

# Executive Commitment

CSR Report 2015

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**Executive Commitment**

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**JSR Group CSR Priority**



Integrating management and CSR throughout the Entire Group 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.

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## Active and Passive Aspects of CSR are Inseparable from Business Activities

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We believe in the value of active and passive aspects of CSR. Active CSR is used to take on

**Issues (Materiality)**  
Energy Saving, Resource Saving, and Climate Change Countermeasures →

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**JSR Group CSR Priority Issues (Materiality)**  
Sustainable Society where People Can Enjoy Health and Longevity →

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**JSR Group CSR Priority Issues (Materiality)**  
Communication with Stakeholders →

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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 from: Eco-innovation for creating new business opportunities and Energy 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 their 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 CO<sub>2</sub> 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 into specific roles would not encourage

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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.

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## Future Globalization Initiatives

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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 Koshihara

Representative Director and President JSR Corporation

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