Management
Risk Management

Basic Approach

The JSR Group believes that preventing a major crisis from occurring and minimizing its effects on business activities is an important role of management. The Group has formulated a Risk Management Policies and established a Risk Management Committee through which it actively pursues risk management activities.

The Risk Management Committee performs group-wide risk management and formulates response policies concerning actual and potential risks other than those arising in the normal course of business that are addressed in major conferences such as meetings of the Board of Directors[*].

*Risks arising in the normal course of business that are addressed in major conferences, such as meetings of the Board of Directors, are strategic risks that include those associated with capital investment and M&A.

Risk Management Measures

Since FY2010, the JSR Group has fulfilled group-wide annual risk management procedures using its unique risk management system under the initiative of the Risk Management Committee. For each division of JSR Group companies in and outside of Japan, we identify and evaluate all potential risks, and formulate measures to control such risks. Utilizing the risk map that represents the level of business impact and frequency of occurrence, we identified the risks that could have significant impact on business continuity. We have organized these risks into the JSR Group Risk Factors. Under management of the Risk Management Committee and CSR Committee, we continually work to reduce, mitigate, and avoid these risks.

Reinforcement of the BCM System

Establishment of BCM Regulations

In FY2015, BCM Procedure (First Edition) which compile BCM/BCP[*] structures during both peacetime and emergencies have been established and issued. This first edition is a reflection of the problems and solutions extracted from the crisis management training (including BCP responses) that has been performed every year since 2012.

*BCM: Business Continuity Management/BCP: Business Continuity Plan
 A BCP defines activities that need be conducted before the occurrence of an emergency situation that may
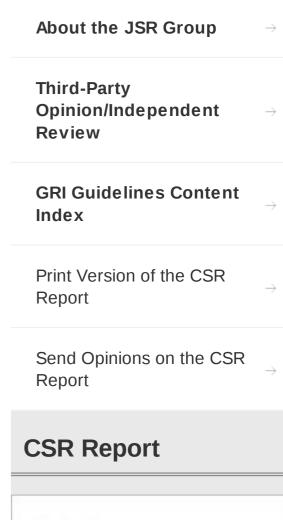
threaten the survival of a company (large-scale natural disaster, explosion/fire, terrorist attack, etc.), judgment criteria and action guidelines that enable business continuity in the event of such emergencies, and other matters necessary for ensuring the continuity of important businesses and early restoration. BCM is a management system that has been developed to operate a BCP and continuously improve it through a PDCA (plan-do-check-act) cycle.

Preparations for a Major Earthquake

The JSR Group adopted a mid-term business plan in FY1996 concerning preparations for a major earthquake and has been conducting systematic activities to enhance those preparations. After FY2007, we began a seismic retrofitting project focused on high-pressure gas facilities in our plants, and installed an earthquake early-warning system at all JSR business sites. Based on lessons learned from the experience of the Great East Japan Earthquake, we are further reinforcing the anti-seismic capabilities of our buildings and implementing safety measures by incorporating the perspective of countermeasures against tsunamis.

Yokkaichi Plant Administration Building

The Yokkaichi Plant Administration Building, completed in December of 2013, can withstand earthquakes of up to 600 Gals by using two types of seismic isolators: laminated rubber and oil dampers. In addition, the lattice structure ground improvement method was used to prevent liquefaction to help further improve resistance to earthquakes. This building has warehouses in preparation for disasters and was designed to ensure that there is enough space for the headquater functions to continue in the event of disasters in the headquater region (metropolitan Tokyo area). This

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building also functions as the Yokkaichi City Tsunami Evacuation Building for local residents.

Clean Room Building C of Yokkaichi Plant

Completed in July of 2014, the Clean Room Building C of Yokkaichi Plant incorporates advanced soil liquefaction prevention measures to ensure stable operation of precision instruments as well as help withstand earthquakes with seismic isolation structure. Valuable equipment is installed in higher floors to prevent possible damage from tsunamis.

Crisis Management Training

Members from the Disaster Reduction Division conduct crisis management training once per year. In FY2015, using a scenario of a serious flood caused by tsunamis accompanying earthquakes, simulations and decision-making training was conducted for the period of events covering the outbreak of the disaster until after the BCP (Business Continuity Plan) is in effect. This training improved applied skills in disaster management in preparation for such situations.

Corporate Disaster Countermeasures Office and BCP Office

Our first fire drill was held after completing the Yokkaichi Plant Administration Building.

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Extinguishing, evacuation, and roll-call training was conducted with tenants in the administration building under a scenario in which a fire broke out in the kitchen. We will continue to have such training on a regular basis.

Safety Confirmation System

In FY2010, we introduced a safety confirmation system to promptly confirm the safety of our employees in the event of a large-scale earthquake or other disaster. In FY2012, we expanded the system's coverage to our Group companies and the families of our employees.

Infection preparedness

In the case of an epidemic and the spread of influenza and other infections, we stockpile drugs and masks.
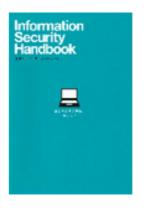
Information Security

The JSR Group adopted an Information Security Policy and is working to implement appropriate information management by informing all personnel of the policy.

Information Security Policy

- The JSR Group (the corporate group consisting of JSR Corporation and its subsidiaries) will observe laws and other social norms relating to the handling of information belonging to the Group and its customers, business partners, and other third parties, and will protect that information in appropriate ways.

- The JSR Group will strive to develop and actively use its information assets for the efficient execution of its business. The Group's officers and employees will only use these information assets for the purposes of their work and within the scope of their authority.

- The JSR Group will improve organizations and systems, provide education on information security, thoroughly disseminate this policy and related regulations, and implement measures to ensure information security.

- The JSR Group will implement appropriate human, organizational, and technological measures and work to prevent unauthorized access to information assets from outside the company, as well as leaks, falsification, loss, theft and destruction of information assets.

- If an information security-related problem occurs, the JSR Group will promptly identify the cause and take measures to minimize damage and prevent recurrences.

- The JSR Group will periodically assess and review its information security measures to respond appropriately to changes in external environments.

Enhancing Information Security

The JSR Group is continually working together with external experts to increase our level of security and protect corporate information assets from cyber-attacks. In FY2015, we issued an Information Security handbook to raise employee sensitivity of information leakage risks and help ensure that employees are aware of and follow rules regarding information security. We also conduct targeted attack drills using fake viruses to raise prevention awareness. In addition, we are engaged in raising awareness of the content in the Information Security handbook through e-learning and workplace meetings.

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