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Promoting the integration of Management and CSR to enhance the significance of our presence in society through "Materials Innovation."



Corporate activities responding to unforeseen global changes

It is said that we are now living in a G-Zero World, a world in which no single country has the capacity to take the lead in the world. Geopolitical risks such as fluctuations in crude oil prices and the performance of related resource companies, worldwide corporate restructuring, large-scale Chinese investment in advanced semiconductor companies, Brexit, disorder in the Middle East and East Asia, currency fluctuations, and negative interest rates have become increasingly evident, and are significantly affecting business development and sustainability. In addition, the value in capitalistic economies is shifting from "ownership" to "sharing." Furthermore, changes that have never been seen before are occurring, changes including rapid digitization through IoT and AI, and the virtualization of society through advances in the Internet. Looking at Japanese society, rapid ageing of the population and a low birthrate have become a reality. These structural changes in society are significantly altering the role of business, individual values, and the relationship between companies and individuals. Responding to these social changes requires that they be recognized and included by corporations through the integration of management and CSR.

Our Path to Growth: JSR Group Challenges

FY2016 marked the halfway point of the JSR 2016 Mid-Term Business Plan. The plastics business within the Petrochemical Products Business has performed well; however, the elastomers business has experienced a decrease in sales and profits due to reduced demand for domestic tires, reduced sales resulting from a slowdown in the growth of Asian markets, and the continued deterioration of market conditions. Within our Fine Chemicals and Other Products Business, the Life

Sciences Business has experienced significant growth, though, overall sales and profits have decreased due to the significant negative impact of the slowdown in the flat panel display market.

In each business, we have continued to establish new joint ventures both domestically and overseas, construct new plants, and review the capital investment and systems that form the base of our businesses. We plan to continue working to fulfill our business development mission of reaching our financial targets. Globally, there are currently 7,000 Group employees, of which 2,300 are working overseas. Our global development strategy up to the present has positioned Japan as a hub connecting each region. With approximately 55% of our total sales coming from overseas, however, we intend to change this strategy going forward by establishing bases in the most important markets to enhance decision making at the local level. These bases will then be connected in a mesh formation in an effort to facilitate a faster response to global changes.

As the JSR Group approaches its 60th anniversary in 2017, I believe we must begin now to chart our course for the next 60 years. Important keywords as we consider management and CSR for the future are sustainability and innovation. As concepts imperative to the integration of management and CSR for the next 60 years, our task is to identify new directions for the JSR Group as we strive to nurture employees that will be responsible for taking us into the next generation.

Integrating management and CSR

The JSR Group's corporate mission is to create value through materials innovation for the enrichment of society, people and the environment. Striving to achieve this corporate mission and fulfill our role as a responsible corporate citizen, we continue forward with corresponding activities aimed at fostering and maintaining solid relationships with all stakeholders.

We intend to address key issues facing society by integrating management and CSR as we demonstrate our commitment to the JSR Group's Corporate Mission by delivering actual results. To achieve the ultimate goal of sustainability, we have organized our approach to CSR into active and passive activities, both of which based on the core focal points of environment (E), society (S), and governance (G). In active CSR, we work to root the concept of environmentally-friendly products developed under our E2 initiative™ with our customers and society. In addition, we aim to provide products and services that bring with them new value such as health and longevity through the expansion of the Life Sciences Business. In passive CSR, we promote both supply chain management and responsible care activities in the E,S and G domains.

As a corporation in the chemical industry, we also realize our responsibility to place the highest priority on ensuring safety. To that end, we continue to improve our safety infrastructure as we deepen our safety culture. Although there were no serious injuries or deaths during FY2016, fires did occur at the Yokkaichi Plant on August 3 and October 6, 2015. While we responded quickly and extinguished the fires before they could become serious, we sincerely apologize for inconveniencing stakeholders, especially local area residents and authorities. In the wake of these accidents, we have redoubled our commitment to safety as our most important responsibility and continue our sincere efforts to ensure a high level of safety throughout the entire Group. As we approach the 60th anniversary of our founding, we are also looking ahead with plans to replace aging equipment while advancing seismic reinforcement at our plants to better protect them against earthquakes. Through this process, we continue to move forward with initiatives to ensure stable and safe operations for the next 60 years.



As a critical factor in both active and passive CSR aimed at ensuring corporate sustainability through human resource development, we have been instituting various initiatives. As an example of our success in promoting diversity, we were designated a Nadeshiko Brand corporation in FY2016. Successful human resource development requires that all members of the organization recognize one another's individual pride and ethic as important values. In doing so, we enhance the level of communication between management and employees as we continue to expand our ability to respond to change.

Message to Stakeholders

We have signed the UN Global Compact and promote CSR initiatives with a focus on 10 Principles. As a corporation that operates on a global scale, we promote diversity in our workforce by hiring a wide range of new employees even as we work to enable existing employees to demonstrate their diverse capabilities. We place a priority on developing human resources, especially young employees with rich and diverse potential, so that we can respond to rapid changes and expand into new fields of business. I encourage all Group employees to free themselves from existing frameworks, stereotypes and biases so that they can think creatively and nurture a diverse set of values. Regarding governance, we have reorganized our system in response to the release of the Corporate Governance Code last year. Here again, "people" are at the foundation of governance. Each and every JSR group member must have a strong sense of pride and responsibility for the proper execution of these activities.

We will continue to place our focus as a chemical manufacturer on safety and environmental activities. As I have already mentioned, safety is the highest priority. We have been making greater effort to improve communication, especially with local residents and authorities, as well as to disclose information in a timelier and more transparent manner; and as we continue to contribute to the environment through our products, we are also promoting initiatives for the creation of a recycling society through the effective use of resources, including those moving through our supply chain. In addition, initiatives to address the issue of water resources, which has become a global issue, also need to be promoted.

COP21 (21st United Nations Framework Convention on Climate Change) was held in December 2015 in Paris, France. At this convention, the "Paris Treaty," international regulations regarding climate change for 2020 and after, was officially adopted. The goal of these regulations is to keep the average rise in global temperature to less than 2°C in comparison to levels before the industrial revolution. Japan has established the goal of a 26% reduction in greenhouse gases against 2013 levels by FY2031, with this to be followed by an 80% reduction by FY2051. We have accepted this significant challenge as a corporation that produces these gases to take action that contributes to the mitigation of global warming through materials to help Japan to keep its promise to the rest of the world. We will continue working toward the creation of a sustainable society through the ongoing integration of management and CSR. At the same time, we uphold the Corporate Mission of "Materials Innovation," never forgetting that these words represent the significance of JSR Group.



Mitsunobu Koshihara
Representative Director and President
JSR Corporation

FY : Fiscal Year means the year ending March 31.
For example, FY2016 means April 1, 2015 - March 31, 2016