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) policy is to act with integrity as a good corporate citizen in a manner that at all times meets the expectations of stakeholders. Fulfilling our CSR is a critical management priority. We publish our CSR reports to inform all stakeholders of JSR Group policies and initiatives with a view to a sustainable society.

The CSR Report 2014 clearly describes how our Corporate Mission is underpinned by the power of the chemical industry. 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.

The JSR Group’s CSR activities in 2014 are described under the following topics:

- Executive Commitment
- Building a Future with JSR Group’s Materials Innovation
- Responsibility to Our Stakeholders
- CSR Management / Corporate Governance / Compliance /
  Risk Management / Targets and Results
- Activity Highlights of Global Group Companies
- Comparative Table of Guidelines
- CSR Report 2014 > Comparative Table of Guidelines
- Reference Guidelines

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.

The CSR Report 2014 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.

The CSR Report 2014 is available both in printed and online versions.

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.

Index

03 Executive Commitment
05 JSR Group’s Approach toward Creating a Sustainable Global Environment and Society
11 Opening up New Frontiers in Power Conservation with Materials Innovation
13 Dialogue with Society
17 Safety Assurance that Supports Materials Innovation
19 Activity Highlights of Global Group Companies
25 Evaluation by Outside Organizations
26 JSR Group Profile

The CSR Report 2014 Format

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19 Activity Highlights of Global Group Companies
25 Evaluation by Outside Organizations
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**Feature Article**

Building a Future with JSR Group’s Materials Innovation

09 The JSR Group’s Materials Used in Various Life Scenarios to Meet Everyday Challenges

10 Opening up New Frontiers in Power Conservation with Materials Innovation

17 Safety Assurance that Supports Materials Innovation

19 Activity Highlights of Global Group Companies

25 Evaluation by Outside Organizations

26 JSR Group Profile

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**Referenced Guidelines**

- Sustainability Reporting Guidelines, 3rd Edition, Global Reporting Initiative (GRI)
- Environmental Reporting Guidelines 2012: Ministry of the Environment
- Environmental Accounting Guidelines for Chemical Companies, Japan Chemical Industry Association (JCIA)
- Environmental Accounting Guidelines 2005: Ministry of the Environment

**Target Period and Fiscal Year**

- April 1, 2013 – March 31, 2014
  
  (Some parts of the CSR Report 2014 include activities and results conducted since April 2014.)
  
  Our fiscal year runs from April of the previous year to March of the year indicated.

**Operations Covered**

JSR Corporation and 40 Group Companies

- Operations for which data was collected on “Responsible Care” (the environment, health and safety):
  - Yawaki Paint, Chiba Plant, Kawashima Plant, Yawaki Research Center, Precision Processing Technology Center, Tokusawa Research Laboratories, 12 domestic Group companies, and 10 overseas Group Companies

**Publication Information**

Date of publication: August 2014

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Executive Commitment

We will Pursue True Globalization and Challenge the World under the Corporate Mission of “Materials Innovation”

Producing Results for the World Shifting to a New Framework

The two keywords that best describe the period from 2011 to 2013, during which the JSR2013 (“twenty thirteen”) mid-term business plan was implemented by the JSR Group, are “uncertainty” and “diversity.” In 2014, positive signs of economic turn-around began to appear, making us increasingly confident that a new global framework is emerging.

The three-year period of JSR2013 was positioned as the stage for “activation toward growth” in the process of realizing our vision of what the Group should be by 2020. During this period, although sales increased to a record high, net profit failed to meet the target. While the petrochemical product business achieved record high profits, the fine chemicals business was adversely affected by commoditization in the digital industry, resulting in a lower relative competitive advantage in the digital industry, resulting in a lower relative competitive advantage.

In the three-year period of JSR2016 (“twenty-sixteen”), a new mid-term business plan that covers the fiscal year ending March 2015 to the fiscal year ending March 2017, our goal is to produce specific results, e.g., generate revenue by making the most of the foundations that have been laid up until now.

Linking All of Our Business Activities to the Creation of Social Value

In the petrochemical product business, while the global demand for fuel-efficient tires is expected to increase, the reorganization of ethylene crackers currently underway in Japan may make it difficult to secure raw materials for synthetic rubbers. We are therefore advancing into regions where the market is open and raw materials are available to produce synthetic rubber for fuel-efficient tires. One such region is Thailand, where a plant from JSR BST Elastomer Co., Ltd. started operations in the fiscal year ending March 2014, even embarking on second-stage construction work to meet the expected increase in demand. We also established a joint company in Hungary in March 2014 to build a new plant with a view to achieving sales there in 2017.

In the fine chemicals business, we aim to meet requirements becoming more complex and high level by keeping up with market changes and taking advantage of our global network while expanding our business into sensors and other areas to utilize our technological expertise in order to contribute to the realization of a comfortable, convenient ubiquitous society.

In the strategic business, our third pillar of business, we focus on two areas: lithium-ion capacitors and the sciences. Lithium-ion capacitors are an innovative, energy-saving device, and we are expecting their demand to increase particularly for use in hybrid construction machinery, buses, and other large vehicles to improve their driving efficiency. For example, airport buses in the United Kingdom began to be equipped with lithium-ion capacitors in 2013. In the area of the sciences, focus is being placed on bioprocess materials used in the development of next-generation new medicines. The development of antibiotic drugs today requires very high costs. Under these circumstances, we are working to ensure a steady supply of high-quality, affordable materials is indispensable for the creation of innovative products by our various customers, which, together with providing good relevant services, will eventually lead to the sustainable growth of companies and the realization of our Corporate Mission of enriching society through materials.

To fulfill our responsibilities to customers and business partners, management must build an environment that encourages every employee to stay motivated and dedicated to work. At the JSR Group, therefore, executives including myself, put efforts to have bi-directional communications with employees by holding dialogue meetings and through other means. Also, in the last fiscal year, the company decided to increase its matching contributions to the employee shareholding association as a profit-sharing incentive for employees who share goals and risks. I also sent five messages across the Group to tell employees about specific examples of “Materials Innovation” that was beginning to be materialized and how it would contribute to social changes so as to bring about even greater excitement and motivation in their work.

In FY2014, the ratio of overseas sales to total sales exceeded 50% for the first time, with about a half of the total generated by products produced and sold abroad. Our workforce comprises about 4,200 employees in Japan and about 1,400 employees abroad. From this, it can be said that the JSR Group’s business is experiencing a shift from being Japan-oriented to becoming truly global. To address this trend, we require even more dynamic human resource management, such as personnel exchanges between overseas business sites and local training. The JSR 2016 mid-term business plan, therefore, has added a global approach to our traditional personnel management, which places emphasis on what human resources are needed, what human resources we have, and how they should be trained on a global basis. We also need to deepen our understanding of diversity. People are diverse in nature, and we need to make the company open to diversity. The activities we have been conducting to ensure dissemination of the Essential Elements across the Group will be important in the area of diversity as well.

Safety is the first and foremost important issue for manufacturers. As many accidents occurred in chemical plants recently, the JSR Group is currently carefully checking safety activities and techniques that have been implemented by us as a matter of course in response to such problems. We firmly believe that these and a number of other painstaking efforts will result in the fulfillment of our responsibilities to society and shareholders, and eventually lead to the creation of value.

Our Aim is to Realize Our Corporate Mission and Become a Corporate Group with a Strong Global Presence

The JSR Group’s Corporate Mission is to contribute to society through “Materials Innovation.” To achieve this mission, we have declared our participation in the United Nations Global Compact, and through this and other commitments, we aim to act even more responsibly in the international community. We must continue our efforts to increase the quality, efficiency, and fairness of our business operations to meet and exceed international standards. At the same time, we also need to continue to value strengths that Japanese companies possess as well. High technological prowess and quality nurtured by Japan over many years have been and will continue to be powerfully appealing and trusted in markets around the world.

We will continue to stay ahead of the ever-changing times and pursue innovation to become a corporate group with strong global presence. Our pursuit of new challenges is never-ending.

Mitsunobu Koshiba
Representative Director and President
JSR Corporation
JSR Group’s Approach toward Creating a Sustainable Global Environment and Society

The Corporate Mission represents why the JSR Group exists and is in business, while CSR guides the Group on how it should act. The JSR Group’s Essential Elements and CSR form the foundation on which we create value through materials to enrich society, people and the environment, which remain consistent even with changes in personnel and organizational form. These are the foundation for our sustainable growth.

Corporate Mission and CSR

What value can each employee, division, and the JSR Group offer to create a sustainable global environment and society?

The JSR Group cannot exist without a sustainable global environment and society. The JSR Group’s business is shifting from being Japan-oriented to becoming truly global. To conduct business globally, we need to have a deep understanding of issues on both global and local levels and act based on that understanding. On the other hand, these issues may also offer new business opportunities. We will expand our business by actively pursuing such business opportunities.

The JSR Group’s Essential Elements

Corporate Mission
Materials Innovation
We create value through materials to enrich society, people, and the environment.

The corporate mission of the JSR Group clearly identifies the company’s raison d’être. By supplying materials that are indispensable to human societies, JSR aims to be trusted.

Management Policies
JSR’s Fundamental Pillars of Management

Responsibility to Our Customers
Business Partners
Consciously respond to the demand for new materials
Always strive to increase customer satisfaction

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 Our 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 safety
Support for environmental conservation by providing eco-friendly products
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:
Continuously striving to increase corporate value by creating business opportunities through materials
Expanding trust by being highly transparent and conducting sound corporate management practices

Course of Action “The 4Cs”

Challenge
All employees of the JSR Group 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 communications 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 effective 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. As noted increasing pressure to engage in corporate social responsibility, businesses operating at a global level need to make a greater commitment to human right to social well-being. The 10 Principles of the United Nations Global Compact as the foundation for our Corporate Mission.

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 child labor.
5. Businesses should support the effective abolition of forced 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 work against corruption in all its forms, including extortion and bribery.
9. Businesses should also support and respect the protection of internationally proclaimed human rights.
10. Businesses should make sure that they are not complicit in human rights abuses.
Building a Future with JSR Group’s Materials Innovation

In the JSR2016 mid-term business plan, the environment and energy business and the life sciences business are positioned as strategic businesses for which the market is expected to expand and the JSR Group’s proprietary technologies can be utilized. This Special Feature discusses what we can do now and what direction these businesses should take going towards the future to contribute to solving global issues and the growth of the Group based on our high-quality and functional materials and superior technologies.

CSR Management Framework

The mission and raison d’être of the JSR Group is to create value through materials to enrich society, people and the environment. The JSR Group’s CSR policy is to act with integrity as a good corporate citizen in a manner that at all times meets the expectations of stakeholders. Fulfilling our CSR is a critical management policy. The CSR Committee is responsible for managing the JSR Group’s CSR initiative. The CSR Committee coordinates and provides guidance for the activities of the four committees placed under it. The CSR Committee meets four times a year regularly and as often as deemed necessary to enhance the Group’s CSR activities.

Major Activities Promoted in FY2014

Activities to ensure penetration of Essential Elements across the Group

A dialogue is organized quarterly as an opportunity to discuss the Corporate Mission directly with the company’s executives. The scope of participants for these meetings, employees in their 30s and 40s, expanded in FY2014 to include General Managers and Group company officers. Each year at these meetings, participants share their experiences related to the Corporate Mission and techniques employed to make the Corporate Mission more familiar among employees, and actively and enthusiastically exchange opinions. Education with regard to different employee levels is also provided as an opportunity for each employee to think about how his/her job helps to create value and contributes to society along with how he/she should act. Since these activities were launched three years ago, the level of awareness and understanding of JSR Group’s Essential Elements among employees has been increasing.

CSR Workshop

CSR workshops have been organized since FY2012 to study the essence of CSR—i.e. the importance of proactively working on social issues to create a sustainable society. In January 2014, the third CSR workshop was held, attended by manager-level employees from the JSR Yokkaichi Plant, Yokkaichi Research Center, and Group companies in neighboring areas. At the workshop, the participants held group discussions on what they should do to realize the Group’s 2030 vision. These on-going activities help each employee gain an understanding of CSR and what actions to take, leading to bolstering the total CSR performance of the Group.

See pages 21 to 24, “Targets and Results,” for the overall activity report.
The JSR Group’s Materials Used in Various Life Scenarios to Meet Everyday Challenges

The JSR Group’s materials are used in a wide range of products. We offer a broad spectrum of environment, energy, biomedical, and other materials that help to address social issues and create a brighter, environment-friendly society.

1. Solution Polymerization Styrene Divinylbenzene Rubber (S-DBR)
Mostly grades for fuel-efficient tires. The unique molecular structure that makes it easier for rubber molecules to form connections with reinforcement molecules reduces energy loss caused by internal tire friction.

2. Polybutadiene Rubber (BR)
Polybutadiene rubber based on a neodymium catalyst used mainly in truck/bus tires and golf balls. Rubber with excellent abrasion resistance, low-reprocessability makes them easy to recycle.

3. Thermoplastic Elastomers (TPEs)
Room temperature, they become liquid when heated and extend the lifecycle of tires.

4. Water-based Binders for Batteries
Binders used in the production of electrodes for lithium-ion batteries and other products. They are useful not only for producing high-performance electrodes but also for reducing environmental impact since they are free of organic solvents.

5. Latex Materials
A material capable of maintaining space at a specific temperature ranging between -20°C and +80°C for a long period of time. The material is used in, among other applications, long-time transportation containers for pharmaceuticals and food, building materials, and thermal storage tanks for air conditioners.

6. ABS Plastics
ABS plastic is strong and hard to break, and has excellent luster, color, and moldability. The material is used for automobile parts, industrial goods, home appliances, toys, and many other products used in everyday life.

7. SPCLEAR® for Paints
Avinacryl-water-based material for paint, developed with JSR's proprietary emulsion technologies. The product makes paint weather and contamination-resistant, and when used in thermal insulation paints, helps them to retain insulation performance for a long period of time, thus contributing to energy conservation.

8. BIOLOFY® Biopoly
A biopolyester produced by combining a thermoplastic resin with eco-friendly, plant-derived polyactic acid. Due to its great shock resistance, the material can be used to produce thin-walled and lightweight articles.

9. CALGRIP® Latent Heat Material
A material capable of maintaining space at a specific temperature ranging between -20°C and +80°C for a long period of time. The material is used in, among other applications, long-time transportation containers for pharmaceuticals and food, building materials, and thermal storage tanks for air conditioners.

10. Lithography Materials
Materials used for circuit formation on silicon substrates in the process of producing semiconductor chips. The materials enable the fabrication of very narrow circuits, supporting the production of high-performance and energy-saving devices.

11. ABS Plastics
ABS plastic is strong and hard to break, and has excellent luster, color, and moldability. The material is used for automobile parts, industrial goods, home appliances, toys, and many other products used in everyday life.

12. Artistic Resin
JSR's proprietary heat resistant transparent resin, which can be made into a wide variety of optical films. The film provides, even when used in a very thin form, necessary functions as a retardation film to improve the clarity of LCD panels, making it an important material for mobile devices.

13. Optical Fiber Coating Materials
Materials used for high-speed, high-capacity optical fiber cables that sustain Internet communications. As protective coating materials, they provide added strength to cables and help secure required communication properties.

14. Diagnostic Agent Materials
Materials used by pharmaceutical manufacturers to obtain a target ingredient with high purity efficiently in the process of refining antibody drugs such as enhancer drugs and measurement reagents.

15. Bioresin Materials
Materials used for high-speed, high-capacity optical fiber cables that sustain Internet communications. As protective coating materials, they provide added strength to cables and help secure required communication properties.

16. Luminescence Materials
A capacitor capable of charging and discharging large amounts of energy almost instantly. The capacitor functions as a key device for energy conservation, enabling us to utilize the fluctuating electricity generated by wind power, photovoltaic power, and other renewable energies as well as regenerative energy.
Opening up New Frontiers in Power Conservation with Materials Innovation

The JSR Group creates a wide range of energy-saving products by leveraging its proprietary material technologies. Of these products, this section introduces lithium-ion capacitors and explains what “Materials Innovation” they will bring about.

Lithium-ion capacitors—the key technology for more efficient energy use

Lithium-ion capacitors, which the JSR Group positions as one of its strategic businesses in the JSR2016 mid-term business plan, are an electricity storage device capable of instant charging and discharging together with a long life span and little propensity for self-discharge. They are currently at the center of global attention as a key technology for the more efficient use of energy and their market is expected to expand significantly.

JM Energy Corporation is the industry’s leading company, which commenced high-volume production of lithium-ion capacitors for the first time in the world at the end of 2016. The company’s present aim is to develop and offer lithium-ion capacitors with higher performance by utilizing the JSR Group’s material and precision processing technologies to expand their applications in various fields.

What is a lithium-ion capacitor?

Lithium-ion batteries store electricity through a chemical reaction and have a high capacity. However, they are not suitable for discharging large amounts of electricity instantly.

Conventional capacitor (electric double-layer capacitor)

Lithium-ion battery

- Stores electricity through a chemical reaction and has a high capacity.
- Not suitable for discharging large amounts of electricity instantly.

Conventional capacitor (electric double-layer capacitor)

- Stores electricity.
- Capable of storing electricity but has a low capacity.
- Capable of discharging large amounts of electricity each time.

Lithium-ion capacitor

Incorporates the advantages of both a lithium-ion battery and a conventional capacitor, and is in principle very safe.

- Capable of storing three to four times as much electricity as a conventional capacitor (high capacity).
- Capable of discharging large amounts of electricity each time (high output).

In addition to the above advantages, JM Energy’s ULTIMO™ Series also features low internal resistance for low energy loss, thus realizing high efficiency and wide applicability.

Lithium-ion capacitor ULTIMO™ series available from JM Energy

Lithium-ion capactior ULTIMO™ is a package of multiple cells. The module cells are thin, lightweight, compact, and excellent in their variation of heat. Due to these advantages, they can be used in a wide range of applications. A module is a package of multiple cells.

LAMinate cell

- Laminate cells are a high-performance package of multiple cells.

LAMinate cell module

- Laminate cell modules can be used in the ceiling and floor (used in the ceiling and floor).

Prismatic cell

- Prismatic cells are used in the ceiling and floor (used in the ceiling and floor).

Lithium-ion capacitor

- Lithium-ion capacitor is a high-performance package of multiple cells.
- Can be used in the ceiling and floor (used in the ceiling and floor).

ULTIMO™ series enhance efficiency and convenience in the use of energy

ULTIMO™ capacitors are installed in power substations and other construction machinery to collect and store energy generated during swing braking, and discharge it to the swing motor for swing acceleration. In Europe, the lithium-ion capacitors were tested in hybrid buses in the fiscal year ending March 2014, and are now installed in them.

ULTIMO™ capacitors are used in panels of wireless portable X-ray systems available from Konica Minolta, Inc. This use marked the first time that the capacitors had been employed by the medical equipment industry. The X-ray systems are lightweight and easy to carry while achieving the high level of safety required of medical equipment. Charging is quick and the systems have high durability, suffering from little deterioration even after repeated charging and discharging.

ULTIMO™ series are an energy-saving product for heat storage for building shells

ULTIMO™ series are an energy-saving product for heat storage for building shells. The product was used in next-generation energy-saving model houses developed by the University of Tokyo and China University of Technology, which were exhibited at the "19550514 / Smart Energy Japan 2014" exhibition held at Tokyo Big Sight. In the University of Tokyo’s model house, ULTIMO™ was installed in the ceilings and floors, storing solar radiation heat during the daytime and discharging it during the night to maintain a comfortable room temperature, even in the winter. ULTIMO™ contributes to reducing energy consumption by minimizing the use of air conditioners/heaters.

As a leading company that produces lithium-ion capacitors, we are expanding their possibilities

Lithium-ion capacitors are a new device handled by only a few companies in the world. We began high-volume production of lithium-ion capacitors ahead of everyone else, and this has led us to gain great trust from customers and to take the initiative in their international standardization. Our challenge is to make it possible for lithium-ion capacitors to be used in various situations for efficient use of energy, but technological difficulty rises as the level of voltage and mobility required increases. We have already succeeded in commercializing this technology for buses, construction machinery, and other applications, and are currently working to further enhance its capabilities and expand the product’s use to cover a wider range of applications, including in automobiles. We will continue to take on new challenges by combining the JSR Group’s innovative materials and JM Energy’s proprietary technologies so that we can contribute to society through “Materials Innovation.”

SIFICLEAR™—A material for high-performance paints

SIFICLEAR™, a fluorine-based silane emulsion with high weather and contamination resistance, was developed to last a long time after their application, thereby lowering the frequency of repainting activities. Being water-based, SIFICLEAR™ is also easy to use in reducing the level of volatile organic compounds (VOCs). The high resistance to contamination is advantageous not only in terms of aesthetic effects but also in terms of ensuring long-term functionality of thermal insulation paints. When applied to tanks, for example, the frequency of water spraying needed to cool the tanks in summer can be reduced, and dirty marks often left on the surface of the tanks after water spraying can be prevented. In addition, applications of SIFICLEAR™-based paints have been increasing, including to outer walls of residences, outer walls and roofs of factories, and oil/gas stockpiling facilities, and it is expected that the value of SIFICLEAR™-based paints will be recognized soon in overseas markets as well.

CALGRIP™—Expanding the application to heat storage for building shells

CALGRIP™, a latent thermal storage material that stores energy released or absorbed during solid to liquid or other phase changes, is expanding its applications to heat storage for building shells. The product was used in next-generation energy-saving model houses developed by the University of Tokyo and China University of Technology, which were exhibited at the "19550514 / Smart Energy Japan 2014" exhibition held at Tokyo Big Sight. In the University of Tokyo’s model house, CALGRIP™ was installed in the ceilings and floors.

SIFICLEAR™-based paints have been increasing, including to outer walls of residences, outer walls and roofs of factories, and oil/gas stockpiling facilities, and it is expected that the value of SIFICLEAR™-based paints will be recognized soon in overseas markets as well.

CALGRIP™ contributes to reducing energy consumption by minimizing the use of air conditioners/heaters.

*1: Building shells: Ceilings, floors, walls, and other major structures

*2: Volatile organic compounds (VOCs) are a major cause of air pollution.
Doing Business Involves Consuming the Earth’s Resources; We Aspire to Become a Company that Does Business in the Best Way Imaginable

While the JSR Group is expected to consider the global environment, as a leading chemical manufacturer, the Group also has the ability to solve social and environmental issues through its innovative materials. We invited three external experts to inspect the Yokkaichi Plant, our main plant, and attend a dialogue meeting to discuss future issues of the Group.

Site visit date: Wednesday, May 28, 2014; Inspected plant: JSR Yokkaichi Plant
Meeting date: Tuesday, June 10, 2014; Place: JSR Roppongi Club

What we realized after the plant inspection and the significance of communicating it in an easy-to-understand way

Dr. Adachi: We visited the Yokkaichi Plant the other day. I’d first like to discuss what we learned from the site visit.

Mr. Motoki: It was my first visit to the plant and I was amazed by how well it was managed and how carefully the facility considers the neighboring residents and maintains harmony with the community. I was also impressed by the fact that the plant has achieved zero emissions, that its employees are trained and understand the importance of maintaining zero emissions, and that cogeneration facilities enable onsite power production using coal and LNG to cover the entire plant while CO2 emissions are minimized (and that cogeneration facilities enable onsite power production using coal). Speaking about the artificial hill, I was impressed by the way that the hill is designed and managed under the company’s clear policy. The hill is managed in such a way that it is home to various species that live in the woods, both native and non-native; and edible grass for insects, particularly for butterflies, is also grown.

Kawasaki: Let me explain why we built the walls around the hill and how they provide environmental protection. However, there are a great number of people in countries around the world who are actually experiencing abnormal weather, and companies will sooner or later be required to deal with climate change. Companies therefore need to decide how they will shift their energies while closely monitoring movements around the world.

E2 Initiative — the key to innovation

Mr. Motoki: I feel that in Japan, public consciousness of and interest in energy and carbon management issues have been declining slightly since their peak immediately following the Great East Japan Earthquake. However, there are a great number of people in countries around the world who are actually experiencing abnormal weather, and companies will sooner or later be required to deal with climate change. Companies therefore need to decide how they will shift their energies while closely monitoring movements around the world.

E2 Initiative — value creation concept

E2 Initiative = Eco-innovation + Energy management

Build an E2 Initiative reputation
Create real business opportunities by leveraging E2 Initiative technologies promoting products and services that improve environmental efficiency

Approach towards E2 initiative

Eco-innovations

Enhance competitiveness
Internal positive growth cycle
Global competitiveness (the company’s competitiveness)

External positive growth cycle
New needs
Feedback from stakeholders

Feedback from stakeholders

CSR Report 2014

Naoki Adachi, PhD.

From the standpoint of an international biodiversity expert, Mr. Adachi elaborates on the importance of biodiversity-related activities and sustainability of companies.

Mr. Hiro Motoki

From the standpoint of an expert in the field of CSR and business development, Mr. Motoki explains the importance of managing social and environmental activities and sustainability of companies.

Keiko Suzue, PhD.

Mr. Motoki

From the standpoint of an international biodiversity expert, Mr. Adachi elaborates on the importance of biodiversity-related activities and sustainability of companies.

Mr. Hiro Motoki

From the standpoint of an expert in the field of CSR and business development, Mr. Motoki explains the importance of managing social and environmental activities and sustainability of companies.

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Keiko Suzue, PhD.

From the standpoint of an international biodiversity expert, Mr. Adachi elaborates on the importance of biodiversity-related activities and sustainability of companies.
Kawasaki: The E2 Initiative provides a defensive approach aimed at reducing CO2 emissions and the use of energy in plants and production processes. As a highly aggressive approach that involves the development of environmentally considerate products. Regarding recognition of the need to reduce energy use, as I said last year, renewable energy is still unstable and we need to think about the way we can store electricity.

Dr. Suzue: From that point of view, your lithium-ion capacitors are very promising. For example, offshore wind power is currently attracting attention, but the problem is how we can deliver electricity generated at a facility far from land where the power is needed. This problem, however, can be solved immediately if we have a high-performance capacitor. The E2 Initiative allows for creation of these kinds of innovative products that sport drastically new concepts, rather than simply adding an environmental consideration label to products, and I think this is the greatest advantage of the initiative.

Shimizu: When launching the E2 Initiative, we ensured that a lifecycle assessment would be implemented in the initial stage of R&D. This made R&D staff more conscious of the degree of contribution their products can make to society, including the stage of product use.

Dr. Adachi: Some projects may carry great costs at the R&D stage. But such costs may pay off instantly if supply-demand balance turns favorable or if a product is adopted and used on a large scale in a country. So ideas such as these may pay off instantly if supply-demand balance turns favorable or if a product is adopted and used on a large scale in a country. So ideas such as these may pay off instantly.

Kawasaki: Innovation can spawn from any new materials or processes, so we try not to consider costs only in the course of our R&D activities.

Dr. Adachi: I’d like to hear about how much progress has been made on the issues raised during last year’s dialogue.

Kubo: With regard to an alternative method to procure butadiene from biomass, which doesn’t rely on the traditional by-product, this issue is in the study stage.

Hirano: We are investing in and ardently conducting this study. We may need to search for a breakthrough, but when it is found, we may be able to change the world.

Kubo: We recently created a chart illustrating how we can enrich society through materials (see page 5). We are also considering clarifying what is being done and what is not being done in terms of environmental consideration for each business process, and systematically prioritizing what we need to do.

Dr. Motoki: You are addressing the issues directly. It’s wonderful. You are looking at the entire value chain while addressing these issues, which I think is an important stance. In my view, contributing to energy conservation and low fuel consumption with S-SBR for fuel-efficient tires is a particularly important issue where your technologies are being utilized across the world.

Dr. Adachi: When you create your own standards, I recommend you let several NGOs and academic experts take part in the process and listen to their opinions to avoid being inclined toward complacency. By doing so, you can also expect positive side effects, such as the possibility that members of participating NGOs may become your fans or supporters and introduce your activities to others.

Dr. Adachi: Since the JSR Group engages in business-to-business sales, you probably often discuss the details of technical specifications with your customers. Similarly, in terms of environmental performance, you can simply present figures and logic to your customers, and they should understand what those indexes mean. The same can be said with communication with investors with an interest in ESG (environmental, social and governance) issues. As long as you can present the necessary indexes, such as those that indicate how your environmental performance is superior to your competitors, you can show your competitive advantage in a sufficient degree.

Kubo: In last year’s dialogue, Dr. Ito’s view was, “While doing business inevitably involves consuming the Earth’s resources, I want the JSR Group to become a company that can assure us that it is doing business in the best way imaginable.” Although it is difficult in reality for us alone to lead society at large, we need to become a company that does business in the best way imaginable and communicate this commitment to society.

Dr. Adachi: Finally, I’d like each of us to express our impressions of today’s dialogue and our expectations toward the JSR Group.

Mr. Motoki: The JSR Group’s vision to offer solutions for various global and social issues through materials carries a great competitive advantage. I think this is one of the most attractive strengths of the Group. There are many roles that companies can play for society, and the top management of the Group is very eager to contribute to society, making the work environment a highly environmental and social conscious one. In the future, I’d like to see the Group more clearly demonstrate its intentions to integrate CSR and sustainability activities with business management. When the Group’s CSR and sustainability efforts are introduced on the website, this should be done in such a way that the integration with business management can be recognized, rather than simply reporting efforts that were taken on CSR webpages.

Dr. Suzue: When we see NGOs talk about biodiversity, we do so from the perspective of “protecting organisms.” But when it comes to companies, they contribute to biodiversity based on the sustainability of the business activities. In this sense, the JSR Group should see the environment, social contribution, and CSR holistically, rather than as separate entities, under the common vision of sustainability of the Group to differentiate its environmental management from that of other companies. Another point I want to make concerns the message of “Materials Innovation” and E2 Initiative measures. Because they are already very easy to understand, it is probably better for the Group to only refine and emphasize the characteristics of the existing message and measures taken rather than excessively presenting abstract goals and plans, to ensure that they will remain straightforward for the public. I look forward to the Group’s environment-conscious management further progressing and growing to become a model for other companies.

Dr. Adachi: Employees at the JSR Group are very diligent, so my advice is to forget about being serious for a moment and freely discuss and form a vision of what kind of bright future can be created when your technologies are disseminated around the world. Another thing I want to point out is the importance of water. Although we couldn’t discuss this issue today, I’m sure that water will become an important environmental issue. While water is a precious resource, only some companies in Japan such as beverage makers are seriously talking on the issue. I think chemical companies will also need to start addressing the issue sooner or later. I hope that this issue will be discussed in next year’s dialogue.
Safety Assurance that Supports Materials Innovation

Chemical plants handle high-pressure gas and many hazardous materials. Should an accident occur, it may cause injury to employees and damage to not only equipment and products within the plant but also to the neighborhood. It may affect the supply of products as well. Since its foundation, the JSR Group has been making vigorous efforts to ensure safety under the principle that safety takes priority over production.

Eliminating accidents and disasters

The JSR Group has been striving to maintain and improve the level of our facility management, production technology, human resource development, and environmental conservation to ensure safe operations as shown in the chart below. The foundation of these efforts is our “safety culture.” Safety culture is a safety-first climate that pervades throughout an organization from top management to each on-site worker. At the JSR Group, in order to build a more solid safety culture, it is assumed that every employee shares the principle that safety takes priority over production and conducts safety activities on a daily basis to enhance the level of safety. In FY2014, however, accidents which caused injury to JSR employees and manufacturing partner employees and resulted in absence from work occurred. We will review existing safety activities and identify and solve outstanding issues, and reconstruct a safety culture in which all concerned personnel including top management share the same safety principles, and in which safety is incorporated into all of our business practices.

Safety target set under JSR20i6:

- Reinforce the foundation for safety assurance at production sites to achieve zero facility accidents and zero worker accidents, resulting in no lost work time across the Group.
- Decrease accidents by at least 55%
- Decrease accidents during periodic maintenance by 1%
- Reduce severe accidents to 0.67
- Reduce the frequency of work-related accidents by 0.67
- Decrease accidents at temporary work sites by 0.67

Safety initiatives by global Group companies

The JSR Group operates production sites in various locations around the world. Since products handled and machinery and equipment used differ among the sites, each site needs to adopt a safety approach that best matches its own circumstances. Goals are set and measures are devised on a site-by-site basis to ensure that each of the respective site’s workers meets the high safety standards in their work practices.

JSR Engineering Co., Ltd.

Recruiting in the chemical industry, frequent occurrence of industrial accidents during periodic maintenance and other non-routine operations has been seen at JSR Engineering, a Group company that undertakes engineering work, training is provided periodically to workers engaged in construction and maintenance work at each plant to raise their sensitivity to possible dangers. In FY2014, an expert was invited from a temporary employment rental company to provide training on scaffolding work to employees of the company and its business partners.

JSR Micro Korea Co., Ltd. (Korea)

A drill for various disaster scenarios with the participation of all company employees is conducted twice a year in cooperation with the local government. In the drill, employees are instructed as to how to respond in the event of a disaster. The company also regularly conducts fire prevention drills to ensure that they will work safely during an emergency, and provides training to employees on the proper use of respirators and fire extinguishers once a year.

JSR Micro Kyushu Co., Ltd.

The company has an “individual” with the last and most important safety role, and makes it a rule to review close-call incidents in the presence of everyone concerned to enhance employees’ awareness of and sensitivity to safety. An employee’s viewpoint is always what is most important in elucidating all potential risks and creating a sound safety culture. The company has also been using for employees’ physical and mental health by offering medical examinations to all industrial physicians. These efforts have been recognized by external organizations, and in June 2013 the company received an award from the Commission of the File and Disaster Management Agency as an excellent site for handling hazardous materials, in addition to certification of the company’s effective occupational safety and health management system by the University of Occupational and Environmental Health in August 2013.

JSR Life Sciences Corporation

The biotomedical business requires various unique safety activities. One such example is biosafety control. Experiments such as those producing proteins from cultured E. coli cells are evaluated for safety in advance using a different approach from that for chemical experiments and in accordance with biosafety experiment control standards. A biosafety mark (see the above photo) is also displayed on the door of the laboratory to restrict access depending on the level of hazard of the biomaterials used.

Act professionally with awareness and responsibility to assure safety

Kazuyoshi Nakazawa

Sustained Improvement of Plant Manager

Since its foundation, the JSR Group has been making vigorous efforts to ensure safety under the principle that safety takes priority over production. It is essential to have sufficient knowledge of the materials handled, as well as to possess high operational skills to ensure the safety of chemical plants. At the Yokkaichi Plant, in order for employees to obtain these essentials, we spend significant time on safety training. However, despite this focus on training, we know that we cannot reduce the risk of an industrial and facility accident to zero no matter how hard we try. Keeping the foregoing in mind, we diligently conduct safety activities.

I continually emphasize that the level of safety assurance can be calculated by multiplying “skills” by “mindset.” Skills can be improved by each employee in carrying out their daily safety activities as well as by upgrading our risk prediction ability and technical knowledge. Even with adequate skills, accidents and injuries may still occur if employees are not well aware of the potential consequences of mistakes or lapses in the level of awareness or responsibility necessary of professionals working in a chemical plant. What I mean by “mindset” is a strong determination to observe the rules we have established and to put acquired skills into practice. It is indispensable that all employees have this mindset and these skills.

In FY2015, each section of the plant discussed important safety issues that need to be addressed and areas where more efforts need to be made. We then incorporated activities identified as the most critical into their operational plans. It was assumed that every employee in each section understood why their activities were important and showed strong determination to implement them. The progress of each plan will be regularly reviewed through plant manager safety audits.

Naoki Adachi, PhD.

Chemical complexes need to be located close to the sea. At the Yokkaichi Plant, the main administration building was rebuilt in consideration of the risk of a tsunami, for example, by opening the disaster control headquarters on the fourth floor and a standby power generator on the roof. Since safety is particularly important for chemical plants, I would like the plant to continue to pursue the enhancement of workers’ skills and mindset.

Keiko Suzue, PhD.

Plant Manager Nakazawa told us that no matter how many manuals are prepared, these alone cannot reduce the number of accidents to zero. According to him, making steady efforts through the boosting of “skills” via having a “mindset” and, ultimately, each employee’s awareness and responsibility to assure safety activities. These words were very impressive. I think this can be said not only for safety and the environment but for every aspect of corporate management. I hope this idea is passed on to global human resources as well during their training.

Mr. Hiro Motoki

Plant Manager Nakazawa is very safety conscious, ensuring that basic measures are fully implemented throughout the plant, such as installation of emergency cells and safety aisles, the securing of access to fire hydrants and fire alarms, the wearing of protective equipment, and implementation of the 5S (Sort, Set in order, Shine, Clean, and Standardize) and Jishoku (sustaining) method. One point of improvement I would like to note is that there were no safety captains given to us. There was no explanation as to whose instructions we should follow and where we should evacuate in the case of an emergency. Giving warnings or explanations is probably something that is done in daily operations, but it should preferably also be done also on special occasions such as at dialogue meetings.

Nakoe Motoki

EHS Committee comments

The EHS Committee takes the initiative in carrying out safety activities of the company, gathering the current status, and effectiveness of the prevention and control measures to address concerns and improvements taken. In FY2015, the committee will use external consultants to utilize their opinions for its continuous improvement efforts.

Comments from external experts who visited the Yokkaichi Plant on May 28, 2014
Activity Highlights of Global Group Companies

While sharing the Essential Elements, CSR, and mid-term business plan across the Group globally, each of the JSR Group companies also engage in their own activities to address issues and needs that differ from one country/region to another. This section reports the major activities conducted by overseas Group companies in FY2014.

JSR Micro, Inc. (United States)

Since its founding, the company has conducted business in consideration of the environment and society at large. The company’s basic policy is to act responsibly as a member of the JSR Group and actively commit itself to CSR activities, not as an obligation, but rather as an efficient and effective way of advancing business and as an opportunity to create new businesses.

Employees’ volunteer activities for environmental recovery

The company encourages employees to participate in local volunteer activities. In FY2014, activities for environmental recovery and biodiversity conservation were conducted along the San Francisco Bay, including the planting of native plants in marshy wetlands and cleanup of the coast at the bay. The company also supported fundraising for the operation of a local public broadcasting station, which is an important source of useful information for the community.

Environment-friendly architectural design

Leadership in Energy and Environmental Design (LEED) is an environmental performance rating program for buildings established in the United States with the aim of promoting greener buildings. The company’s new building, which was completed in April 2013, was constructed to meet the LEED criteria. The energy-saving design, improved recycling rate of building materials, parking spaces used exclusively for eco-friendly cars, and other environmentally-considerate features of the building led to it being awarded the LEED Silver certification.

We launched the CSR project in 2012 and published our own CSR report in April 2013. When the project began, we didn’t have sufficient knowledge and didn’t know what to do. But we studied hard as a team and conducted rigorous educational activities for the employees, and thanks to these efforts, sustainability is beginning to become a part of our corporate culture. Under the strong commitment of the top management, employees embrace the importance of protecting the global environment for future generations and participate in volunteer activities for the environment and the local community.

Phyllis Moracco
HR Director

Tianjin Kuo Cheng Rubber Industry Co., Ltd. (China)

The company received the Excellent Supplier Award and the Advanced Quality Award from Tianjin Star Light Rubber Co., Ltd., one of its most important customers, in March 2013, as well as the Distinguished Service Award from Tianjin Toyota Gosei Co., Ltd. in April 2013. The Excellent Supplier Award and the Advanced Quality Award are particularly honorable awards because they were awarded to only three suppliers from among many.

A technical exchange event organized on June 28, 2013

Robic Chen
Headquarters Administration

Promoting communication to become open to diverse values

The company actively cooperates with local universities with their company visit programs and other activities to maintain continuous mutual communication as part of the company’s efforts to support the development of next-generation human resources. In FY2014, more than 60 Taiwanese and Japanese students were invited to learn about the company’s business and tour the plant.

We have been sharing knowledge on CSR and introducing the JSR Group’s sustainability activities through newsletters as well as at employee meetings and on other occasions since 2010, and thanks to these efforts, our employees’ CSR awareness is gradually improving. We will continue our activities that focus mainly on reducing environmental impact and promoting safety.

JSR Micro Taiwan Co., Ltd. (Taiwan)

In Taiwan, since more than 99% of energy sources rely on imports, energy conservation and low-carbon economy are particularly important issues. JSR Micro Taiwan is striving to become a powerful manufacturer that combines the strengths of Taiwanese companies, namely swiftness and flexibility, with those of Japanese companies, namely leading-edge material technologies and organizational capability.

Certification of ISO14064-1

The company attained ISO 14064-1 2006 certification in 2013 for its system for the monitoring and quantification of greenhouse gas emissions. The company will check emissions regularly and based on the results, will plan and promote activities to reduce them.

Sustainability and health management

In October 2013, the company received recognition and an award from the Council of Labor Affairs (current Ministry of Labor), the Executive Yuan, as a FY2012 excellent company in the area of safety and health. This was the result of the company’s ongoing efforts toward safety and health such as introducing and promoting a safety and health system certified under the Taiwan Occupational Safety and Health Management System (TOSHMS) ahead of other companies, conducting a safety assessment prior to starting construction and engineering work providing beginners’ training, and promoting both physical and mental health in each workplace. The company was one of only 19 selected from throughout Taiwan to receive the award.

Promotion of collaboration with academia

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“ik Kyoto” campaign

The company implemented the “ik Kyoto” campaign for the eighth year in a row, most recently during a five-month period from May 1 to September 30, 2013. This campaign aims to reduce CO2 emissions generated during people’s daily commute to work by encouraging the use of environmentally friendly methods of transportation (bicycle, public transportation, carpooling, etc.) in addition to working from home. In FY2014, 47% of employees took part in the campaign, effecting a reduction of CO2 emissions totaling 4,388 kilograms.

JSR Group Micro N.V. (Belgium)

While sharing the Essential Elements, CSR, and mid-term business plan across the Group globally, each of the JSR Group companies also engage in their own activities to address issues and needs that differ from one country/region to another. This section reports the major activities conducted by overseas Group companies in FY2014.

Establishment of the corporate mission and culture

As a way to help to bring joy and pride to employees’ work and realize the superb performance of the organization, in FY2014, the second year of its founding, JSR BST Elastomer developed its corporate mission of “Organization of Excellence,” Its corporate culture “STEP,” its slogan “STEP for Growing Great.” Efforts are currently being made to ensure that this mission and culture will penetrate throughout the organization and that communication among employees will be promoted through means such as various internal events, newsletters, and repeated training.

Phyllis Moracco
HR Director

A Japanese presented in recognition of the company’s excellent safety and health practices

Since the company employs a team of Chinese and Japanese people with different backgrounds, it is important for them to learn and become open to diverse values. The company therefore makes various efforts to facilitate communication among employees, including sending Chinese employees to JSR and JSR Micro in Japan to receive training, holding technical exchange events within the company, and rotating jobs to give each employee opportunities to find and develop their potential through experiencing a variety of jobs other than their primary job.

A technical exchange event organized on June 28, 2013

Rika Chen
Headquarters Administration

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

### CSR Management

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

**Raise awareness of the activities across the Group**
- Promote information sharing via internal newsletters and by intranet.
- Hold CSR workshops for employee leaders of JSR and Group companies at the Tokyo Head Office.

**Utilize the UN Global Compact (GC) network, etc.**
- Signed the UN Global Compact and reflected its activities in our corporate policies.

**Use the Consultative Paper on Sustainable Paper Use**
- Connected the JSR Report to the UN Global Compact.

**Promote the activities in Japan and overseas**
- Assured that the group-wide risk management system gradually became the standard practice within the Group. Implemented company-wide risk management activities across the Group, including overseas offices.
- Conducted periodic surveys for large-scale company-wide risk management activities.

**Prepare for the launch of a risk bulletin board on the intranet**
- Implemented training on BCM procedures in a simulated disaster.

**Enhance quality control across the supply chain**
- Quality and safety management systems have been established.

**Improve core business processes**
- Conducted a survey on awareness of corporate ethics.

**Ensure that employees are familiar with the Principles of Corporate Ethics**
- Partially revised the Principles of Corporate Ethics to improve social dialogue (our support for the Universal Declaration of Human Rights, the Global Compact, the Code of Conduct for the GFR and the “Responsible Care” initiative (including political contributions).

**Raise awareness of corporate ethics**
- Conducted surveys to confirm understanding of corporate ethics.

**Ensure legal compliance**
- Issue laws and regulations periodically for employees across the Group to gain an understanding of relevant laws and regulations.

**Continued communication activities at each business site**
- Conducted BCP training for the first time to reinforce our BCM system.

**Reinforce corporate ethics and legal compliance**
- JSR has identified long-term actions in various categories and set targets for each year.

**Customers/ Business Partners**

**Continue to improve product quality**
- We continued to improve products and services.

**Provide product environmental and safety information**
- The Total Quality Management System was updated.

**Improve management of chemicals substances**
- The Specialty Elastomer Department organized a conference.

**The environment**
- The Specialty Elastomer Department organized a conference.

**Fair operating practices**
- The Specialty Elastomer Department organized a conference.

**Consumer issues**
- The Specialty Elastomer Department organized a conference.

**Employees**

**Promote employee skills management**
- We continued to improve employee awareness.

**Improve working conditions**
- Implemented education programs according to position.

**Strengthen crisis management**
- Developed a global quality control system and improved the level of PLT throughout Group companies.

### Targets and Results

- The JSR Supplier Hotline was opened as a contact point for suppliers who wish to consult and report on any legal or corporate ethical issues they may find in the course of their transactions with JSR. The hotline is expected to help us to discover violations at an early stage. It is assured that reporting parties (suppliers) will not suffer any disadvantage or be retaliated against for their reporting of violations and that anonymity of the reporting parties will be respected if they choose to remain anonymous.

- We conducted BCM training for the first time to reinforce our BCM system. All members of BCP headquarters participated in the training, carrying out all simulations. From the moment the BCP was activated, we discovered that an initial situation was brought under control.

### BCM training (October 2013)

- The Agency Conference (February 2014)

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

<table>
<thead>
<tr>
<th>Action</th>
<th>FY2014 Target</th>
<th>FY2014 Performance</th>
<th>Assessment</th>
</tr>
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<tbody>
<tr>
<td>Improve management of work-life management</td>
<td>Employees</td>
<td>99% of raw material suppliers</td>
<td>Implemented CSR procurement, covering 99% of raw material suppliers with which we have consistently maintained transactions for the past four years.</td>
</tr>
<tr>
<td>Improve CSR procurement</td>
<td>Product quality</td>
<td>99.7% (99.3% last fiscal year)</td>
<td>Implemented CSR procurement, covering 99% of raw material suppliers with which we have consistently maintained transactions for the past four years.</td>
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<tr>
<td>Improve risk management</td>
<td>Product quality</td>
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<td>Implemented CSR procurement, covering 99% of raw material suppliers with which we have consistently maintained transactions for the past four years.</td>
</tr>
<tr>
<td>Develop a global quality control system and improve the level of PLT throughout Group companies</td>
<td>Product quality</td>
<td>99.7% (99.3% last fiscal year)</td>
<td>Implemented CSR procurement, covering 99% of raw material suppliers with which we have consistently maintained transactions for the past four years.</td>
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### References

1. BCP (Business Continuity Management, BCP) (Business Continuity Plan): A BCP defines activities that need be conducted before the occurrence of an emergency situation that may threaten the survival of a company (large-scale natural disaster, explosion/fire, terrorist attack, etc.), judgment criteria and action guidelines that enable business continuity in the event of such emergencies, and other matters necessary for 

2. CSR (Corporate Social Responsibility): A term that is attached to chemical substances when they are shipped to other businesses to provide safety information.

3. GHS (Global Harmonized System of Classification and Labeling of Chemicals): A system aimed at creating a global standard for chemical classifications, labeling, and SDS submission.
Life Cycle Assessment

Develop products with consideration to the environment and safety

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<tr>
<th>Action</th>
<th>FY2014 Target</th>
<th>FY2014 Performance</th>
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<tbody>
<tr>
<td>Use LCA, in environmental impact reduction activities</td>
<td>Implemented LCI of new products and major products (total 97 product groups in total), and enhanced their efficiency by substituting eco-friendly raw materials.</td>
<td>Implemented LCA of new products and major products (total 97 product groups in total), and enhanced their efficiency by substituting eco-friendly raw materials.</td>
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<tr>
<td>Implement preliminary environmental and safety assessments in accordance with environmental and environmental regulations when installing new facilities or modifying existing ones and performing non-regular work</td>
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Eliminate accidents and disasters

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<tr>
<th>Action</th>
<th>FY2014 Target</th>
<th>FY2014 Performance</th>
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<tr>
<td>Minimize occupational risks to prepare for and respond to major earthquakes</td>
<td>Developed various countermeasures to improve the earthquake resistance of factories, including seismic isolation, and other measures to reduce risks.</td>
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Develop highly-trusted business establishments

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<tr>
<th>Action</th>
<th>FY2014 Target</th>
<th>FY2014 Performance</th>
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<tbody>
<tr>
<td>Maintain ISO 9001 and ISO 26000</td>
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Maintain certifications under the High Pressure Gas Safety Act at all JR plants | 
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The environment

<table>
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<tr>
<th>Action</th>
<th>FY2014 Target</th>
<th>FY2014 Performance</th>
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<tr>
<td>Conduct environmental and safety audits at 18 sites of 11 Group companies in Japan and two sites of overseas Group company</td>
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</tr>
</tbody>
</table>

Community involvement

<table>
<thead>
<tr>
<th>Action</th>
<th>FY2014 Target</th>
<th>FY2014 Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Support biodiversity protection planning before two overseas Group companies</td>
<td></td>
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</tbody>
</table>
Supported biodiversity protection planning before two overseas Group companies | 
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Formulation of JSR Group Paper Procurement Guidelines

<table>
<thead>
<tr>
<th>Action</th>
<th>FY2014 Target</th>
<th>FY2014 Performance</th>
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</table>

Society Community

<table>
<thead>
<tr>
<th>Action</th>
<th>FY2014 Target</th>
<th>FY2014 Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promote activities according to established policies and plans</td>
<td></td>
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</tbody>
</table>
Continue to support JSR activities | 
Continue to support JSR activities. | 
Continue to support JSR activities. |

<table>
<thead>
<tr>
<th>Action</th>
<th>FY2014 Target</th>
<th>FY2014 Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Implement social contribution programs</td>
<td></td>
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</tbody>
</table>
Continue to provide for safety education, student visiting lectures of science and technology for high school students, and private company training programs for teachers in collaboration with educational institutions. | 
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<tr>
<th>Action</th>
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<tbody>
<tr>
<td>Promote activities that can have social impact for disaster-affected areas</td>
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</table>
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Promote activities that can have social impact for disaster-affected areas. | 
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<tr>
<th>Action</th>
<th>FY2014 Target</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Promote volunteer activities at local companies</td>
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Promote volunteer activities at local companies. | 
Promote volunteer activities at local companies. | 
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<tr>
<th>Action</th>
<th>FY2014 Target</th>
<th>FY2014 Performance</th>
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</thead>
<tbody>
<tr>
<td>Promote individual activities that can contribute to local communities</td>
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Promote individual activities that can contribute to local communities | 
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<tr>
<th>Action</th>
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<tbody>
<tr>
<td>Share information through various media</td>
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Share information through various media | 
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<tr>
<td>Provide information regarding the Group’s easy-to-understand website through the investor relations sections of our websites, Annual Reports, the CSR Through the Group Brochure, and other means</td>
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<tbody>
<tr>
<td>Provide interpersonal communication with shareholders and investors</td>
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Provide interpersonal communication with shareholders and investors | 
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<tr>
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<tr>
<td>Make shareholders’ meetings more diverse and effective</td>
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Make shareholders’ meetings more diverse and effective | 
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Make shareholders’ meetings more diverse and effective. |

Disaster prevention functions of the Yoshikawar Plant’s main administration building

The main administration building at Yoshikawar Plant was completed in December 2013 to ensure efficient disaster prevention and safety. It was the first-ever office building in the world*1 to be constructed with fully automatic flooding and automatic fire extinguishing systems. The building’s life cycle ground improvement method was also adopted to provide effective ground improvement. The building also serves as a disaster-preparedness warehouse and is designated by the group’s Disaster Prevention Committee, in the event that the Head Office in Tokyo is severely damaged by a disaster, this building will function as the emergency head office.

Environmental and safety audits for overseas Group companies

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<th>Action</th>
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<tr>
<td>The JSR Group ensures that its business activities, whether based in Japan or abroad, meet the expected standards in terms of the environment and safety by conducting periodic audits. In FY2014, an audit was conducted at JSR Mexico Co., Ltd., a Group company in Mexico that develops, produces, and sells materials for liquid crystal panels and semiconductor devices.</td>
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Formation of JSR Group Paper Procurement Guidelines

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<tr>
<td>The guidelines that need to be observed when selecting paper were formulated based on the JSR Group’s Responsibility Policies created in FY2013. In accordance with these guidelines, we will promote the procurement of recycled paper and paper certified by the FSC or other reliable certification bodies.</td>
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Continuing of efforts

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<th>Action</th>
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</thead>
<tbody>
<tr>
<td>Implement measures in accordance with the mid-term business plan</td>
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</table>
Promote paper recycling and reduce paper consumption | 
Promote paper recycling and reduce paper consumption. | 
Promote paper recycling and reduce paper consumption. |

Greening of Tsukuba Research Laboratories

<table>
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<td>Green space improvement plans were formulated for each of JSR’s three plants as well as Tsukuba Research Laboratories based on the expected level of contributions to biodiversity and environmental protection.</td>
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Society BC

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<tbody>
<tr>
<td>Continue to make cooperation for ICTET</td>
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Continue to make cooperation for ICTET. | 
Continue to make cooperation for ICTET. |

Shareholders

<table>
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<tr>
<th>Action</th>
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<tr>
<td>Better communication with shareholders and investors</td>
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Better communication with shareholders and investors | 
Better communication with shareholders and investors. | 
Better communication with shareholders and investors. |

*1 LCA (Life Cycle Assessment): a method that qualitatively assigns and assesses a product’s environmental impacts across its entire life cycle, including raw materials extraction, manufacture, use, and disposal

*2 FSC (Forest Stewardship Council): a nonprofit organization established to promote responsible management of the world’s forests

*3 JSR (Japan Safety Technology): a device that combusts VOCs and breaks them down into water and CO2 to make emissions cleaner

*4 RTOs (Reactor Tube Oxidizer): a device that combusts VOCs and breaks them down into water and CO2 to make emissions cleaner
Evaluation by Outside Organizations

Listed in Leading SRI Indexes (As of June 30, 2014)

We have been listed in the FTSE4Good Index Series since 2003.

We have been reconfirmed for inclusion in the Ethibel Pioneer & Excellence Investment Registers since October 2013.

Third-Party Opinion
Itaru Yasui, PhD

When I receive the CSR Report, the first thing I do is read the Executive Commitment. Because of its logical consistency and sophisticated writing style, the message is very clear and easy to understand.

President Koshiba’s main topic this year was lithium-ion capacitors, a product that has been positioned as a strategic business since last year. It appears that the business has finally entered the expansion stage. President Koshiba asserts the importance of bringing greater excitement to its employees, which I think is the correct policy, and the company seems to be making tremendous efforts toward that end. This is one of the many impressions I had from this topic.

The priority issue expressed by President Koshiba is how to assure the safety of plant operations, which has recently become a serious challenge for the chemical industry. This is a very important issue. On a later page of the report, there is an article explaining the details of how the company is working hard on the issue. Mr. Nakazawa, the Yokkaichi Plant Manager, calls on workers to “act professionally with high level of awareness and responsibility for safety assurance.” In my personal view, I suspect that the reason why many accidents occurred recently in chemical plants is because many experienced workers who knew all about the complexities of the plants and understood that they behaved like a living creature have retired and been replaced by younger generation workers who simply look up information in a manual on what to do after something takes place. Judging from the measures taken by the company, I suppose that this personal view I harbor may be correct at least to some extent. Dialogue between experts and the company’s executives appears on some of the earlier pages. The heading of the article immediately attracted my attention: “Doing Business Involves Consuming the Earth’s Resources; But We Aspire to Become a Company That Does Business in the Best Way Imaginable.” This is what I mentioned at last year’s dialogue meeting. This may even sound offensive, but I thought would be “cool” if I could say this line. The company takes this message seriously, and from this I can gather how open-minded the company is.

I am truly glad that the dialogue appears in the report. The dialogue tells me what the attending executives have in mind and what they focus on when implementing CSR. It seems that Lifecycle assessments, for which there were no sufficient explanations until now, are significantly advancing. After making preparations steadily and energetically, the company has finally brought their lifecycle assessments to a level that they can be proud of in the CSR Report. I personally had an opportunity to give a lecture to those who had just attained managerial positions. I told the audience that the key to becoming managers respected by young workers is to be open to change themselves and retain flexibility to bring out what their staff have in mind.

From this year’s dialogue and President Koshiba’s remarks on the need to increase commitment among employees as mentioned above, I assume that JSR is aware of the importance of maintaining the open and flexible attitudes of managers toward young employees. By the way, for whom is this report intended? I found the answer in the Editorial Policy, which states that it is intended for all stakeholders. This is correct, but stakeholders as referred to here should also include employees. The most important yet understated purpose of the CSR Report is to increase the number of young employees who are proud of their company by showing them top management’s philosophy and the company’s achievements. Despite its compact size, this year’s CSR Report will once again likely fulfill this purpose.
The main administration building of the JSR Yokkaichi Plant, which was completed in December 2013, is designed to high environment performance standards and is equivalent to “A” rank under the Comprehensive Assessment System for Built Environment Efficiency (CASBEE). Green open spaces have also been created in front of the front gate. The illustration on the cover page of this report conveys an image of the plant coexisting with surrounding nature and growing together with the local residents.