plant (Kamisu City, Ibaraki Prefecture)
  - **Research centers and laboratories:**
    - Yokaichi Research Center (Yokaichi City, Mie Prefecture)
    - Performance Polymer Research Laboratories
    - Display Materials Research Laboratories
    - Fine Electronic Materials Research Laboratories
    - Process Technology Development Group
    - Precision Processing Center (Yokkaichi City, Mie Prefecture)
    - Tsukuba Research Laboratories (Tsukuba City, Ibaraki Prefecture)
- **Branches:**
  - Nagoya Branch (Nagoya City, Aichi Prefecture), Kyushu Office (Saga City, Saga Prefecture)
- **Overseas branches / offices:**
  - Walchense Branch (Switzerland), Taiwan Office (Taipei, Taiwan)
  - Singapore Office (Singapore), Shanghai Office (Shanghai, China)
  - Tokyo Branch (Tokyo, Japan), Osaka Branch (Osaka, Japan)
  - Higashi-Shinbashi, Minato-ku, Tokyo, Japan
  - Mie Prefecture

**Financial Information**

**Net Sales** (consolidated)

- 2008: 3,525 billion yen
- 2009: 3,310 billion yen
- 2010: 3,130 billion yen
- 2011: 3,067 billion yen
- 2012: 3,045 billion yen

**Operating Income** (consolidated)

- 2008: 673 billion yen
- 2009: 525 billion yen
- 2010: 352 billion yen
- 2011: 381 billion yen
- 2012: 392 billion yen

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**Feature Article 1**

**Relationship between Global Social Trends and Materials**

Society’s needs always change, which accordingly requires that the materials provided by the JSR Group also change. Focusing on our business related to automobiles, this section explains how the Group identifies needs and problems, as well as how the Group endeavors to create value for such needs and problems.

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**Feature Article 2**

**Relationship between the JSR Group and Biodiversity**

As long as a company operates its business, it is impossible to avoid the formation of relationship with living things in the company’s local areas and also all over the earth. Presenting a dialogue with Dr. Naoki Adachi on biodiversity-related efforts to be implemented by a chemical manufacturer, this section introduces the JSR Group’s activities and future direction.
Changes in the Environment Surrounding the Automobile Industry

Increase demand around the World in for Automobiles, Especially Ecologically Friendly Cars

Due to the development of motorization in newly emerging countries, world automobile demand is continuing to grow. Moreover, partly because there is a global concern about global warming and the depletion of petroleum resources, and also because environmental awareness is increasing in many parts of the world, ecologically friendly cars are now gaining much more attention. Since it is expected that regulations on fuel efficiency will be established in many countries, the demand for ecologically friendly cars is expected to grow.

Actual and projected numbers of passenger vehicles sold in the world’s four major markets, as well as percentages of ecologically friendly cars* for each figure.

Car Body Weight Reduction and Tire Performance Improvement to Enhance Fuel Efficiency

The fuel efficiency of an automobile is directly linked not only to cost but also to environmental impact. It is said that, to enhance fuel efficiency, effective measures include increasing the engine efficiency, reducing the air resistance of the car body, and improving the powertrain, as well as decreasing the body weight by employing aluminum, resin, and other lightweight materials, and using tires with low rolling resistance. Many automobile manufacturers are reviewing their products from the aspect of materials and accumulating their technologies.

Regulations and Labeling Systems in Various Parts of the World

Tighter Regulations on Automobiles CO2 Emissions in Europe

In Europe, regulations have been established to reduce CO2 emissions step-by-step from 2012 to 2015, when the target of a maximum emission level of 130 g/km must be achieved.

USA

Requirements for Sales of Environmentally Friendly Vehicles in the United States

The California Air Resources Board requires car manufacturers to ensure that 15% of their new cars sold in the state are environmentally friendly vehicles, such as electric vehicles, by 2025. The new regulation will become applicable to models released in 2017 or after.

JAPAN

Labeling System for Fuel-Efficient Tires

This is a labeling system administrated by the Japan Automobile Tyre Makers Association. In this system, both the rolling resistance performance and the wet grip performance are evaluated based on a grading system, and the evaluation is provided in a label. A “fuel-efficient tire” is defined as a tire achieving a certain level or higher in each of these parameters.

Fuel-efficient tires, the demand for which has been growing recently, enhance fuel efficiency by reducing tire rolling resistance. The rolling resistance of a tire has an impact of approximately 15% on fuel efficiency. While a tire is driving, its tires suffer rolling resistance, which consists of the following three elements: the deformation of the rubber used in the tires, the friction of the part in contact with the road surface, and the air resistance from the front.

The deformation of the rubber is the major factor, accounting for 96% of these three elements. The energy loss generated by the deformation causes the resistance. Of particular importance regarding tire parts is the tread, which is the only part of the tire that comes into contact with the road surface. The tread has an impact of approximately 50% on the rolling resistance. For the vehicle as a whole, the tread component has an impact of approximately 7.5% on fuel efficiency.

Enhancing Rubber Manufacturing Capacity in Various Countries to Accommodate Increasing Demand

Due to the increase in demand for fuel efficient tires, it is expected that the demand for S-SBR will further develop on a global basis. In December 2011, JSR increased the S-SBR manufacturing capacity of its Yokkaichi Plant to 60,000 tons per year. In Europe, JSR has an S-SBR manufacturing capacity of 30,000 tons per year based on a capacity right agreement with Dyneon Europe GmbH. As a result, our global manufacturing capacity has now reached 90,000 tons in total. Furthermore, we have commenced the construction of a new plant in Thailand, further enhancing our manufacturing capacity (first phase: 50,000 tons in 2013; second phase: 50,000 tons in 2015; and total: 100,000 tons per year). Boasting an extensive foundation for the automobile industry, Thailand is home to the plants of major tire manufacturers and has a huge domestic market.

Additionally, however, the country is convenient as an export hub to the rest of Asia. In this regard, we will place even more focus on the country as one of our global supply bases.

Fuel-efficient tires have been designed to reduce rolling resistance, suppressing the energy loss generated by the deformation of the rubber during driving by 45% compared to conventional SBR. This has been made possible by making changes to the ends of the rubber molecules to make it easier for them to form connections with the molecules of reinforcements, without changing the properties of the rubber itself. The material properties of the rubber influence the gripping power.

Rubber Molecules Controlling Tire Rolling Resistance

Affecting Automobile Fuel Efficiency

While increasing the rolling resistance of the tread elements results in the reduction of the frictional force of the tires, leading to lower gripping power and affecting the tires’ safety. For practical use, it is necessary to achieve the two contradictory characteristics of “low rolling resistance” and “high gripping power.”

JSR’s solution polymerization styrene-butadiene rubber (S-SBR) for fuel-efficient tires has been designed to reduce rolling resistance, suppressing the energy loss generated by the deformation of the rubber during driving by 45% compared to conventional SBR. This has been made possible by making changes to the ends of the rubber molecules to make it easier for them to form connections with the molecules of reinforcements, without changing the properties of the rubber itself. The material properties of the rubber influence the gripping power.

Supporting Improvement of Automobile Performance from the Materials Aspect

When totally new functions are required for automobile bodies, fuels, tires, and other items, it is often necessary to review the materials themselves. The JSR Group has long been providing materials used for various parts of automobiles, such as tires. By improving the functions of such materials, the JSR Group will continue to contribute to enhancing the entire function of automobiles. This section presents some examples of the parts of an automobile that our Group’s products are used for.

*1 Actual and projected numbers of passenger vehicles sold in the world’s four major markets, Japan, the United States, Europe, and China.

*2 Eco-plastics are actively employed not only for interior and exterior parts, but also for parts in an engine compartment and for functional parts.

*3 Actual and projected numbers of passenger vehicles sold in the world’s four major markets, Japan, the United States, Europe, and China.
Our Materials Contribute to Vehicle Performance Improvement in Unexpected Places

Automotive parts used for fan blades have to be resistant to K-Mile rubber (MRN), which can be extended to a representative of dielectric-resistant, special-purpose rubbers, features other characteristics, such as excellent mechanical properties and chemical resistance.

Environmental friendly silicone-type materials are increasingly being used for interior parts, such as dashboards and side pillars. Items made of DYNAMON, an improved silicone-type material, are soft, scratch-resistant, and cold-resistant. Meanwhile, MEKSHIELD™, a special styrenic thermoplastic resin, features the ability to effectively reduce squeaking noises and other unpleasant sounds generated from the points of contact of plastic parts. In this regard, this resin is employed for many interior parts, such as cup holders and air conditioner outlets.

Safety

Since available gels serve as the “face” of an automobile, it features an appearance and a design that has been well thought out by the automobile manufacturer. In order to accommodate the demand for such a design, we provide AES resin that can be used for both painting and coating, as well as AES / ASA resins that can be used with partial coating or without any coating, and that are highly resistant to ultraviolet, wind, and rain.

Carbon fiber reinforced plastics (CFRP) are used for sports car bodies to reduce their weight. As a CFRP adhesive, our MthyGlue is used. Materials can be selected based on application and glue strength (from super soft to hard).

Processing Performance

Processability is one of the important parts for automobile parts. ASA / AES resins do not need special processing before they undergo vapor deposition, helping to achieve a very nice finish.

Durability

EXCELINK, a thermoplastic elastomer used for forming corner materials, such as window frames, features excellent elasticity and durability. Additionally, when heated, EXCELINK adheres so strongly to the material to be remolded, and is resistant to ultraviolet, ozone, and heat. Its specific gravity is low, contributing to reducing the weight of automobiles.

Life Sciences and Materials

In new business and growing fields, innovation is required for technologies and materials. The JSR Group continues a wide variety of bold attempts in strategic fields, which are expected to grow in the future. We enhance the value of products by conducting thin film processing for existing excellent materials and precision processing for the surfaces of thin films. Also, we make active applications of our high-functional materials and polymer technologies. By so doing, while anticipating ever-changing social needs while we continue to contribute to society.

Materials Supporting Cutting-Edge Business

In February 2012, JSR Life Sciences Corporation was established as a new company for the development, manufacture, and sales of biomedical materials.

In the biomedical field, there are now two major trends at the global level. One is the need for high technologies to cure diseases for which treatment methods have not yet been established. The other is the need to deal with the expansion of quantitative demand found in many parts of the world, such as China. To respond to these needs promptly, there is a limit to what can be achieved by research and development and business operations promoted only in Japan. In the JSR Group, research and development have been conducted globally, transcending the boundaries between segments. Utilizing this advantage, JSR Life Sciences Corporation acts as a practical headquarters in the Group’s biomedical business, and consolidates the Group’s medical materials resources, striving for an even better management efficiency.

We are proud of our “materials power” specific to us as a chemicals manufacturer, such as our superb polymer technologies. We believe that based on such assets, we can develop business that cannot be realized by any other companies. In the mid- to long-term view, we would like to make alliances with outside organizations with a wide diversity of expertise and make investments in venture companies. By so doing, we strive to increase the variety of our products and demonstrate our collective ability.
Difficult to realize such an aim right now, there is a positive environmental impact. Even if it might be environmental impact level to as close to zero as two efforts, the company strives to reduce its impact due to its business activities in one area, level 10, the company aims to reduce the level to zero. If the environmental impact generated by a company needs to be considered, such impact to close to zero, it is important to consider connections between the effects. The problem is, with the current database is related only to major raw materials, if a company—say the JSR Group—uses raw materials that are not often used by other companies, the JSR Group needs to check the materials and add to the database the data that the Group gathers regarding the materials. This will gradually increase the scope of coverage of the database.

Time really flies! One of the biggest achievements (COP10) was held. COP11 is to be held this autumn. It requires us not simply to pay an appropriate cost for that value.

For your future business, I think you will need to respect and rely on biodiversity even more than you do now, so I hope you to continue to take on challenges.

What makes environmental problems difficult is that they consist of a wide variety of elements—not only biodiversity, but also CO₂ emissions, environmental efficiency, and waste. The problem is, with the current database is related only to major raw materials, if a company—say the JSR Group—uses raw materials that are not often used by other companies, the JSR Group needs to check the materials and add to the database the data that the Group gathers regarding the materials. This will gradually increase the scope of coverage of the database.

Identification of Relationships between JSR and Biodiversity; and Promoting Far-Sighted Activities

For your future business, I think you will need to respect and rely on biodiversity even more than you do now, so I hope you to continue to take on challenges.
JSR Group Initiatives to Conserve Biodiversity

Identifying the Dependence and Impact of Our Business Activities on Biodiversity

To identify how our business activities depend and impact on biodiversity, we reviewed the relationships between JSR and biodiversity, with reference to the Business & Biodiversity Interrelationship Map developed by the Japan Business Initiative for Biodiversity (JIBB). The map illustrates how business activities are dependent on ecological services and how the activities have impact on biodiversity in each process of “raw material procurement,” “development and production,” “transport and sales,” “use and maintenance,” “collection and recycling,” and “land use.” We formulated our version of the map for synthetic rubbers in FY 2011 (April 1, 2010 to March 31, 2011), and for fine chemicals in FY 2012 (April 1, 2011 to March 31, 2012). This revealed that particularly important problems for JSR Group’s business activities were “raw material procurement” and “land use at business establishments.” For other processes, we will promote necessary measures, especially environmental efforts and the E2 Initiative.

Assessment of Land Use at Business Establishments

Utilizing the Land Use Score Report of the Guidelines for Promoting Business Establishments in Harmony with Living Things, developed by JIBB, we are carrying out an assessment of biodiversity at the sites of our business establishments. We made such an assessment in FY 2011 at the Chiba Plant and Tsukuba Research Laboratories, as well as in FY 2012 at the Yokkaichi Plant, the Chiba Plant, the Kashima Plant, Tsukuba Research Laboratories, and JSR Micro Kyushu Co., Ltd. At the assessment, we made an actual observation of the site of the relevant business establishment, checked the size of its green spaces, the vegetation, and the types of insects and birds inhabiting the site, and determined the level of consideration to biodiversity.

As a result, it was found that while due consideration was paid to the water cycle at each of the business establishments, as was indicated by the effective use of rainwater, low scores tended to show regarding the formation of an ecosystem network with the soil that supports the green spaces and vegetation, and also with the surrounding environment. The JSR Group had never assessed the sites of our business establishments from those points of view. Based on the results of the FY 2012 assessment, we would like to conduct an assessment every year. By making effective use of the plan-do-check-act (PDCA) cycle, we strive to increase our scores gradually.

Forming Our Biodiversity Policies

We have formed biodiversity policies identifying problems revealed by the efforts we have made so far. The policies serve as the basis for the promotion of specific efforts in the future.

1. We prioritize biodiversity conservation in procuring naturally derived raw and processed materials.
2. We work to make the green spaces of our business establishments biodiversity-friendly.
3. We strive to develop of biodiversity-friendly products.
4. We emphasize engagement of our staff and cooperation with local communities.

Lectures Provided by JSR Outside the Company

Lecture at the Japan Rubber Manufacturers Association

A lecture titled “JSR’s Efforts for Biodiversity” was provided at a seminar held by the Japan Rubber Manufacturers Association with the title “Perspective Essential to Future Business – Biodiversity and Companies.” Explained in the lecture was our preparation of the Business & Biodiversity Interrelationship Map to analyze the dependence and impact of our synthetic rubbers on biodiversity, as well as the use of the Land Use Score Report and the Living Things Monitoring Sheet to assess the green spaces of some of JSR’s business establishments, and investigate the ecosystem at the sites of the establishments. The explanation was followed by an active Q&A session.

Symposium

Story of biology told by a corporation Part 5

A member of JSR Tsukuba Research Laboratories delivered a lecture at a sectional meeting of the Story of biology told by a corporation Part 5. This is Japan’s most established symposium on biodiversity for companies. With the theme “Usability of Promotion Tools from the Perspective of Managers,” he shared the knowledge gained at Tsukuba Research Laboratories through an investigation in which the Guidelines for Promoting Business Establishments in Harmony with Living Things was used. He also explained JSR’s active efforts regarding biodiversity.

We recognize that the conservation of biodiversity is one of the important social problems to be dealt with by companies. The conservation of biodiversity tends to be thought of as the preservation of endangered species. This type of social contribution is, of course, significant. As a business operator, however, we would like to contribute to the conservation of biodiversity through our business activities. For the time being, we will continue to promote efforts with emphasis on consideration to biodiversity at the phase of material procurement, and on the improvement of green spaces at our business establishments. Through these activities, we hope to be able to contribute as much as possible to the enhancement of the sustainability of the earth. We would also like to promote cooperation with many more business partners and other local companies.
The JSR Group’s Essential Elements and CSR

To create a corporate culture in which sustainable growth is achieved regardless of replacement of personnel or changes in organizational forms, and to ensure that such a culture permeates across the JSR Group, we established our Essential Elements in April 2011 as values to be shared among all staff within the Group to enable them to act with responsibility and confidence.

The Essential Elements consist of the Corporate Mission, the Management Policies, and the Course of Action.

Corporate Mission

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

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

Enhancement of Corporate Culture

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.

Increase in Corporate Value

JSR will position itself to increase its overall corporate value by creating businesses through materials with focuses on customer satisfaction and the fulfillment of employees.

Responsibility to Our Customers / Business Partners

When interacting with our business partners and customers, the JSR Group will:

- 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 Our 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 considers the environment and society
- Support for 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

The 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

Course of Action: 4C

Challenge

All employees of the JSR Group should share a common, global focus and desire to succeed. Employees should feel confident to autonomously take on new challenges, learning from successes while viewing setbacks as opportunities to learn, grow and improve.

Communication

All employees should feel comfortable and confident maintaining open lines of bi-directional communication at all levels within the JSR Group. Employees should strive for organizational transparency through direct conversations as the best means of sharing value and achieving common goals, especially in the face of growth and diversification.

Collaboration

Employees will work together in the spirit of cooperation, valuing common, corporate goals over internal or departmental barriers. Employees will also be encouraged to actively collaborate with external resources and not be bound by conventional ideas.

Cultivation

All employees will cultivate an environment that supports bi-directional communication between managers and subordinates, and provides opportunities for them to develop together as individuals and as members of productive, supportive teams.

Participation in the United Nations Global Compact

In April 2009, the JSR Group became a participant in the United Nations Global Compact. Amidst increasing pressure for corporate social responsibility, businesses operating at a global level need to make a greater commitment to human rights, labor, the environment and anti-corruption, as expressed in the 10 principles of the Global Compact. The JSR Group considers our participation in the Global Compact to be a proclamation of our dedication to acting responsibly in the international community, and strives to work even harder to fulfill our corporate social responsibility.

The 10 Principles of the United Nations Global Compact

1. Businesses should support and respect the protection of internationally proclaimed human rights.
2. Businesses should make sure that they are not complicit in human rights abuses.
3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
4. Businesses should support the elimination of all forms of forced and compulsory labor.
5. Businesses should support the effective abolition of child labor.
6. Businesses should support the elimination of discrimination in respect of employment and occupation.
7. Businesses should encourage the development and diffusion of environmentally friendly technologies.
8. Businesses should act against corruption in all its forms, including extortion and bribery.
Diversity Promotion Activities

From the results of our Employee Awareness Survey, which we conduct once every three years, we have identified two characteristics of corporate culture at JSR. One is discipline, which we have been passed down through the years at JSR and which we plan to continue to treasure. The other is freedom, which we have learned in the past but are working on improving. We established the 4C Course of Action to achieve both of these goals.

**“Cultivation” Activities**

Since FY 2012, we have been promoting “Cultivation” activities to revitalize the relationships between managers and their junior staff as part of our corporate culture reform efforts. With more focus placed on the “Cultivation” among the four elements of the Course of Action, 4C, we strive to encourage managers and junior staff to work together to ensure their mutual growth.

**Specific Activities for “Cultivation”**

- **OJT Promotion Activities**
  We have formulated the Seven Points of On-the-Job-Training (OJT), which stipulate the correct attitude toward and the basic idea of OJT. We have disseminated these points, striving to ensure that they are thoroughly observed.
  Meanwhile, we have been emphasizing the spread of our motivation education through communication between managers and junior staff. We have been promoting efforts to enhance not only individual employees’ skills and knowledge, but also their motivation.

- **Communication Improvement Activities**
  We periodically hold a chat session to improve and promote communication among our employees. The theme is not only related to participants’ routine work, but also to other wide ranges of topics, such as those common among the participants, company-wide issues, and problems facing their divisions. The meeting is used also as an opportunity to promote our Essential Elements and promote the motivation education.

**Awards by Directors**

Nice Support Award is granted to employees who steadily performed their duties as a force behind the scenes and supported a smooth operation of our organizations. Nice Try Award is given to employees who contributed to the cultivation of the corporate culture in which employees are willing to try something challenging without being afraid of making mistakes. Under this award system, which was introduced in FY 2012, the awards are granted semiannually to relevant employees by their directors.

Corporate Culture Reform Activities

Held Elderly-Nursing Care Seminar

In FY 2012, Introductory Seminar on Striking a Balance between Work and Elderly-Nursing Care was held at each of our business establishments, with an outside expert invited as the lecturer. At the seminar, participants listened to the lecturer’s experiences and learned about the mental and physical preparation for elderly-nursing care. They also tried various practical experiences needed for the care, such as assistance for an elderly person to stand up with consideration to the prevention of the care-provider’s suffering back pain.

The participants’ comments were along the lines of “the time has finally come for the company to think about elderly-nursing care” and “the talk of the lecturer’s experience was very informative.”

Diversity Promotion Roadmap

In 2010, we began to promote diversity promotion activities in order to bring out a wide variety of our employees’ capabilities and create the corporate culture where all the employees can fully demonstrate their abilities.

Currently, the diversity promotion activities are on the second phase, namely “Seeding Time.” Activities to support the careers of our female employees are currently diversified. In fact, the types of division to which our female employees are assigned have become richer. Also, we encourage our female employees who have switched to main career-track positions to take a skill seminar held by an outside organization. These activities are now producing excellent results. The ratio of our female employees in management positions increased to 30%, as of April 2015, compared to 13% at the time of the launch of the activities. Furthermore, our diversity promotion activities are not limited to those for women; we are extending the domain covered by our diversity activities.

**Diversity Promotion Activities**

- **Development of HARMONY, SNS for female employees**
  - Using social networking sites (SNS) to share experiences needed for the care, such as assistance for an elderly person to stand up with consideration to the prevention of the care-provider’s suffering back pain.
  - The “Ground Preparation” phase is the first phase, which is a sort of prearrangement for the next phase.
  - The “Ground Preparation” phase is the second phase, namely “Seeding Time.” Activities to support the careers of female employees are currently diversified.

- **Support for women in career**
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Following the occurrence of the Great East Japan Earthquake of March 2011, the JSR Group began efforts to support the reconstruction of an area affected by the disaster. 

Volunteer Activities Conducted by JSR Group Staff to Support an Affected Area

Using the lesson for volunteers activities. System and other measures, we organized volunteer activities for our Group's volunteer staff and dispatched them to an area affected by the Great East Japan Earthquake. When planning and implementing our support plans, we cooperated with local administration and non-governmental organizations (NGOs), placing our first priority on accommodating the needs of the affected area.

As a form of support through our business capabilities, we applied the roofs of temporary housing in Oshima, Kesennuma City. In addition, we conducted many other efforts, such as those related to explosions, fires, large-scale earthquakes, and pandemics, assess such risks, and formulate countermeasures. A particularly important one is positioned as a major company-wide risk. The improvement situation of such a risk is managed by the Risk Management Committee and the CSR Committee. Moreover, we annually carry out crisis management training, and work on reviewing and further improving the risk management system.

Overview of Our Activities

Activity site: Oshima, Kesennuma City, Miyagi Prefecture (island in Kesennuma Bay)
Activity details: removing debris from the seashore, paddy fields, and damaged houses, supporting the reconstruction of the local fishing industry, and providing mental support for the people. It was truly impressive to see that despite tragically losing their families, homes, and jobs, young people, who will lead the next generation for the island, were working on the task of removing huge amounts of debris without making complaints in a bid to return their island to what it had been. While engaged in the reconstruction support effort, I was able to listen about the terrible situation at the time of the occurrence of the disaster making the once peaceful island utterly different, problems after the disaster, anxiety for the future, and hopes and dreams for the future. I believe that this experience will prove invaluable for my future life.

Volunteer Activities Conducted by JSR Micro Kyushu Co., Ltd.

Although it is certainly necessary to society to make fundraising as a form of support, I think that more obvious forms of volunteer activities, such as those promoted actually in an affected area and visually recognized by people in the area, are able to provide moral support for the people. I was surprised by the JSR Group’s excellent practicality, unity, and leadership. The experience of working with various members of the Group made me honored once again that I am a member of the Group. I thought that support provided by companies had some special power different from that by individuals.

JSR Staff Donates 2 Fishing Vessels to Oshima, Kesennuma City

Hakura Yamanaka
Techno Polymer Co., Ltd.

I donated two fishing vessels, which I inherited from my father when he died. Hoping to be engaged in the fishing industry someday in the future, I had kept them on my own. Shocked by the Great East Japan Earthquake and its damage, however, I began to think that if the vessels were of some use, they should be donated to support the reconstruction. Through my work as a volunteer, I am now endeavoring to establish a volunteer activity in July 2011. I made a proposal to the local headquarters for disaster control for me to donate the two fishing vessels, and thus donated them. I hope that my father’s vessels will contribute to the reconstruction of the Tohoku region.

Our group’s volunteer staff making rafts and removing debris

Comments from Participants

Yoshimi Kobayashi
JSR Engineering Co., Ltd.

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JSR Minoh Kyoiku Co., Ltd.

Kentarou Tanaka

I think that many people thought “I want to do something to help, but I’m not sure what to do” or “I feel uneasy about going to an affected area alone.” Although many JSR staff might have hesitated to take their first step toward their volunteer action, the company encouraged them to try. I believe that their first step was followed by the second step and the third step, eventually leading to today’s large scale of support.

Hatsuyori Hirano
Chairperson of the Social Contribution Committee

Along with our staff, I helped remove debris at the affected area. The first purpose of this activity was to contribute to the affected area. On top of that, the experience was very meaningful for our staff and our Group. In terms of enhancing the staff’s awareness of social participation, it was a truly significant effort. We will continue to actively support our staff’s participation in social activities.

Application of Thermal Barrier Coating Agent using SFICLARM™ to Temporary Housing in Oshima, Kesennuma City

As a form of support through our business capabilities, we applied the roofs of temporary housing on Oshima, Kesennuma City, thermal barrier coating agent using JSR-developed SFICLARM™. This has reduced the increase of room temperature due to direct sunlight and mitigated the heat of summer, contributing to improving living environment for those affected by the disaster.

Since the Hanshin-Awaji Great Earthquake, we have been working on anti-seismic countermeasures on a level higher than we are legally demanded. As result, even though our Kaminohama Plant suffered the joint registering 6.0 on the Japanse seismic scale (JGS 6a) at the time of the Great East Japan Earthquake, no serious damage was found as one of our safety future measures, we will further reinforce the anti-seismicity of our buildings and incorporate the perspective of countermeasures against tsunami.

Support for Educational Development of the Next Generation

Many more children today are losing their interest in science, creating one of Japan’s major social problems. Tackling with this situation, the JSR Group hopes that through experiences of surprise and joy, children will come to know the importance, possibilities, and pleasure of manufacturing, and will help them know that materials are invaluable and essential for making various things in the world.

We held ‘Science Lectures’ with the cooperation of the boards of education in areas where our Group’s plants are located, we periodically hold visiting lectures of science at elementary schools and junior high schools in the areas. In FY 2012, we held a visiting lecture at a junior high school of Karisu City, Ibaraki Prefecture, as well as Fun Lab Classes at three elementary schools in Yokkaichi City, Mie Prefecture. 

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Hoping to contribute to the achievement of the United Nations Millennium Development Goals (MDGs) as much as possible, we would like to continue this effort.

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Since FY 2010, the JSR Group has participated in the TABLE FOR TWO (TFT) program at the head office and in our Yokkaichi area. Under the TFT program, if one selects a healthy dish covered by the TFT program at a company cafeteria or restaurant in a developed country, 20 yen from the cost of the meal will be donated towards providing school lunches for children in Africa. This is equivalent to school lunches for 184 children for one year. Highly valued by our employees, the TFT program received the recognition of the 20 Gold Supporters from among 500 program participant companies and other organizations, following the selection as a Silver Supporter in 2011.

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By maintaining and enhancing management efficiency, transparency and soundness, we strive to continuously create corporate value and make ourselves even more attractive to our shareholders.

Basic Approach
As a company with auditors, JSR monitors and oversees the execution of our operations through the Board of Directors and auditors. In June 2011, we introduced the system of appointing directors from outside organizations. In June 2012, we designated three of the eight directorships as positions filled by outside directors appointed from organizations independent of JSR. This has made our management more transparent and sound. Meanwhile, we believe that our most important challenge is to strive to strengthen our research and development from a long-term perspective, and to enhance our competitiveness by developing new businesses and promoting other measures, and thereby improving our business performance on a long-term basis and further increasing our corporate value.

Investor Relations
We strive to promote investor relations (IR) efforts with due consideration for our shareholders and investors, and to disseminate information regarding our management situation and our corporate policies promptly and accurately.

Shareholders’ Meeting
JSR has implemented a variety of measures to facilitate the exercising of shareholders’ voting rights. These include the early notification and holding of regular shareholders’ meetings, the adoption of a system for exercising voting rights via the Internet, participation by shareholders via electronic platforms at investment institutions for exercising voting rights, and the listing of invitations to shareholders’ meetings on our website in both Japanese and English.

Our website providing information regarding our financial and business performances, our company information for individual investors. We strive to provide necessary information in a way easy to understand and in a timely manner.

Communications with Shareholders and Investors
As well as conducting briefings on our business results each quarterly period, we also participate in seminars for investment institutions and analysts, in addition to holding technology seminars, thereby achieving extensive bi-lateral communication with shareholders and investors.

Communication through Various Forms of Media
Our website and various reports are provided for investors and analysts.

Evaluation by Outside Organizations

Listed in a Leading SRI Index
In April 2012, JSR was listed for the 9th consecutive year in again in the “FTSE4Good Index Series,” an index that measures Socially Responsible Investment (SRI). The purpose of the FTSE4Good Index Series, an index of the FTSE Group based in the United Kingdom, is to evaluate activities of companies that fulfill their corporate social responsibilities in terms of the environment, human rights, and other aspects, and to promote investments in such companies. As of April 2012, the number of companies included in the index was 729 in 24 countries around the world, of which 181 were Japanese companies.

JSR’s SRI efforts are highly valued both inside and outside Japan. As of April 1, 2012, JSR is listed also on Ethibel Pioneer & Excellence Label, an international SRI index, and the Morningstar Socially Responsible Investment Index, a well-known index in Japan. As for Ethibel Pioneer & Excellence Label, JSR is the only Japanese company selected from among the Japanese chemical sector.

Responses to the Survey about the JSR Group’s CSR Report 2011
The following are excerpts from responses to the questionnaire for readers of CSR Report 2011.

1. I got to know JSR and I was impressed that you are steadily promoting CSR activities. I look forward to your future progress. (76)
2. It was refreshing to read the article about your vigorous educational support as a form of social contribution through your business capabilities. (Office worker, 40s)
3. I was very interested in the feature article on an experiment class for children. I think that also in terms of ESD*, the effort is highly valued. (Office worker, 30s)
4. I hope that the experience of the damage inflicted on Kashima Plant will be utilized for your future progress. (Environmental counselor, 70s)
5. I hope that you will further promote your efforts to raise the employment ratio of disabled people. Also, I look forward to your further promotion efforts regarding the biodiversity map for the environment, and also to your future progress. (Office worker, 60s)

*ESD: Education for Sustainable Development
**Promote the relevant activities and raise the awareness of the activities across the Group**

- Promote the activities of the four committees (Corporate Ethics Committee, Responsible Care Committee, Risk Management Committee, and Social Contribution Committee), as planned.
- Risk Management Committee, and Social Contribution Committee, as planned.
- Revised the Company's Code of Conduct and implemented the local volunteering activities organized by the four committees.
- Created an action plan to promote corporate ethics and raised awareness of the activities across the Group.

**Enhanced Relevancy of Corporate Information and Social Responsibility**

- Enhanced the relevancy of corporate information and social responsibility by promoting the activities of the four committees.
- Created an action plan to promote corporate ethics and raised awareness of the activities across the Group.

**Corporation’s Commitment to the Environment and Society**

- The JSR Group has identified long-term actions in various categories and set targets for each.
- Major actions, targets and results are described below.

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- Created an action plan to promote corporate ethics and raised awareness of the activities across the Group.

**Promote the activities of the four committees (Corporate Ethics Committee, Responsible Care Committee, Risk Management Committee, and Social Contribution Committee), as planned.**

- Risk Management Committee, and Social Contribution Committee, as planned.
- Revised the Company’s Code of Conduct and implemented the local volunteering activities organized by the four committees.
- Created an action plan to promote corporate ethics and raised awareness of the activities across the Group.

**Corporation’s Commitment to the Environment and Society**

- The JSR Group has identified long-term actions in various categories and set targets for each.
- Major actions, targets and results are described below.