

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 FY2016.

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

Assessment ◎: Better than planned ○: As planned △: Improvement needed — : New item for this FY

CSR Priority Issues	Action Item		FY2016 Target	FY2016 Result	Assessment	Targets for FY2017 or later	Implementing Division		
Safety and Disaster Prevention	Management	Reinforced risk management	Systematic operation of JSR group company-wide risk management system ● Review risk identification process appropriate to this rapidly changing current era	● Reviewed both risk assessment criteria, critical risk reporting systems, and management systems supported by external consultants ● Conducted risk management briefing for department managers and representatives of group companies	○	● Develop the JSR Group risk management system (Develop a system for domestic group companies in FY2017) ● Lower risk through enhanced PDCA management ● Enhance rules and regulations	Risk Management Committee		
			Reinforce crisis management ● Utilize rapid information gathering tools when disasters occurs ● Deploy BCM* in JSR Group companies ● Continue implementation and improvement of crisis management training (initial response training and BCM training)	● Conducted Crisis Management Training in anticipation of an earthquake in the Tokyo metropolitan area Currently implementing measures to resolve challenges identified by this training ● Selected key BCM products in consideration of certain group companies"	○	● Complete implementation of strategies to resolve challenges discovered with the FY2016 training ● Improve BCP ● Conduct FY2017 Risk Management Training			
	RC	Eliminating Accidents and Disasters	Implement preliminary environmental and safety assessments ● Continue to identify and improve measures to resolve potentially dangerous issues with current equipment, materials, and work	● Implemented review for modification control, preliminary safety assessment, and risk assessment methods	○	● Establish new rules based on these reviews	Responsible Care Committee		
			Zero facility accidents and zero serious workplace accidents ● Reform and rebuild safety infrastructure ● Reestablish a safety culture ● Identify and improve measures for potentially dangerous equipment that could lead to serious workplace accident	● Two facility accidents in JSR Group that required reporting to government in accordance with Act on the Prevention of Disaster in Petroleum Industrial Complexes and Other Petroleum Facilities ● Identified and implemented measures for issues regarding the accidents that occurred throughout JSR group ● 4 workplace accidents in JSR Group that required time off from work ● Implemented measures for potentially dangerous equipment through company-wide project activities and engaged in activities that focused on rebuilding our safety infrastructure (equipment, organization, and systems) to prevent recurrence of workplace accidents	△ △	● Continue to identify and improve measures for potentially dangerous issues with current equipment, materials, and work ● Implement initiatives to reestablish safety culture (emotion, behavior, culture) in full-scale ● Establish an accident investigation team to help prevent recurrence of similar accidents			
			Promote measures for large-scale earthquake countermeasures according to the mid-term plan	● Planned and promoted seismic reinforcement in anticipation of large-scale earthquakes and evaluation training for large-scale tsunamis	○	● Implement measures in accordance with the seismic reinforcement plan			
			Maintain certification under security-related laws and regulations ● Renew certifications on security-related laws and regulations ● Recertify the Yokkaichi Plant for the 2-year consecutive certification as a Class 1 Pressure Vessel (earliest timeframe is after November 19, 2017)	● Maintained certifications and compliance with high-pressure gas safety regulations and renewed these certifications for all three JSR plants. Renewal schedule - Yokkaichi Plant: September, 2015, Kashima Plant: March, 2016, Chiba Plant: March, 2017 ● Renewed certifications regarding dangerous goods inspections at all three JSR plants. Renewal schedule - Yokkaichi Plant: March, 2016 Kashima Plant: March, 2016, Chiba Plant: June, 2017 ● Chiba Plant continued to operate as a Class 1 Pressure Vessel as defined by occupational safety and health regulations for 4 consecutive years	○	● Renew certifications on security-related laws and regulations ● Recertify the Yokkaichi Plant for the 2-year consecutive certification as a Class 1 Pressure Vessel (earliest time frame is after November 19, 2017)			
			Participate in Japan Safety Competency Center activities	● Participated in Japan Safety Competency Center activities	○	● Review and conduct trials of methods used to monitor and evaluate safety activity results			
			Review and enhance safety systems based on the office trial runs in accordance with safety diagnosis reports received by consultants	● Reflected safety diagnosis performed in FY2015 by consultants from DuPont and the Japan Competency Center to company wide projects	○				
Environmental Impact and Resource Reduction, and Climate Change Countermeasures	RC	Development of safety-focused and environmentally friendly products	Engage in activities to reduce environmental impact by incorporating LCA* ²	● Estimated the CO ₂ emissions from new and alternative products starting from the development phase through the incorporation of LCA (LCA processes are used during the manufacturing phase of 104 products)	○	● Continue analysis/discussion of feasibility of activities to reduce the environmental impact utilizing LCI* ³ data	Responsible Care Committee		
			Create evaluation indicators for environmentally friendly products	● Continued development of environmentally friendly products (development of new grades)	○	● Set new goals for environmentally friendly products during FY2017			
		Create offices and plants that have a high degree of public confidence.	● Maintain and renew ISO14001 certifications ● Prepare for revisions to ISO 14001 certification (expected in September of 2015)	● Continued to pass ISO 14001 and ISO 9001 evaluations at our 3 plants ● Prepared for revisions to 2015 edition of ISO 14001 certification	○	● Maintain and renew ISO14001 certifications ● Continue preparing for revisions to 2015 edition of ISO 14001 certification			
			Review auditing methods to improve environment safety performance and conduct safety and environment audits under revised methods	● Reviewed the safety and environment audit system. Conducted safety and environment audits on JSR and domestic group companies (5 companies, 5 locations)	○	● Review auditing methods to improve performance and conduct safety and environment audits under revised methods			
			Increase the number of divisions that operate in accordance with ISO 9001 specifications ● Improve compliance of specific headquarter offices	● Trained internal auditors and placed certified internal auditors in all departments	○	● Improve relevancy of customer-oriented business strategies			
			Implement Fourth Quality Performance Audits and external and internal quality audits	● Achieved implementation goals	○	● Implement Fifth Quality Performance Review as well as external and internal quality audits			
		Climate Change Countermeasures	Promote energy conservation and implement climate change countermeasures ● Target specific energy consumption of 87 or less based on the standards created in FY1999	● Conducted the E-100 plus C project throughout all companies to help conserve energy and resources, but desired results were not achieved with an energy score of 91 for FY2016 due to decreased production	△	● Improve average per-unit energy consumption in the most recent 4-year period			
			Promote energy conservation and implement climate change countermeasures ● Continue focusing on energy conservation activities to achieve targets in reduction of CO ₂ emissions ● Consider review of mid-term CO ₂ reduction targets in accordance with trends and changes in government CO ₂ reduction targets	● Continued safe operation of natural gas turbine cogeneration facilities. Exceeded our FY2016 goal of a 6% reduction in total CO ₂ emissions from all 3 plants with an actual reduction of 58,000 tons, or a 95% reduction over FY1991 levels	○	● Continue focusing on energy conservation activities to achieve targets in reduction of CO ₂ emissions ● Review CO ₂ reduction targets with regard to the Paris Agreement			
			Promote energy conservation and implement climate change countermeasures ● Calculate greenhouse gas emissions (Scope 1, 2 and 3) throughout the supply chain and continue disclosure of this information via the CSR report	● Calculated greenhouse gas emissions (Scope 1,2,3 2 and 3) throughout the supply chain and disclosed this information via the CSR report	○	● Calculate greenhouse gas emissions (Scope 1, 2, and 3) throughout the supply chain and continue disclosure of this information via the CSR report			
		Environmental impact reduction and resource conservation	Reduce emissions of VOCs* ⁴ into the atmosphere ● Continue to reduce VOC levels by 75% over FY2001 levels	● Reduced VOCs emissions by 77% over FY2001 levels through continuance of stable operation of RTO* ⁵ installed in the 3 JSR plants	○	● FY2017 VOCs Reduction Target: Continue to reduce VOC levels by 75% over FY2001 levels			
			Reduce industrial waste	● Reached zero waste targets for industrial waste from FY2003 through FY2016 (0 tons of waste going to landfills) through systematic initiatives at all plants including strict waste reduction and separation efforts as well as searching for suitable recyclers	○	● Continue current efforts			
			Reduce environmental impact of wastewater ● Promote reduction of wastewater emission and stabilization of wastewater treatment ● Promote initiatives to improve water resource management (maintain current level of water recirculation and reuse)	● Ensured proper wastewater management in all plants (COD* ⁶ , total nitrogen, total phosphorus). Continued to stabilize wastewater management and improved water quality. Complied with the seventh series of standards and regulations on total amounts	○	● Promote reduction of wastewater emission and stabilization of wastewater treatment ● Promote initiatives to improve water resource management (maintain current level of water recirculation and reuse)			
			Conduct activities to improve local environments	● Maintained reliable and stable functionality of environmental equipment and maintain current status of zero environmental complaints for FY2016	○	● Continue current efforts			
		Ensure safety and environment in overseas offices and plants	Cooperate with the International Center for Environmental Technology Transfer (ICETT)	● Cooperated with the ICETT and supported training of environmental and safety engineers around the world	○	● Continue current efforts			
		Biodiversity Conservation		● Promote communication using green areas that help conserve biological diversity ● Continue JBIB* ⁷ activities	● Surveyed the living things inhabiting the company's green spaces and scheduled nature observations at Tsukuba Research Laboratories in spring and fall ● Held woodworking events at the Chiba Plant for employee families using thinning materials from the Relaxation Garden were used, as well as communication events for employees and their families centered around the beetle house ● Held activities performed by the JBIB Natural Capital Management Working Group Hiring of JBIB auditors	○		● Continue current efforts ● Develop new environmentally friendly product standards internally	CSR Department Environmental Department Procurement Department Plant Management Department R&D Department

CSR Priority Issues	Action Item		FY2016 Target	FY2016 Result	Assessment	Targets for FY2017 or later	Implementing Division
Sustainable Society where People Can Enjoy Health and Longevity	Sustainable Society where People Can Enjoy Health and Longevity	Contribute to a sustainable society where people can enjoy health and longevity through our materials (long-term action item)	<ul style="list-style-type: none">Contribute to the promotion of changing perspective from treatment to prevention and personalized medicine through the Life Sciences Business	<ul style="list-style-type: none">Marketed products that promote personalization of medical treatment	○	<ul style="list-style-type: none">Contribute to the personalized medicine, etc. through the Life Sciences Business	Strategic Business Department (Life Sciences Business Department)
	Management	Enhanced compliance	Conduct corporate ethics awareness surveys	<ul style="list-style-type: none">Conducted corporate ethics awareness surveys and follow up at domestic and overseas offices	○	<ul style="list-style-type: none">Continue current efforts	Corporate Ethics Committee
Improve awareness of corporate ethics and revision of JSR Group Principles of Corporate Ethics as necessary			<ul style="list-style-type: none">Implemented corporate ethics e-learning programConducted corporate ethics training for new employees and new management employees	○	<ul style="list-style-type: none">Continue current efforts		
Improve level of legal compliance			<ul style="list-style-type: none">Confirmed periodic legal compliance verification at domestic and overseas officesHeld legal compliance seminars	○	<ul style="list-style-type: none">Continue current efforts		
Continue to promote activities and increase awareness amount all group companies		Promote activities of the four committees (corporate ethics, RC, risk management, social contribution)	<ul style="list-style-type: none">Continued to perform activities of the four committees according to plan	○	<ul style="list-style-type: none">Continue current efforts	CSR Department	
		Conduct CSR awareness-raising activities in overseas offices and plants	<ul style="list-style-type: none">Held annual CSR report presentation meetingsConducted awareness-building activities regarding the integration of CSR and the JSR Group's Essential ElementsCSR Explanatory Briefings: Three JSR plants, Tsukuba Research Laboratories, JSR Micro Kyushu Co., Ltd, JSR Micro Inc. (US), and JSR Micro N.V (Belgium)	○	Improve awareness throughout the group companies		
Customers and business partners		Continuous improvement of product quality	Improve awareness and increase audit opportunities throughout the Group	<ul style="list-style-type: none">Implemented activities to raise awareness and conducted three special audits throughout the Group, including new group companies	○	<ul style="list-style-type: none">Provide outline of company-wide guidelines and support for new production bases and production transfers	Responsible Care Committee
		Provide environmental and safety information on products	Provide environmental and safety information to customers	<ul style="list-style-type: none">Provided proper information on prototypes and products to customers by utilizing the SDS*8 electronic management systemHeld sales agency conference hosted by the Petrochemicals Business	○	<ul style="list-style-type: none">Continue current efforts	
		Strengthen chemical substance management	Ensure compliance with GHS*9 <ul style="list-style-type: none">Label product based on GHS in compliance with regulations. Continue to provide SDSComply timely with GHS in accordance with laws and regulations of each country of export	<ul style="list-style-type: none">Promoted labeling of product shipped domestically in compliance with Industrial Safety and Health Act. Promoted compliance with SDS and GHS as according to plan	○	<ul style="list-style-type: none">Label products based on GHS in compliance with regulationsContinue to provide SDSComply timely with GHS in accordance with laws and regulations of each country of export	
			Ensure compliance with European REACH*10 and CLP*11	<ul style="list-style-type: none">Transferred necessary information for REACH compliance and confirmed registration status of raw materials	○	<ul style="list-style-type: none">Continue current efforts	
			Maintain green procurement*12 <ul style="list-style-type: none">Promote activities focusing on collaboration among the supply chain	<ul style="list-style-type: none">Continued JAMP-GP*13 activitiesProvided MSDS Plus	○	<ul style="list-style-type: none">Promote activities focusing on collaboration among the supply chain	
	CSR procurement*14	Expand CSR procurement	<ul style="list-style-type: none">Completed switchover of certain materials from animal-based raw materials to plant-based raw materials in collaboration with raw materials manufacturersContinued implementation of CSR surveys of new suppliers	○	<ul style="list-style-type: none">Expand CSR procurement	Raw Materials Procurement First Department and Second Department CSR Department	
Communication with Stakeholders	Employees	Promote work-life management	Promote general awareness	<ul style="list-style-type: none">Conducted rank appropriate training for leader class and subleader class employeesDisclosed overtime status (monthly)Conducted awareness surveys in regards to overtimeConducted employee awareness surveys (once every 3 years)	○	<ul style="list-style-type: none">Continue current efforts	Human Resources Dept.
		Diversify human resources	Advance corporate culture	<ul style="list-style-type: none">Continued communication-building activities at each office/workplace	○	<ul style="list-style-type: none">Continue current efforts	
			Achieve goals of the action plan Achieve quantitive goals	<ul style="list-style-type: none">Percentage of female employees hired in April, 2016 [JSR]: College graduates hired for technical positions, 15% (goal: 15-20%) College graduates hired for general office positions, 60% (goal: 40-50%)Percentage of females in managment positions as of April, 2016 [JSR]: 3.6% (goal: 8%)	○		
			Diversify recruitment	<ul style="list-style-type: none">Percentage of employees with disabilities [JSR]: 2.2% (statutory employment rate: 2%)Foreign national employees recruited [JSR]: 9 (hired from FY2015 to FY2017)Held a cross-cultural communication workshop	○		
	Society	Understand social trends	Utilize the UN Global Compact (GC) network	<ul style="list-style-type: none">Utilized the GC networkActed as a member of the Supply Chain Subcommittee for the GC Japan Network and the Corruption Prevention Subcommittee	○	<ul style="list-style-type: none">Continue current efforts	CSR Department Legal Department
			Participate in the Consortium for Sustainable Paper Usage	<ul style="list-style-type: none">Acted as a member in the Consortium for Sustainable Paper Usage	○	<ul style="list-style-type: none">Continue current efforts	CSR Department
		Promote social contribution activities	Promote social contribution programs	<ul style="list-style-type: none">Provided science classes for elementary and middle school students in collaboration with educational institutions, private-sector training for teachers, and continued the Table for Two programImplemented internship program accepting students from Rikkyo University and other educational institutionsConducted communication exchange with residents in local areas where our facilities are located including overseas offices and plantsParticipated in local clean-up activities, and developed opportunities to engage in dialogue	○	<ul style="list-style-type: none">Continue current efforts	Social Contribution Committee
		Enhance communication with society	Add sponsorship of BS-TBS as well as enable viewing nationwide	Started on air from 20:55 every Sunday	○	<ul style="list-style-type: none">Create and distribute marketing materials to promote the "Mirai no kigen (Origin of the Future)" TV program	Corporate Communications Department
		Shareholders	Better communication with stakeholders and investors	Release information through various media	<ul style="list-style-type: none">Released information about the group that is easy to understand in a timely manner including such examples as the Information for Investors section of the website, annual reports, and the "JSR Throughout Society" booklet	○	<ul style="list-style-type: none">Continue current efforts
	Communicate bi-directionally with shareholders and investors			<ul style="list-style-type: none">Held quarterly financial briefing, annual management policy briefing, and seminars for institutional investors and analystsParticipated in domestic and overseas conferences	○		
	Conduct shareholder meetings that encourage relationship-building			<ul style="list-style-type: none">Released meeting announcements schedules earlier and more frequently and avoided conflict with other shareholder meetings.Enriched briefings of business overviews and product introductions at venues	○		

*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 emergencies or disasters and to continue or restore operations as quickly as possible after a 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 VOCs = 'Volatile Organic Compounds' which is a one of cause for air pollution

*5 RTO = Regenerative Thermal Oxidizer. A device used to burn and decompose VOCs into CO2 to create cleaner exhaust gases.

*6 COD = Chemical Oxygen Demand. This is the amount of oxygen required to oxidize oxidizable materials in water. This is one of the more common indicators of water quality.

*7 JBIB = Japan Business Initiative for Biodiversity.

*8 SDS = Safety Data Sheet. A sheet describing the safety information on chemical substances is attached when shipped to other operators.

*9 GHS = Globally Harmonized System Classification and Labeling of Chemicals. This system is designed to globally standardize classification, labeling and provision of SDS.

*10 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.

*11 CLP = Classification, Labeling and Packaging of Substances and Mixtures. This is a European regulation on defining the classification, labeling and packaging of compounds on the basis of GHS.

*12 Green procurement is a system of procuring raw materials from suppliers that meet strict guidelines on the management of substances that have the potential to cause harm to human health.

*13 JAMP-GP = Joint Article Management Promotion Consortium-Global Portal. The global portal website of the Article Management Promotion Consortium. This consortium manages, discloses, and propagates information on products containing chemical substances to member companies.

*14 CSR procurement is a system of procuring raw materials from suppliers that have demonstrated resolve to engage in environment protection as well as incorporating the social aspect into corporate ethics and employment activities.