

The JSR Group: Principles of Corporate Ethics

- *Code of Conduct* -

The fifth edition

Message from the President

In 1999, JSR began the implementation of corporate ethics activities. From 2005 onwards, the Principles of Corporate Ethics became the guidelines for the entire JSR Group, and ever since, we have aimed to enhance our ethical practices. Additionally, in 2008, four subcommittees were established under the CSR Committee; namely, the Corporate Ethics Committee, Responsible Care Committee, Risk Management Committee, and the Social Contribution Committee, whereby the Group has substantially implemented CSR activities.

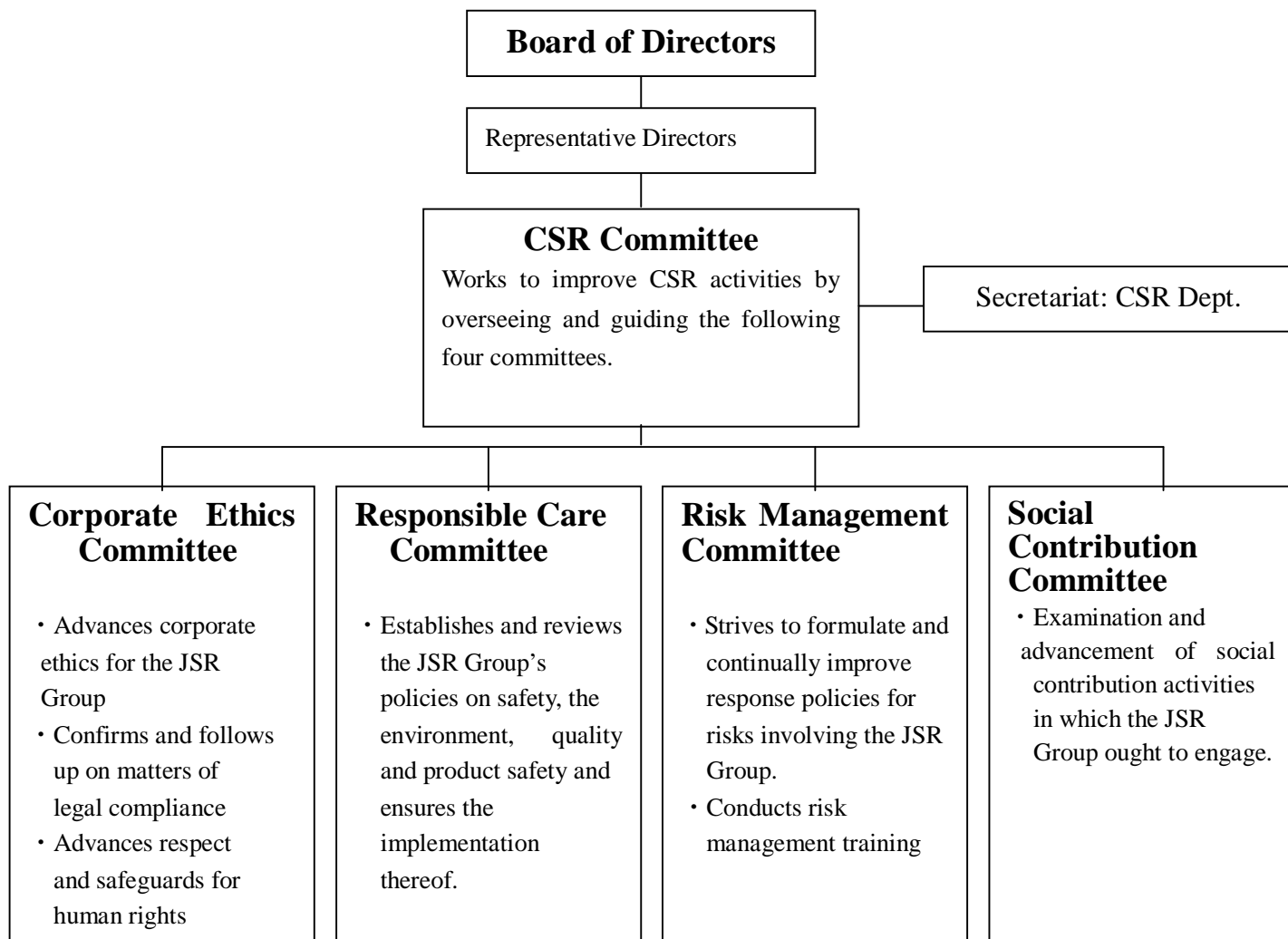
The JSR Group: Principles of Corporate Ethics – Code of Conduct, is now in its fifth edition. Up until now, group companies located overseas were requested to create their own code of conducts, taking into consideration the local culture, customs and so forth, of the countries in which they operate. However, this fifth edition is a JSR-wide code of conduct applicable to all members of the globally-operated JSR Group, including our overseas-based group companies, which will be used to govern and enhance our global, corporate ethics activities. Additionally, our Principles of Corporate Ethics reflects the principles of the United National Global Compact (refer to page 3), which the JSR Group signed in April 2009.

In order to be a company that is trusted by its stakeholders, it is necessary for a corporate culture with high ethical standards to be ingrained across the group, which firmly rejects any activities that aim to yield positive results through illegal acts or unfair business practices. Additionally, creating a corporate culture which does not tolerate any form of harassment is also of utmost importance, as is the acceptance of differing cultures and values, by promoting diversity at JSR.

The establishment of this corporate culture is the continued aim of each and every member of the JSR Group, and these Principles of Corporate Ethics should be used as a guide to achieve our goal, and to govern our conduct.

I anticipate that the JSR Group will continue to build positive relations with the global society, and to be a company that is further trusted by all its stakeholders.

1 October 2010
Mitsunobu Koshihara
President
JSR Corporation



United Nations Global Compact



Participating in the United Nations Global Compact

On April 14, 2009, the JSR Group became a participant in the Global Compact policy advocated by the United Nations. Amidst increasing calls for corporate social responsibility, further consideration is required of firms engaged in business activities on a global scale in respect to human rights, labor, the environment and anti-corruption, as expressed in the ten principles of the Global Compact. We consider joining the Global Compact to be a proclamation for acting responsibly in the international community, and we intend to work hard to proactively execute our “corporate social responsibility.”

The Ten Principles (United Nations Global Compact)

- (1) Businesses should support and respect the protection of internationally proclaimed human rights;
and
- (2) 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) the elimination of all forms of forced and compulsory labour;
- (5) the effective abolition of child labour; and
- (6) the elimination of discrimination in respect of employment and occupation.
- (7) Businesses should support a precautionary approach to environmental challenges;
- (8) undertake initiatives to promote greater environmental responsibility; and
- (9) encourage the development and diffusion of environmentally friendly technologies.
- (10) Businesses should work against corruption in all its forms, including extortion and bribery.

Code of Conduct

This code of conduct applies to all companies of the JSR Group and its members, including directors, full-time employees, employees on short-term contracts, contract employees, part-time employees and temporary employees.

Note: “All companies of the JSR Group” refers to JSR Corporation and its subsidiaries. Hereinafter, JSR Group companies will be referred to as the “JSR Group” in this *JSR Group: Principles of Corporate Ethics*.

1. Contribution to and Responsibility toward Society

We shall respect the law, implement our business activities as a responsible member of society and contribute to society as a good corporate citizen. We shall also strive to ensure the conservation of the environment and to secure safety in harmony with society.

(1) Code of Conduct for Environment and Safety

1) We, as members of society, shall proactively improve our operations for the conservation of the global environment including global warming issues, and the protection of the natural environment; promote harmonization with communities; and contribute to the realization of a sustainable society.

2) When conducting business activities, we shall be aware of the spirit of “Responsible Care,” observe the law in relation to the environment and safety, both in Japan and overseas, proactively improve our operations, strive to maintain accident- and disaster-free workplaces and operate in harmony with society.

(2) Code of Conduct against Antisocial Forces

Our basic policy, upheld by our top executive and company as a whole, is to reject any relation with antisocial forces including any business transactions, and firmly reject any demand with collaboration from police and external organizations specialized in security issues.

(3) Code of Conduct for Coexistence with International Society

In our international business activities, we shall abide by international rules and local laws, respect local culture and customs, and conduct business operations in a manner which will contribute to the development of local communities.

2. Management Trusted by Shareholders

Through timely and appropriate disclosure of information to shareholders, we shall exercise transparent business administration, strive to enhance corporate value, and consistently make every effort to maintain trust from our shareholders.

(1) Code of Conduct for Proper Recording of Information and Disclosure

- 1) When evaluating business activities, we shall focus not only on final results but also on business processes that deliver those results. We will strive to accurately and explicitly record our business activities.
- 2) We shall disclose information on management and business activities in a timely and appropriate manner.

(2) Code of Conduct for Preventing Insider Transactions

- 1) We shall not use, for our private interests, undisclosed material information which we have come to know through conducting our business and which concerns the JSR Group and/or other companies in which we engage.
- 2) In the case that we have and hold any undisclosed material information, we shall not release such information until it is disclosed officially. Additionally, we shall not sell and/or purchase JSR's and/or other relevant companies' shares or relevant financial products until official disclosures are made.

3. Provision of Services and Responsibilities to Customers, Suppliers and other Trade Parties.

We shall be sincere in all contact with customers, suppliers and other trade parties, maintain honest and fair business relations and provide high quality services.

(1) Code of Conduct for Product Safety

When performing business activities, we shall abide by the law in relation to product safety, proactively provide adequate product information to our customers and prevent accidents that may be attributed to our products. Through these efforts, we strive to maintain and improve relations with customers.

(2) Code of Conduct for Fair and Proper Transactions

1) We shall observe laws regulating transactions, such as competition laws, in Japan and other relevant countries where such laws are applicable to our business operations.

2) In transactions with small-sized subcontractors, we shall not perform unfair practices such as delayed payment to subcontractors.

3) With regard to purchase transactions, we shall conduct transactions that are fair, transparent, and based on economic rationality, as well as consider our responsibility to society, such as compliance with laws and ordinances, protection of resources, environmental conservation, safety and human rights.

4) To prevent our technology and products from being used for harmful affairs and actions which may threaten international peace and safety, we shall observe laws and regulations in relation to import and export, including foreign exchange and foreign trade control laws.

(3) Code of Conduct for Gifts and Entertainment

1) Whether inside or outside the country, we shall not give gifts to and/or entertain politicians, government officials or other relevant parties in a manner that may generate profits through illegal means or violate bribery regulations.

2) Within the JSR Group, we shall not give and/or receive gifts and/or provide entertainment.

3) We shall not give and/or receive gifts and/or provide or receive entertainment to or from customers, suppliers and other stakeholders, which may lead to bribery or unfair acts. We shall not be involved in the exchange of gifts or entertainment that may go beyond the accepted social norms.

4. Respect for Individual Personalities and Characteristics

We shall respect all individual personalities and characteristics and strive to provide a work environment where all staff can feel comfortable and free from discrimination.

(1) Code of Conduct for Respecting Human Rights

1) We will respect and uphold basic human rights declared internationally and protected under constitution and legal precedents of respective countries, and will not infringe basic human rights.

2) We shall respect the human rights and diverse characteristics of all individuals, and shall not discriminate against gender, age, nationality, race, ethnic group, origin, religion, beliefs, social status, physical disability or other relevant conditions when determining employment status and/or working conditions.

3) We will abide by national and international labor codes and respect workers' right of association and right for collective negotiation in the realm of basic labor rights.

4) We shall never allow child labor or forced compulsory labor, whether at the JSR Group or in the workplaces of business partners and collaborating companies.

(2) Code of Conduct for Providing a Comfortable Work Environment

1) We shall strive to maintain and improve safety and hygiene levels for all relevant parties, based on our safety philosophy that “safety is more important than production.” Additionally, we shall pay sufficient attention to the maintenance of the mental and physical health of ourselves and those we work with.

2) We will provide a work environment that facilitates flexible “work life management” for employees, and strive to improve both productivity and employee satisfaction.

3) In the event that a staff member reports the violation or possible violation of the law and/or the Principles of Corporate Ethics to his/her superiors and/or internal/external hotline, we shall fully protect the said staff member’s identity and protect him or her from unfavorable treatment.

4) We shall provide a workplace free from sexual harassment and any harassment arising from positions of power. In addition, we will not engage in or make verbal comments with sexual connotations that will make counterparts feel uncomfortable.

5) We shall not force religion and/or belief on others.

5. Relationship with the Company

To take responsibility for all of our stakeholders, we shall strive to prevent any loss of reputation for the company or its corporate values, including intangible values such as social credibility and graces.

(1) Code of Conduct for Fair Fulfillment of Daily Duties

- 1) We shall not perform any dishonest transactions with the aim of securing unfair private gain through commercial transactions or other business practices.
- 2) We shall accurately record job duties and shall not record anything falsely and/or fictitiously.

(2) Code of Conduct for Use of the JSR Group's Assets

We shall efficiently use the JSR Group facilities, machines, equipment and any other commodities. We shall not use the JSR Group's properties for private interest.

Moreover, we shall protect the know-how, patents, utility models, industrial designs, trademarks and other relevant intellectual property that the JSR Group has and holds. Additionally, we shall not infringe on other companies' intellectual property without justifiable reason.

(3) Code of Conduct for the Control of Information

- 1) We shall not obtain information necessary for our business activities by any illegal means.
- 2) We shall strive for thorough control of confidential information concerning the JSR Group, and/or third parties, including customers of, or suppliers to, the JSR Group. We shall also prevent such information from unauthorized disclosure, and from being leaked or used illegally.
- 3) While being employed or after leaving a company, we shall not provide to others, without rightful authority, confidential information which has been obtained in the course of company duties. We shall not use such information for private interest.
- 4) We shall observe the Act on the Protection of Personal Information and strive to prevent illegal acquisition, use and disclosure of personal information on directors and employees of the JSR Group and on third parties, including customers of, or suppliers to, the JSR Group we have come to know while conducting our business.

Corporate Ethics Hotline

Should a problem occur in light of the “JSR Group: Principles of Corporate Ethics”, employees at the JSR Group are recommended to firstly discuss the matter with their workplace supervisor, in order to solve the issue. However, in some instances, the problem cannot be solved at the workplace. At the JSR Group, hotlines have been arranged for these types of cases, and employees are encouraged to use these should a problem arise.

Additionally, the hotlines can be used not only to point out problems, but also for requests, complaints, proposals and so forth, with regard to corporate ethics.

The hotline system and an explanation of its utilization are given below.

With regard to the contact details and access methods of hotlines set up for each company in the JSR Group, refer to the information provided by each company.

The information provided herein concerns the IntegreX hotline, which is a hotline available worldwide for the JSR Group.

This is a hotline operated by IntegreX, a specialized, highly-reputed organization in Japan, as an external point-of-contact for ethics and compliance concerns.

1 . Method of Access

- (1) Contact email: jsrgroup@integrex.jp

This service is available in English, Chinese and Japanese.

- (2) In order to accurately confirm facts etc, it is preferable that employees provide their name when making a report through the hotline; this is in order to provide reliable feedback to the employee after the matter has been dealt with.

However, reports can also be made anonymously.

Should you wish to remain anonymous, please state clearly your intent to do so.

- (3) False accusations or reports will not be dealt with.

2. Handling of Reports

- (1) When a report has been made, IntegreX will inform the Administrative Officer of the Corporate Ethics Committee at JSR’s Tokyo headquarters. Working under the direction of the Corporate Ethics Committee Chairman, the Administrative Officer will then verify the report with the company concerned and on the basis of this information, will ask that measures be taken to resolve the issues.

- (2) IntegreX will act as an intermediary between the employee and the company concerned from the time the report is made until the issue has been resolved (IntegreX's role is to serve as mediator of information only and will not be involved with verifying the report nor in solving the problem reported).
- (3) Wherever possible, employees will be notified of the actions taken concerning the report made.
- (4) Confidentiality will be maintained and employees will not be treated unfairly as a result of using the hotlines.

History of the Code of Conduct:

Established: 1 January 1999

Revised: 1 April 2005

Revised: 24 January 2007

Revised: 1 September 2008

Revised: 1 October 2010