Materials Innovation —

We all face the challenges of global environmental issues such as climate change, conservation of resources and biodiversity, and health-related issues such as safe water, food and health care, as well as the development of a society where all people are respected and have hope for the future. Various materials are utilized to effectively manage these issues and challenges as well as to form the basis of many products and mechanisms created to improve the world.

By pursuing new possibilities of materials through the potential of chemistry, and contributing to the development of society and a sustainable global environment, the JSR Group would like to ensure its own sustainable growth.

“Materials Innovation - We create value through materials to enrich society, and contributing to the development of society and a sustainable global environment,” – it is our corporate mission to pursue such possibilities through the integration of business activities and CSR initiatives.

Editorial Policy

The JSR Group’s Corporate Social Responsibility (CSR) is the criteria by which our business activities are evaluated as we progress towards actualization of the “Materials Innovation” corporate mission. Fulfilling our CSR is, therefore, a critical management priority. This report serves to communicate with our stakeholders regarding the JSR Group policies and initiatives we have set in motion toward a sustainable society. The FY2015 Report clarifies the E2 Initiative™, which represents our approach, corporate mission, and key business activities to develop a sustainable global environment. The report also clarifies CSR priority issues and introduces some of our current initiatives to resolve these priority issues. We also describe the process used to identify the priority issues.

Third party Opinion and Independent Review

• Third-party opinion by Itaru Yasui, Former Vice-Rector of United Nations University, Professor Emeritus of the University of Tokyo.
• Independent review by the Responsible Care Verification Center (Online version)

Referenced Guidelines

• Sustainability Reporting Guidelines, 4th Edition, Global Reporting Initiative (GRI)
• Environmental Accounting Guidelines for Chemical Companies, Japan Chemical Industry Association (JCIA)
• Environmental Accounting Guidelines 2005 and Environmental Reporting Guidelines 2012, Ministry of the Environment

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

Target Period and Fiscal Year

April 1, 2014 – March 31, 2015
(Some parts of the CSR Report 2015 include activities and initiatives conducted since April 2015.)

* Fiscal year means year ending March 31

Operations Covered

JSR Corporation and its group companies
Operations for which data was collected on “Responsible Care” (the environment, health and safety)
• 14 domestic Group companies and 11 overseas Group companies*

* See the companies listed with the asterisk (*) in the JSR Group Company list on page 26

Publication Information

Date of publication: Oct. 2015
Next scheduled issue: Sep. 2016
Previous issue: Sep. 2014

Responsible Care®

(“Responsible Care” is referred to as “RC” in this report.)

In the chemical industry, each company handling chemical substances is responsible for ensuring that safety, health, and environmental issues are addressed throughout the chemical lifecycle, from development and production to distribution, use and disposal, publishing the results of their activities and maintaining dialogue and communication with society—all voluntarily. This initiative is called “Responsible Care.”

Source: Japan Chemical Industry Association pamphlet "Do You Know about Responsible Care?"
Executive Commitment to Contribute to Society

Review of CSR for realization of the Corporate Mission

Before reporting on FY2015 CSR initiatives, the JSR Group would like to take a moment to express our mourning again for the loss of one of our employees resulting from a serious workplace accident that occurred at the Yokkaichi Plant in July of 2014. We must take this accident very seriously and pledge to commit to ensure safety even more to prevent another workplace accident.

This year’s CSR report focuses on the concept of integrating management and CSR together. While working toward the realization of the corporate mission “Materials Innovation - We create value through materials to enrich society, people and the environment,” we must ensure that CSR is our standard to serve as the basis for the decision which our business activities are evaluated. That the entire group and every employee has sufficient awareness, and that all previously established systems and organizations are functioning properly. We will continue working toward realization of the corporate mission through integration of management and workplace.

The JSR Group will celebrate its 60th anniversary in two years. Safety is of utmost importance to continue contributing to the development of a sustainable global environment and society as well as to ensure our continuous business growth. With safety as the primary basis of our business activities, we must enhance not only our facilities but also our processes and conceptual design.

Active and Passive Aspects of CSR are Inseparable from Business Activities

We believe in the value of active and passive aspects of CSR. Active CSR is used to take on the challenges of social issues through business while passive CSR forms the base that supports our sustainable business activities. The E2 Initiative™ is one major project that we, as a chemical company, have implemented as an embodiment of this strategy. The E2 Initiative™ is named after two “E” initiatives by which it is comprised: Eco- Innovation for creating new business opportunities and Energetic Management for reducing the impact on the environment.

Based on the E2 Initiative™, environmentally friendly products now account for 20% of our products including synthetic rubber for fuel efficient tires. These products are commercialized with the environmental costs reflected to our return on investment calculations. We also use various products, such as heat reflection paints, heat storage materials and LED light guide panels, which use materials we developed, in order to demonstrate and prove their effect as well as to reduce our CO₂ emissions.

Our most important responsibility as a manufacturer is to provide customers with truly beneficial and high quality products. In addition to meeting customers’ functional and quality requirements in products, we are also strengthening our supply chain management to establish a proper system that ensure a sustainable supply. From a CSR procurement standpoint, we also manage the impact of the presence of conflict minerals and, if manufacturers of biological raw materials are considering sustainability and biodiversity. At the JSR Group, these initiatives are not just emphasized as CSR activities. Instead, we have integrated these initiatives and concepts into our regular business processes, and as a result, generate additional values and differentiate our products and services.

We are striving to make the employees to continue having the mindset of putting these “regular” business processes into practice such as through dialogues between the executives and the employees on corporate mission and management policies, resulting in deepening of understanding.

We are also committed to provide a wide range of opportunities that facilitates proactive development of human resources. Assigning individuals to specific roles would not encourage them to take on challenges or create a culture of innovation even if they are successful in their specific roles. To continue creating new products, we need to discard old frameworks and concepts, and focus on redesigning our working conditions from the roots.

The JSR Group is dedicated to creating opportunities and a proper working environment through the 4C course of action policy to bring together a diverse group of human resources and ideas among our offices and laboratories. The 4C Policy include Challenge, Communication, Collaboration, and Cultivation. Employees naturally change their behavior after understanding the essential elements and its related systems. Business activities will progress as each employee demonstrates their capability in a working environment conducive to cooperation. This enables us to provide solutions to social issues and create a culture of innovation that contributes to society more and more in the future. This kind of cycle is what we are striving to achieve. The E2 Initiative™ is part of the cycle that will naturally permeate through each and every employee.

By creating such a positive cycle, our business can continue to grow, profitability can continue to expand, and profits can be distributed back to our shareholders and investors.

Future Globalization Initiatives

With the Mid-Term Business Plan JSR20i3 (FY2012 through FY2014), targeting for 2020, we have aggressively promoted the Petrochemicals Products Business, Strategic Business, and Fine Chemicals Business and successfully established a foundation for expanding revenue. Continuing forward with JSR20i6 for FY2015 through FY2017, we aim to bring these strategies to profitability. In order to continue as a sustainable business for the next 20 to 30 years and reach the goal we set, the JSR Group must update its approximately 40-year-old equipment and facilities. We also must strengthen our production and manufacturing facilities through improving earthquake countermeasure and securing workplace safety.

Our overseas sales ratio for FY2015 exceeds 50%, approximately half of which represents product manufactured and sold overseas. As the ratio of overseas manufacturing and sales will continue to increase, resulting in an increased number of local workforces, we expect the ratio of Japanese employees in the entire group to fall below 50% by the time we reach our 2020 goals. Diversity in the workforce is quickly becoming a common occurrence within JSR Group businesses just as it has become common trend throughout the world. We must embrace different values so that employees of different regions, races, languages, cultures, and customs can demonstrate their unique capability to strengthen our business. The Tokyo Head Office is currently the center of management and business operations. As we move forward in the future, however, we may create new bases of operations for each business in appropriate locations to facilitate better focus on customers or access to raw materials. Governance and auditing processes will be conducted in each region, which will require us to implement various local guidelines, including those for diversity. Accordingly, it will be of great importance to maintain a single corporate mission for the entire group to function as evaluation criteria and facilitate this move to a new business environment.

Management and CSR must remain integrated, and both active and passive CSR initiatives must be incorporated into all business activities. We will look into social issues in a span of 20 to 30 years and contribute to society and provide solutions through our “Materials Innovation.” The JSR Group will have constant awareness of this going forward.

Mitsunobu Koshiba
Representative Director and President JSR Corporation
Becoming a Safety-focused Organization

Safety affects all stakeholders and is a fundamental challenge for management. With this in mind, the JSR Group has made it a goal to achieve zero facility accidents and zero accidents requiring time off from work. Despite this, we had one fatal accident and two cases of facility trouble in FY2015.

We pray for the employee who passed away as a result of the serious workplace accident at the Yokkaichi Plant on July 23, 2014 and express our sincerest condolences to the bereaved family.

We would also like to apologize again for the trouble and concern caused to those living near the Yokkaichi and Kashima plants, authorities involved, and our customers regarding the facility troubles that occurred at these plants. As a result of employee survey in the company about awareness, conducting interviews, through discussion at each department, and a third-party audit for a root-cause analysis, we realized that there are gaps between our current organization and actual circumstances at the plants on foundation of safety infrastructure (including investment in safety equipment and organizational strengthening) and our culture of safety.

Under the philosophy that safety is the most important aspect for every worker in the manufacturing industry, the JSR Group has taken this seriousness seriously and has begun efforts to regain safe workplace and safety awareness and reestablish the culture of safety and safety infrastructure.

As part of our resolution to prevent workplace and facility accidents from occurring and reduce the factors that lead to similar types of serious workplace accidents and fires/explosions in plants, we are planning an investment of 3 billion yen for safety equipment and 1.7 billion yen to enhance earthquake resistance and update old buildings and equipment. Additionally, we will continue to make more effective investments in industrial safety measures.

Safety Equipment to Prevent Serious Workplace Accidents

We are committed to identifying potentially dangerous equipment that can lead to serious accidents and providing a safe working environment that gives peace of mind to plant workers. We will:

1. Invest in prevent equipment from catching fire and exploding, and prevent workers from getting caught and trapped, from failing, or being exposed to a lack of oxygen.
2. Consideration on implementing ICT (information communication technologies) and robotics.

Launching of the Workplace Accident Eradication Project and the Safety Infrastructure Reform Project

We were not able to fully understand the actual circumstances through our previous safety and environment audits, which were not able to increase performance. With the FY2015 audit, the president himself observed plants with a focus on management concepts of the actual place, the actual conditions, and the actual results, and personally verified potentially dangerous areas and the status of old equipment and facilities.

We have changed audit methods to facilitate communication of executive management’s message to plant operators regarding prioritizing safety as well as to facilitate direct dialogue with employees concerning work activities and equipment that employees feel uncomfortable with. Plant workers being audited felt that it was a good opportunity to honestly give their opinion and feedback. We will continue to explore audits that lead to safety improvement.

Review of Safety and Environment Audits

We have been making efforts to prevent workplace accidents and facility accidents, but we were unable to prevent a serious workplace accident on July last year. We are now approaching this issue from many angles. One of these efforts is the establishment of the Safety and Health Promotion Dept., an enhanced reorganization of our Safety and Environment Department. Previously, the Safety and Environment Department conducted general office duties to ensure safety, but actual safety activities were at some extent considered as each plant’s responsibility. The Safety and Health Promotion Dept. is a specialized organization focusing on researching and testing safety provisions that match actual business activities to improve plant support. For example, this includes educating employees with knowledge of safety designs that incorporate an understanding of the types of chemical reactions that occur with materials we use, conducting OHS* safety audits in accordance with actual circumstances, and training employees to properly conduct process hazard analysis (PHA). We are currently running the Workplace Accident Eradication Project and the Safety Infrastructure Reform Project. The Workplace Accident Eradication Project focuses on developing a culture of safety, while the Safety Infrastructure Reform Project focuses on rebuilding our safety infrastructure. The results of these efforts will eventually be consolidated to the Safety and Health Promotion Dept. Having confidence and unconscious expectation to go to work and come home every day without accidents has maximum value for our organization and employees. We must all be aware of safety and act accordingly throughout our daily activities.
Corporate Mission and CSR Philosophy

Integration of management and CSR creates benefits for both society and the JSR Group through its contribution to the development of a sustainable global environment and society.

Under the corporate mission “Materials Innovation - We create value through materials to enrich society, people and the environment,” the JSR Group aims to build and maintain good relationship with all of our stakeholders and become an indispensable corporate citizen. We intend to resolve key social issues by integrating management and CSR as well as demonstrating our corporate mission.

Essential Elements

Corporate Mission

Materials Innovation

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

Management Policies

— JSR’s Fundamental Pillars of Management

- Continuous Creation of Businesses
- Enhancement of Corporate Culture
- Increase in Corporate Value

Management Policies

— Responsibility to Our Stakeholders

- Responsibility to Our Customers / Business Partners
- Responsibility to Our Employees
- Responsibility to Society
- Responsibility to Shareholders

Course of Action: “The 4Cs”

CHALLENGE

COMMUNICATION

COLLABORATION

CULTIVATION

Social issues that need resolution

Energy, Resources, Water, Food, Biodiversity,
Disaster prevention, safety, Health, Aging society,
Climate change, and Human rights

The United Nations Global Compact

JSR 2016

Materials Innovation

Business strategy

JSR Group CSR Priority Issues (Materiality)

Under the corporate mission “Materials Innovation - We create value through materials to enrich society, people and the environment,” the JSR Group aims to build and maintain good relationship with all of our stakeholders and become an indispensable corporate citizen. We intend to resolve key social issues by integrating management and CSR as well as demonstrating our corporate mission.

- Energy, Resources, Water, Food, Biodiversity,
- Disaster prevention, safety, Health, Aging society,
- Climate change, and Human rights

The United Nations Global Compact

Mandatory items that form the foundation to promote our business strategy.

Without these strategic items, corporate management has no capability.

Active CSR

Resolving social issues through conducting business

Petrochemical Business

We will globally market products that offer new value in response to the needs of society and markets, such as Solution Polymerization SBR (S-SBR) synthetic rubber for fuel-efficient tires.

Fine Chemicals Business

By taking JSR’s advanced technologies global, we will help support the further growth of digital industries while contributing to the quality of the IT society and social convenience.

E2 Initiative™

Coexistence of JSR Group products based on the value of high-quality and best value of the environment.

E2 Initiative™

Sustainable Society where people can enjoy health and longevity

Life Sciences Business

Our responsibility to and communication with society

Goals and performance based on the JSR Group CSR priority issues (Materiality)

Safety initiatives

Energy Saving, Resource Saving, and Climate Change Countermeasures

P.13

Safety and Disaster Prevention

P.5

Communication with stakeholders

Our responsibility to and communication with society

P.17

Passive CSR

Efforts that form the foundation of sustainable business activities

Human Rights

As a corporate citizen, we must consider and respect all of our stakeholders and their rights.

Guidance on the JSR Group

As a responsible manufacturer, our activities must be based on “international laws and regulations,” “international organizations,” and “JSR Group CSR priority issues”.

Energy Saving, Resource Saving, and Climate Change Countermeasures

P.13

P.15

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Mandatory items that form the foundation to promote our business strategy.

Without these strategic items, corporate management has no capability.

Voluntary Activities in Environment, Safety, and Health (Responsible Care)

Initiatives that we, as a manufacturer of chemicals, must pursue to protect the environment, safety, and health of all our stakeholders.

Company Policies

Complying with rules and norms to become a trusted company.

Governance

Continue to be a company that has a reason to exist for society and various stakeholders.

Human Rights

As a corporate citizen, we must consider and respect all of our stakeholders and their rights.
Two perspectives of CSR: Active and Passive

AKIYAMA: The JSR Group clearly articulates CSR as part of corporate management in formulating the previous Mid-Term Business Plan “JSR2003”. The current Mid-Term Business Plan “JSR2016” surely inherits this view, but what process did you use to integrate CSR into business management?

SHIMIZU: When formulating the previous Mid-Term Business Plan “JSR2003”, we reviewed the structure of our essential elements in order to act in accordance with the JSR Group corporate mission, “Materials Innovation”. In the process, we considered the relationship with stakeholders, contributions to society through our business activity and variety of basic elements essential to our business process. The essential elements, which indicate corporate mission, management policies and course of action, is infused with a CSR stance for the JSR Group. For example, it clearly describes the responsibility to stakeholders in the management policy.

AKIYAMA: The fact that CSR is clearly identified within the essential elements is wonderful. What becomes important next, then, is exactly how those issues were considered as part of this supply chain when it is viewed from the perspective of our client companies, so we engage in CSR with an awareness that our company also supports this long supply chain.

Challenging New Issues

AKIYAMA: Currently, new issues that are completely different from what went before are on the rise. These include human rights, and overseas labor problems, but the company must be particularly alert to such issues and work to address them.

SHIMIZU: The Global Compact in which the JSR Group participates clearly includes human rights issues, and which has become part of our everyday consciousness with its specific identification in the JSR Group Principles of Corporate Ethics. Right now, more than 50% of the JSR Group sales are in overseas markets and half of those products sold are also produced overseas. When considering the various ways in which perspectives and interests are changing in the global market, making strides in business to further increase the understanding of not only executives, but those on site as well, to the needs of society and social issues becomes important from the CSR perspective.

AKIYAMA: While I am sure it is important to ensure that employees adopt corporate mission, I wonder how you help employees understand it.

SHIMIZU: Immediately after we started the previous Mid-Term Business Plan “JSR2003”, we developed activities to help employees learn the corporate mission. While we employ our discussions on the corporate mission directly with the company’s executives, and CSR Report Presentation meetings, we conduct surveys to measure the degree to which the essential elements permeates employee mindsets. Even if employee understand concepts in words, ongoing efforts are required at a number of stages to assess understanding of how such concepts are related to each employee’s work as well as to deepen each employee’s comprehension. What is important is not simply an understanding of corporate mission, but that each division fulfills its role in bringing our corporate mission into action. It would be fantastic if, for example, Sales Department realizes needs and issues in a new market which does not overlap with the market for our existing product, and then it offers

R&D and Planning departments such timely feedback in a method of streamlined collaboration that actualizes our corporate mission more than ever before.

CSR in the Future

AKIYAMA: This means that all those who work for the JSR Group are involved in Materials Innovation. I think the importance of this is to realize the relationship between your own work and the corporate mission.

SHIMIZU: The E2 Initiative™ we discussed earlier is effective in raising the level of understanding of those relationship. For example, if our “Energy Management” related technology, such as energy saving material, is actually utilized for the new product development related to the “Eco-Innovation” concept, the relationship between Corporate Mission and our work by every employee would be clearer. We have a classification, at the product level, “Environmentally Friendly Products,” but also believe that it is important to present the E2 Initiative™ concept and to establish one of the JSR Group brand.

AKIYAMA: I think E2 Initiative™ is an excellent choice of name. It is important, I think, to call public attention through things like this. Have you any initiatives in progress for new issues?

SHIMIZU: Among the numerous issues including the globalization of the organization, we believe that diversity is one of the key management issues. In particular, we focus on active support for female employees, which is not only a JSR Group’s issue, but an issue in the society. Society will not grow unless we fully utilize the talents of female resources. Chemicals companies face the reality that the number of female employees is rather small, but it is critical that we understand that diversity includes women and diverse values, and a system to utilize those manpower is needed to achieve future growth. In June 2015, we established a Diversity Promotion Office to improve the efforts on this issue.

AKIYAMA: I am sure there are still a lot of issues, but I can see that you are committed to a stance in which you face these head-on from a variety of perspectives. What will be the future direction the JSR Group pursues for CSR initiatives?

SHIMIZU: Unless there are significant social changes, we will proceed the current three axes without change. Moreover, we will accelerate ongoing CSR efforts on global issues that will only further increase from now on, diversity issues, and responsibility to various stakeholders. We are fully aware of the ways in which we disseminate information to further understanding of JSR Group activities both internally and externally.

AKIYAMA: Your corporate mission is fully systemized, and it would be important next to have people further “sympathize” JSR Group philosophy.

SHIMIZU: Yes, that’s right. Promoting that philosophy is what Materials Innovation means to me.
Find Value in Each of Our Work

AKIYAMA: The theme of this CSR report is to report on the JSR Group’s efforts in “Integration of Business Management and CSR.” I would like to discuss with you here about what impressions you have on CSR, and how you carry out CSR in your daily tasks. Have you envisioned the link between your work and society in your everyday tasks?

TATEYAMA: While I often do not know the kinds of products the materials I manufacture will ultimately be used, I do learn about final products from CSR Reports and other media. It helped me see the link between our work and the society.

KUROSAWA: As a company, I think the entire JSR organization makes effort to comply with regulations in detail. Furthermore, I try to go beyond that, taking social norms and moral issues into account as I work.

SAKAI: When I read the news about a product made with materials I was researching, I realize the link between my work and society and it made me feel that I am contributing to the society. It motivated me to continue to work hard on my research.

HARA: When we had “CSR Report Presentation Meeting” in our department, I took CSR in terms of my own work and set my CSR goals.

AKIYAMA: There are a lot of ways to view CSR depending on the types of work. While “CSR Report Presentation Meeting” takes place throughout the company at each department, I think that it is good for JSR employees to have such opportunities to think about CSR.

Materials Innovation in Each Department

AKIYAMA: Materials Innovation is positioned in the JSR Group’s corporate mission, and, I think, it forms the base of CSR at the JSR Group. Please tell me about what CSR is for you specifically in your own work?

TATEYAMA: In “CSR Report Presentation Meeting,” we discussed “Materials Innovation on manufacturing sites.” “When you hear the word ‘innovation,’” you will probably think of “Research and Development” whose goal is to create something from scratch. However, as we shared our thoughts, we came to a conclusion that innovation, more than anything else, refers to the safe, continuous production of materials that meet quality levels demanded with the understanding of the features of multiple machines and changes in raw material composition and operation conditions.

AKIYAMA: It is great to be able to talk at that level in the workplace.

KUROSAWA: I think that changing operations processes and rules that does not concern the work that actually produces materials may result in more efficient creation of materials with less waste and lead to innovation.

HARA: I think that CSR is something that we think about what kind of new markets our materials can create, that we investigate what kind of regulations are in place, and that we make approaches to various industrial associations. In short, CSR for the Business Planning Department is to lay out the groundwork for Marketing to sell our materials.

AKIYAMA: I think it is a great perspective that the Administration department also think they can engage in works contributing to innovation. By positioning CSR at the top, you will think about not only your own work but also relationship and cooperation with other departments. The word “Corporate Mission” gives us sense of difficulty. However, when each member of the company think how their work contributes to the society, it will lead to the creation of corporate value.

TATEYAMA: Thinking that our daily work leads to innovation motivates us further.

CSR in Action in Daily Tasks

AKIYAMA: There are issues not only in using business to contribute to society in the Active CSR, but in the environmental initiatives, human rights issues and labor issues of the Passive CSR perspective as well. What does CSR look like from the perspective of the workplace environment?

SAKAI: I sometimes think that wording “promotion of female employees” is standing by itself, while the reality and awareness on-site does not really live up to the concept. Rather than thinking only in terms of female, we should think in terms of the broader scope of diversity.

HARA: The number of female sales staff has been increasing in the past several years. It seems that JSR is intentionally creating this movement.

KUROSAWA: Our company would change even further if more non-Japanese workers are employed.

AKIYAMA: To realize true diversity, we need a variety of people with different concepts of value.

KUROSAWA: The good thing about JSR Group is that labor management is fair and solid, and furthermore same unwritten morals are valued more than compliance. Thus, employees feel sense of security. It is our solid backbone when we talk with someone outside JSR.

AKIYAMA: How about open communication atmosphere on-site?

KUROSAWA: I believe we have a good atmosphere that welcomes opinions and proposals.

TATEYAMA: The atmosphere of open communication is very good. On the other hand, I feel that information regarding executive decisions, such as backgrounds and validity of overseas expansion and acquisitions, hardly reaches on-site. If we can understand what kind of values our products provide to our overseas business expansion and how we can contribute to that, I think it would lead to improved motivation on-site.

HARA: My department is indeed responsible for explaining to other departments. Compared to explanations for outside the company, I am afraid that explanation to our own employees have not been sufficient. I feel that we need to provide internal explanation with more background and numerical details.

SAKAI: I also think the atmosphere of open-communication at R&D Laboratories is also good. We have a good environment where we raise each other by exchanging opinions and can create new products. There is a small wall between business department and us.

AKIYAMA: It’s important to communicate with senior executives of opinions on-site as well as communicating the company’s view on management and the CSR story to the workplace. The gap between the headquarters and on-site, as well as the gap between the sites due to globalization, can be issues many enterprises face today, and I think communication is what fills these gaps. The more the company continues to grow and the scale of the company expands, the more important communication becomes and the more effort to improve communication is required.

You might not be aware of it every day, but the things discussed here today are all about CSR. Respecting those who work together with based on the JSR Group’s essential elements, diligent work of each employee with integrity will contribute to society and it will really “CSR in Action.” Going forward, I hope that you will pay more attention to social issues such as environment and overseas poverty, and carry out your daily tasks thinking of relationship between your own work and those issues, and how to contribute to address those issues.

For the full discussion, please see the Web version.
Working to Solve Environmental Issues through the Deployment of E2 Initiative™

Because both humans and a large number of other living things share this planet and its limited resources, we must make an earnest effort to deal with environmental issues. The JSR Group has adopted its E2 Initiative™ as a concept to simultaneously reduce environmental impact and create new business opportunities using the environmentally-friendly aspects of our products. The E2 Initiative™ is based on “Eco-innovation,” which is designed to create business opportunities based on the environment, and “Energy Management,” which is focused on reducing CO₂ emissions. It is a concept that allows us to create value both in active and passive ways. As we shift our concept of value from the conventional two approaches of “differentiation” and “cost,” our new concept of “environmental performance” has become essential.

By using the Life Cycle Assessment (LCA) to evaluate the environmental impact of our products from the design stage in the product development to the use of the product, we are working to solve environmental problems throughout business operations.

E2 Initiative™ Concept

1. Verification tests at JSR plants and other facilities
2. Launching E2 products onto the market
3. Establishment of the E2 brand
4. Feedback of information needs and useful information

S-SBR - Practical Application of Eco-innovation Brings Great Possibilities for Business and Global Environmental Issue Solutions.

Fuel-efficient tires are environmentally-friendly products and yet maintain their ability to stop safely and securely. JSR Group’s solution polymerization SBR (S-SBR), has received positive feedback from the customers. The JSR Group designed S-SBR using technology that makes it easier for rubber molecules and tire reinforcing material molecules to bond tightly in order to minimize squeak noise, maintenance is not required for a longer period of time. In addition, since the material itself has the effect to minimize squeak noise, maintenance is not required for a longer period of time.

S-SBR allows large reductions in environmental impact through the entire life cycle of the tire, from the material selection and its usage to disposal.

Automobiles still require tires even after automotive engines are replaced with electric motors. Thus, demand for S-SBR is high both in countries and regions where environmental standards are high such as Japan and Europe and in emerging nations where reducing environmental impact is an urgent issue.

These tires are currently manufactured at the Yokkaichi Plant in Japan and at JSR BST Elastomer Co., Ltd. in Thailand. We are also considering production operation in Hungary. These global deployments underway in anticipation of market expansion in 2020. They are conducted based on our supply chain management concepts designed to ensure that production takes place in locations closer to markets, ensuring stable material procurement so that the impact due to logistics can be reduced and a stable supply of product can be ensured. By meeting the global demand for the fuel-efficient tires using the E2 Initiative™ concept, we will contribute to solving global environmental issues.

Rolling resistance: Resistance in the direction opposite to the direction the tire is rolling. Caused by the deformation, ground contact friction, and air resistance.

Materials contributing to high-performance

Contributions of tire components to rolling resistance

<table>
<thead>
<tr>
<th>Component</th>
<th>Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tread</td>
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</tr>
<tr>
<td>Belt</td>
<td>8%</td>
</tr>
<tr>
<td>Sidewall</td>
<td>14%</td>
</tr>
<tr>
<td>Sidewall 11%</td>
<td></td>
</tr>
<tr>
<td>Tire bead</td>
<td>11%</td>
</tr>
</tbody>
</table>

The JSR Group’s Inspirations and Technologies Create New Value for Materials

By implementing Eco-innovation into practice, some products were empowered by new added value by the technologies we have developed over the years and conventional materials.

HUSHLLOY™ is an innovative material designed to reduce squeak noise caused by plastic joints in vehicles interior. Conventionally, squeak noise prevention is achieved by applying grease or attaching felt fabric to the components, but the use of HUSHLLOY™ has made these countermeasures unnecessary, allowing the component manufacturers to shorten their production process. In addition, since the material itself has the effect to minimize squeak noise, maintenance is not required for a longer period of time.

HUSHLLOY™ is utilized in fields that require energy saving or accurate temperature control such as the transportation and storage of pharmaceuticals and foods, building materials, and air conditioning. Water-based durable stain resistance emulsion SIFCLEAR™ is used in paints to make them resistant to contamination, helping maintain cleanliness in appearance over the long-term. The high durability of the paint film reduce the need for frequent re-painting, contributing to resource conservation.

In particular, when used in heat reflection paints, heat reflection effect is maintained over the long-term, achieving significant energy saving. It also attracting attention as an environmentally-friendly material because of its ability to prevent VOCs* or odor generation.

*1: HUSHLLOY™ is a registered trademark of Techno Polymer Co., Ltd.
*2: VOCs = Volatile Organic Compounds.

The JSR Group CSR Priority Issues

Energy Saving, Resource Saving, and Climate Change Countermeasures

Serving society while remaining aware of the global environment. Our aim is to keep these two goals in mind as we develop our business.
The JSR Group Life Sciences Business seeks opportunities to contribute to the new pharmaceutical world

A super-aging society is already creating issues such as increased healthcare expense and elder-to-elder nursing. Extending the number of years people can live healthily without daily assistance or care is now a social priority. To resolve this issue, development of personalized medicine which enhances the effectiveness of therapies by matching treatment methods more precisely to the condition of each individual patient is expected. It is also of utmost importance to change our perspective of healthcare from treatment to prevention. Part of this includes the development of diagnostic technologies for early detection of disease and early advances in highly effective treatments and pharmaceuticals to treat disease early before it becomes serious or untreatable.

The JSR Group has already provided research reagents and IVD Intermediate such as latex particles and magnetic particles to diagnostic pharmaceutical manufacturers. We will continue to look for opportunities in which our technologies and materials can make an impact on personalized medicine and prevent onset over treatment. The Life Sciences Business is positioned as a key strategic business with expectations of significantly boosting our business portfolio.

Establishing structure and assigning initiatives in the Life Sciences Business

The Life Sciences Business envisioned by the JSR Group will focus on the field of advanced diagnostics, which is expected to have an impact on the development of technology to advance personalized medicine, and the development and manufacturing of bio-pharmaceuticals. We have realized that focusing only on the needs of our customers from a materials standpoint regarding these areas requires a significant amount of time, lacks scalability, and ultimately does not meet expectations of the end users.

We need to develop products through a process of becoming proactively involved in actual areas where diagnostic pharmaceuticals are used and where bio-pharmaceuticals are manufactured, and then selecting technologies in response to feedback. To achieve this, we must cooperate and work with other companies that have experience, technologies, and expertise in obtaining governmental permission and authorization unique to the pharmaceuticals industry. We have made progress in providing capital support to a company that possesses excellent technologies. In FY2015, we made significant progress toward establishing a system which we, as a materials manufacturer, can reach the end user with our products.

In the area of advanced diagnostics, we have strengthened our relationship with Medical & Biological Laboratories Co., Ltd. (MBL), which means capability of obtaining authorities approval, manufacturing products in compliance with statutory regulations, and sales channels for diagnostics made with JSR developed products. In the area of developing and manufacturing bio-pharmaceuticals, we have established CMIC JSR Biologics Co., Ltd. to develop technologies to develop next-generation antibodies needed for new bio-pharmaceuticals while utilizing our existing antibody purification technologies. We have also reached an agreement with CMIC Holdings Co., Ltd. and Innovation Network Corporation of Japan to acquire US-based Biopharma Inc., a leader in contract development and manufacturing of bio-pharmaceutical products capable of advanced analysis of bio-pharmaceuticals and the development of manufacturing processes. As a result, this establishes a value chain involved in the entire process from the extraction of seeds to the end user.

As we look toward the future and the desire to develop a business that responds to the needs of clinical and medical research, we have reached agreement with Keio University to establish “The JSR-Keio University Medical and Chemistry Innovation Center” to function as a research base with collaboration between manufacturers, academia, and medical researchers. We have also established JSR Biotech Co., Ltd. in China to provide diagnostics reagent intermediates. This company is a joint venture with Beijing Wantai Biological Pharmacy Enterprise Co., Ltd., established to develop the pharmaceutical reagent market experiencing rapid growth in China as another channel for our existing diagnostics reagent technologies and materials.

The Life Sciences Business will become a major contributor in the JSR Group as well as significantly contribute to address social issues such as improving the quality of life in aging societies and developing a society in which people can live longer and healthier.
Responsibility to our customers / business partners

### Supply chain management

The JSR Group supply chain management has a unique feature of a chemicals manufacturer supplying materials to various industries and supporting society. Specifically, that is our ability to deliver products of discernible quality to our customers reliably and without interruption. Supply chain management is specific to each of our businesses and so is different between the Petrochemical Products Business and the Fine Chemicals Business or the strategic businesses. Our CSR procurement policy states that when making purchases, JSR will give sufficient consideration to legal and regulatory compliance, resource protection, environmental conservation, safety, human rights, biodiversity, and other factors that lead to a sustainable society. With business partner and customer understanding, and through communication, mutual understanding, and cooperation, we can continue engaging in effective initiatives.

Though we do not directly use raw materials associated with conflict minerals, we have been conducting investigations since FY2015 on these matters as catalysts used in our manufacturing processes contain trace amounts of metals.

We must quickly discover and resolve any violations of labor or corporate ethics, or related suspicious behavior that occur during the course of business with partners. We have established a third-party supplier hotline to provide consultation assistance and a reporting channel to business partners. We also employ business continuity management (BCM) practices to manage resources to mitigate supply risk by having multiple suppliers. We also have a strict inventory management system in place based on business plans to prevent production from being halted in the event where supplies of required raw materials are temporarily run out.

Supply chain management is an essential component of passive CSR. We constantly look for ways to improve its effectiveness in efforts to create new value through Materials Innovation in the entire value chain.

Responsibility to our employees and society

### Exchange with neighboring communities: “JSR Harmony Festa”

The Yokkaichi Plant holds “JSR Harmony Festa” every year to bring the JSR Group and their families together with residents in the local area. Over 1,700 people attended the event in FY2015, and this event has become a local custom. Activities included brass band performances by the local junior high school bands, a giant air game featuring Konyudo-kun, the Yokkaichi City’s mascot character, workshops to paint Banko-yaki, Yokkaichi’s specialty china product, and workshops to create unique “Hinaga” fans. These unique events and careful planning ensured that everyone from small children to the elderly enjoyed the event.

As a member of this local society, the JSR Group cherishes and looks forward to more opportunities to interact with the local area.

### Conducting next-generation education

The JSR Group supports the education of children and students through utilization of employee knowledge on chemistry. Educational activities include science classes for elementary and high school students provided by 3 plants and our head office, providing internships to university students at the Yokkaichi Plant and the head office, and providing teacher training opportunities at 3 plants and the head office.

JSR Micro Taiwan Co., Ltd., one of our overseas offices, provides tablets and books on the environment to neighboring elementary schools.

US-based Techno Polymer America, Inc. has joined the Society of Plastic Engineers (SPE) to provide support to local Detroit students majoring in plastics engineering. Students from the Aichi Prefectural Asahigaoka Senior High School, which is designated as one of the schools in the Super Global High School program by The Ministry of Education, Culture, Sports, Science and Technology started in FY2015, visited our head office.

### Volunteering activities

**Donating articles and goods to children’s welfare facilities (JSR Micro Kana Co., Ltd.)**

**Awards for health activities**

The Health Plan promoted by Belgium-based JSR Micro N.V. received the NV Gezond Award, an event sponsored by the local government in Flanders, Belgium to promote health activities in business.

The Health Compass is the foundation of this project in which employees voluntarily participate to have various health indicators measured and work toward improvement. 80 employees participated last year and received medical advice from industrial physicians.

Other health-related activities include participation in the Beach Volleyball Tournament in Leuven City where JSR Micro N.V. is located and providing fresh fruit at workplaces.

### Participating in local clean-up activities

The Yokkaichi Plant continues to help with local clean-up activities at domestic and overseas offices and plants.

- **Chiba Plant**: Engaged in a cleaning activity at Highway 16 in front of the plant.
- **Kashima Plant**: Engaged in a cleaning activity in the area surrounding the plant and the local neighborhood.
- **Emulsion Technology, Co., Ltd.**: Engaged in a cleaning activity in the neighborhood.
- **US-based JSR Micro, Inc.**: Engaged in a cleaning activity at the coastline.

**Donating unused school bags for use by underprivileged children, particularly girls, in Afghanistan.**

We also collect foreign coins from employees at the JSR head office, Yokkaichi Plant, and Tsukuba Research Laboratories and donate to the Unicef Change for Good program. Unicef uses these foreign coins to protect the lives, health, and rights of children in developing countries.

JSR Micro-Kana Co., Ltd. collects and distributes articles and goods to local children’s welfare facilities and offers consolation services.

They also attend the local bi-annual senior citizens celebration.

### Responsibility to society

#### Participating in local clean-up activities

**Cleaning Highway 16 (Chiba Plant)**

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Under the corporate mission of "Materials Innovation - We create value through materials to enrich society, people and the environment" we commit to helping resolve social issues as part of our responsibility to our stakeholders as defined by the management policies. There are many CSR initiatives we have promoted under this fundamental philosophy. Among these, we have identified some urgent priority issues the JSR Group must prioritize and tackle.

1. Identifying social issues concerning the JSR Group

In identifying the CSR priority issues for the JSR Group, we first reviewed the organization of our essential elements, the UN Global Compact's 10 principles, and the seven core subjects of social responsibility defined by ISO 26000 with regard to our previous CSR challenges and initiatives. We then identified 13 possible priority issues that would enable the JSR Group to have an impact on society and the environment or social needs that require action.

2. Meetings with stakeholders

We then filtered JSR Group CSR priority issues discovered through previous meetings and communication with stakeholders as part of the annual Responsible Care (RC) initiative.

- Primary topics of discussion during previous meetings
  - Employees: Suitable working environment and work-life balance (2009)
  - Experts: Diversity (2010)
  - Local: Next-generation education and communication with local areas (2011)
  - Experts: Conservation of biodiversity (2012)
  - Experts: JSR Group CSR (2013)
  - Experts: JSR Group environmental protection efforts (2014)

- Information disclosure and interviews with residents, municipalities, and companies in Yokkaichi, Chiba, and Kashima areas where JSR plants are located (at any time)

3. Analysis and discussion of JSR Group CSR priority issues

We then organized the remaining possible priority issues into a matrix of key JSR Group challenges (internal factors) and key stakeholder challenges (external factors).

- Safety and Disaster Prevention
  - Safety affects the lives of all stakeholders and is the most important priority issues that forms the basis of our management policies. Accident prevention is also equally as important.

- Energy Saving, Resource Saving, and Climate Change Countermeasures
  - Chemical manufacturers use a significant amount of energy during actual production. Because of this, we have an even greater responsibility to employ efforts to reduce energy and resource consumption and reduce CO2 emissions than other industries. Therefore, this is certainly one of our priority issues.

4. Priority issues undertaken by the JSR Group

The JSR Group CSR Priority Issues and the stakeholder priority issues with the highest severity were selected as the priority issues to be undertaken by the JSR Group. We will periodically review these priority issues as stakeholder opinion and needs change based on the circumstances.

- Safety and Disaster Prevention
  - Sustainable Society where people can enjoy health and longevity
  - Longer healthy life expectancy leads to the need to resolve increased health care costs and elder-to-elder nursing issues. Longer healthy life expectancy is a key issue for the JSR Group, and we will all work together to help resolve these issues.

- Energy Saving, Resource Saving and Climate Change Countermeasures
  - We consider it a priority issue to understand the needs of customers, business partners, employees, society (communities), shareholders, and all stakeholders as this will lead to the resolution of social issues and creating value.

- Communication with Stakeholders
  - Communication with stakeholders as this will lead to the resolution of social issues and creating value.
## Targets and Results

### Risk Management

<table>
<thead>
<tr>
<th>Action Item</th>
<th>FY2015 Target</th>
<th>FY2015 Result</th>
<th>Review</th>
</tr>
</thead>
<tbody>
<tr>
<td>Periodic operation of JSR group company-wide risk management system</td>
<td>- Establishment of overall group risk management system that includes overseas offices and plants</td>
<td>- Implementation of COP in JSR group risk management</td>
<td>- Future risk identification process appropriate to the current risk profile changes</td>
</tr>
<tr>
<td>Countermeasures of crisis management</td>
<td>- Crisis management training (initial operation to 100% of staff) and rearrangement to identified issues</td>
<td>- Establishment of comprehensive training system in the Response Field Office</td>
<td>- Recipient of input information gathering tools for occurrence of disasters</td>
</tr>
</tbody>
</table>

### Safety and Disaster Prevention

<table>
<thead>
<tr>
<th>Action Item</th>
<th>FY2015 Target</th>
<th>FY2015 Result</th>
<th>Review</th>
</tr>
</thead>
<tbody>
<tr>
<td>Implement preliminary environmental and safety assessments</td>
<td>- Continued to implement preliminary environmental and safety assessment in accordance with safety and environment manuals, before construction of new facilities, or modifying existing ones and performing regular reviews</td>
<td>- Continued to discover and resolve potentially dangerous issues with current implementation, maintenance, and work procedures</td>
<td></td>
</tr>
<tr>
<td>Zero facility accidents and zero serious workplace accidents</td>
<td>- The number of workplace accidents occurred at JSR</td>
<td>- The number of workplace accidents occurred at JSR</td>
<td></td>
</tr>
<tr>
<td>Maintain certificates under necessity-related laws and regulations</td>
<td>- Diagonal orientation cooperation with high-pressure gas safety Act and promotion of cooperation to continue these certifications for all 2130 plants</td>
<td>- Continued cooperation and continued cooperation for all 2130 plants</td>
<td></td>
</tr>
<tr>
<td>Participate in Japan Safety Competency Center activities</td>
<td>- Participation in Japan Safety Competency Center activities established as a third-party organization in April of 2013 to promote the development of the Safety Competency Evaluation System throughout the industry</td>
<td>- Continued fulfillment of current efforts</td>
<td></td>
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<tr>
<td>Diagnosis of safety by an external consultant</td>
<td>- Diagnosis of safety by an external consultant</td>
<td>- Diagnosis of safety by an external consultant</td>
<td></td>
</tr>
<tr>
<td>Activities to reduce environmental impact by incorporating the LCIA*°°</td>
<td>- Incorporate the LCIA into the Environmental Impact Assessment</td>
<td>- Continued to incorporate the LCIA into the Environmental Impact Assessment</td>
<td>- Continued to incorporate the LCIA into the Environmental Impact Assessment</td>
</tr>
</tbody>
</table>

### Energy Saving, Resource Saving, and Climate Change Countermeasures

<table>
<thead>
<tr>
<th>Action Item</th>
<th>FY2015 Target</th>
<th>FY2015 Result</th>
<th>Review</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduce emissions of VOCs*° into the atmosphere</td>
<td>- Reduction of VOC emissions by 77% over FY2001 levels through continuous improvement of RTO*°° installations in the JSR group</td>
<td>- Reduction of VOC emissions by 77% over FY2001 levels through continuous improvement of RTO*°° installations in the JSR group</td>
<td></td>
</tr>
<tr>
<td>Reduce emission of wastewater into the environment and reduce industrial waste</td>
<td>- Continued treatment of industrial waste and reduction of industrial waste</td>
<td>- Continued treatment of industrial waste and reduction of industrial waste</td>
<td></td>
</tr>
<tr>
<td>Control activities to improve local environment</td>
<td>- Continue focus on energy conservation activities to improve the environmental impact and reduce the environmental impact utilizing LCI*°° data</td>
<td>- Continue focus on energy conservation activities to improve the environmental impact and reduce the environmental impact utilizing LCI*°° data</td>
<td></td>
</tr>
<tr>
<td>Cooperation with the International Center for Environmental Technology Transfer (ICETT)</td>
<td>- Cooperation in the ICETT and support development of environmental technology</td>
<td>- Cooperation in the ICETT and support development of environmental technology</td>
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</tbody>
</table>

### Conservation of Biodiversity

<table>
<thead>
<tr>
<th>Action Item</th>
<th>FY2015 Target</th>
<th>FY2015 Result</th>
<th>Review</th>
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<tbody>
<tr>
<td>Promote biodiversity activities</td>
<td>- Promotion of green space areas to improve the conservation of biological diversity at all JSR plants</td>
<td>- Promotion of green space areas to improve the conservation of biological diversity at all JSR plants</td>
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</table>

### Assessment

- Better than planned
- As planned
- Improvement needed
- New item for this FY

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*°° LCIA: Life Cycle Impact Assessment
*RTO: Reduced Total Ozone

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JSR group set targets regarding specific action items of priority issues and review our activities on every FY. The following report describes the main activities and their results for FY2015.
<table>
<thead>
<tr>
<th>CSR Priority issues</th>
<th>AdAction</th>
<th>FY2015 Target</th>
<th>FY2015 Result</th>
<th>Review</th>
<th>Targets for FY2016 or later</th>
<th>Implementing Division</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sustainable Society where people can enjoy health and longevity</strong></td>
<td><strong>Contribute to Sustainable Society where people can enjoy health and longevity through our materials (long-term action item)</strong></td>
<td>—</td>
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<tr>
<td><strong>Management</strong></td>
<td><strong>Enhance compliance</strong></td>
<td>Corporate ethics surveys</td>
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<td></td>
<td></td>
<td>Follow up on corporate ethics awareness surveys including those conducted at overseas offices and plants</td>
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<td></td>
<td><strong>Level of corporate ethics awareness and violation at JSR Group Principles of Corporate Ethics is necessary</strong></td>
<td>Implement corporate ethics training program</td>
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<td></td>
<td></td>
<td>Conduct corporate ethics training for new employees and new management employees</td>
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<td></td>
<td><strong>Development of will for Business Partners overly among group companies</strong></td>
<td>Improved scope to include suppliers of formalic group companies</td>
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<td></td>
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<td>Promote activities of the four committees (corporate ethics, RC, risk management, social contribution)</td>
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<td></td>
<td><strong>Continue to promote activities and increase awareness among all group companies</strong></td>
<td>Improve awareness through the group companies act</td>
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<tr>
<td></td>
<td></td>
<td>Held the annual CSR report Presentation meetings</td>
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<td>Conduct awareness building activities regarding the introduction of CSR and the JSR Group’s Essential Elements of Social Responsibility</td>
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<td>Rotated the number of managers posted in the workplace</td>
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<td></td>
<td><strong>Continued improvement of product quality</strong></td>
<td>Improve quality management throughout the entire supply chain</td>
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<td>Development of activities to ensure quality assurance through focusing on improved raw materials management and improved manufacturing technologies</td>
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<td></td>
<td><strong>Provide environmental and safety information on products</strong></td>
<td>Provide environmental and safety information to customers</td>
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<td>Provide the group information on prototypes and products to customers by utilizing the SDS* electronic management system</td>
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<td>The JSR Research Institute Business should hold a sales agency conference</td>
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<td></td>
<td><strong>Enhance chemical substance management</strong></td>
<td>Ensure compliance with GHS**</td>
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<td></td>
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<td>Promote labeling of product shipped domestically in compliance with Industrial Safety and Health Act: Promote compliance with GHS and GHS as according to place</td>
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<td>Free circulation of necessary information for REACH compliance and confirm registration status of raw materials</td>
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<tr>
<td></td>
<td><strong>Employees’ health and safety</strong></td>
<td>Promote awareness-building</td>
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<td></td>
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<td>Conduct training for leader class and subordinate class employees</td>
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<td>Conduct awareness surveys on smoking</td>
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<td></td>
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<td>Conduct employee awareness surveys on chemical substances</td>
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<td></td>
<td><strong>Corporate ethics awareness</strong></td>
<td>Prevent awareness of employees</td>
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<td>Percentage of female employees as of April 2015 JSR 3.8% (goal of 5%)</td>
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<td></td>
<td><strong>Expanding awareness of JSR</strong></td>
<td>Continuation of current efforts Social Contribution</td>
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<td></td>
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<td>Participation in national and international conferences</td>
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<td></td>
<td><strong>Enhance chemical substance management</strong></td>
<td>Promote awareness-building</td>
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<td></td>
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<td>Development of corporate culture</td>
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<td></td>
<td>Continuous communication building activities in each office</td>
<td>—</td>
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<tr>
<td></td>
<td><strong>Enhance environmental and safety information on products</strong></td>
<td>Enhanced awareness of employees</td>
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<td></td>
<td></td>
<td>Percentage of employees who have been trained on proper handling procedures (JSR's 2.5% statutory employment rate of 2%)</td>
<td>—</td>
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<td>—</td>
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<tr>
<td></td>
<td></td>
<td>Continuous improvement of employee awareness</td>
<td>—</td>
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<tr>
<td></td>
<td><strong>CSR procurement</strong></td>
<td>Expansion of CSR procurement</td>
<td>—</td>
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<tr>
<td></td>
<td></td>
<td>A previous investigation regarding new materials covers 100% of the suppliers that JSR continually does business with</td>
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<td>Those suppliers that did not pass the investigation must take steps to appropriate levels through audits and other improvement activities</td>
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<td>Investigation of those conducted in suppliers that could potentially have been using conflict minerals and confirmed that there is no risk to concerns</td>
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<td><strong>Utilized chemical materials management</strong></td>
<td>Continuation of current efforts</td>
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<td><strong>Promote awareness-building</strong></td>
<td>Continuation of current efforts</td>
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<td><strong>Public awareness activities</strong></td>
<td>Continuation of current efforts</td>
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<td><strong>Enhance communication with society</strong></td>
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<td>Enhance communication in societies through operation through the TBS TV/TBS TV/9 MEMS “Japan: A Nation’s Drive for the Future”</td>
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<td>Participate in events of the JSR Group throughout the world</td>
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<td><strong>Government</strong></td>
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<td>Contribute to the promotion of changing perspective from treatment to prevention and personalized medicine to treatment of chronic diseases</td>
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<td><strong>CSR procurement</strong></td>
<td>Continuation of current efforts</td>
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*1: BCM = Business Continuity Management and BCP = Business Continuity Plan. BCP defines the planning of determination criteria and course of action plans to continue business operations in the event of emergency or disaster, and to continue or resume operations as quickly as possible after major emergency event that could affect the existence of the company occurs such as large-scale disasters, fires, explosions, terrorist attacks, etc. BCM defines the management system implemented to improve and operate the BCP through PDCA.
*2: LCA = Life Cycle Assessment. A method of quantitatively analyzing and assessing a product’s environmental impact in all lifecycle stages, including raw materials, manufacturing, use, and disposal.
*3: LCI = Life Cycle Inventory. Sum of the input and output data of resource, energy, and environmental impact of products used for LCA.
*4: VOC = Volatile Organic Compounds. This is a cause of air pollution.
*5: REACH = Registration, Evaluation, Authorization and Restriction of Chemicals. This is a European regulation to provide safety test data on all chemical products that are manufactured or imported by an amount of at least 1 ton per year.
*6: CLP = Classification, Labeling and Packaging of Substances and Mixtures. This is an EU regulation on defining the classification, labeling and packaging of compounds in the basis of GHS.
*7: GHS = Globally Harmonized System Classification and Labeling of Chemicals. This system is designed to globally standardize classification, labeling, and proper handling procedures for chemicals.
*8: PDP = Product Liability Prevention. This is an effort to prevent the manufacture of defective products.
The main topics of this year’s CSR report is safety and accident prevention. Though there have been no changes to the basic philosophies of integrating management and CSR together as well as active and passive CSR, the unfortunate accident should be regarded as an opportunity to improve safety and accident prevention. Investing in facilities improvement also aligned, I believe, with the desired course of action of shareholders and institutional investors seeking long-term and stable profits.

In general, the ultimate goals of safety and accident prevention are reestablishing a safety culture, zero accident at facilities and so forth. When taking into consideration the current situation in Japan, however, the effects of the Great East Japan Earthquake on the Japanese mentality was quite significant. As Japanese are weak in dealing with risks and the event has taken into consideration the current situation in Japan, however, the effects of the Great East Japan Earthquake on the Japanese mentality was quite significant. As Japanese are weak in dealing with risks and the event has occurred, it is now difficult to develop such skills in workers. Despite this reality, we must resolve to train and develop such skilled workers now and in the future.

In June of this year, the government declared greenhouse gas reduction targets of 26% by the year 2030 in response to the climate change summit. As part of the active CSR strategy employed by the JSR Group, businesses have been established by E2 Initiative™ to support energy and resource conservation and climate changes. Yet, the key to achieving this national target will be the drive toward innovation throughout all of Japan. Given the difficult path ahead toward the year 2030, I hope all major companies in all fields begin to analyze and consider how to reach the quantitative goal of reducing their entire supply chains by 30%. As with every year, I enjoy reading dialogues. My impression of this year’s article is that workplace communication and awareness are excellent. This is very important. I was also impressed by the statement “employees feel a sense of security as undocumented or unclarified morals are given traction. This results in a strong likelihood for significant change in healthy living being.”

In conclusion, I believe that corporate governance codes were implemented this year, and that ESG investment is beginning to gain traction. This results in a strong likelihood for significant change in corporate activities at the JSR Group. I really hope the JSR Group remains a leading CSR-focused company.

Financial Information

Inclusion into International Indices and universe for international Socially Responsible Investment (SRI) (Current as of June 30, 2015)

**Inclusion into International Indices and universe for international Socially Responsible Investment (SRI) (Current as of June 30, 2015)**

We have been included in the FTSE4Good Index Series since 2004.

We have been selected as a member of the Morningstar Socially Responsible Investment Index, Japan’s major SRI index, since 2008.

* The Morningstar Socially Responsible Investment Index comprises 150 companies selected from among listed companies in Japan by assessing their social responsibility. This stock index does not guarantee future performance or assumes any responsibility Morningstar Japan K.K. and Morningstar, Inc. shall not bear any responsibility for damage that might result from use of this stock.

**JSR Profile (as of March 31, 2015)**

Company name: JSR Corporation

Established: December 10, 1957

Head office: Shifumon Sumitomo Building, 1-9-2 Higashi-Shinbash, Minato-ku, Tokyo, Japan

President: Mitsunobu Koshida

Capital: 23.3 billion yen

Number of employees: 5,900 (consolidated)

Major businesses: Petrochemical products (elastomers, TPEs, emulsions, plastics, performance chemicals), fine chemicals (semiconductor materials, display materials, optical materials), strategic businesses (life sciences, biopharmaceuticals)

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