



CORPORATE SOCIAL RESPONSIBILITY

CSR REPORT 2012



Editorial Policy

The Adeka Group aims to contribute to the health and enrichment of society through a commitment to corporate social responsibility (CSR) based on our management policies.

The Adeka Group believes the goal will be achieved by performing specific corporate social responsibility (CSR) initiatives through its business operations.

In the Adeka Group CSR Report 2012, details of the Mid- and Long-term Management Vision and Mid-term Management Plan "STEP 3000" which started in April 2012 are explained, and the Group's attitude to implementation of CSR initiatives is expressed.

"Focus" features the polymer additives business which is regarded as one of the Adeka Group's core businesses, explaining its approaches to creating products with unique technology with the aim of social contribution through the business operation.

The Adeka Group CSR Report 2012 focuses on matters which we especially want readers to know. On the Group's website, environmental data is also available (from September 2012).

In striving to improve future CSR reports, the Adeka Group welcomes any candid feedback concerning the Group. The Adeka Group is committed to providing you with a better CSR Report, and welcomes any candid feedback or thoughts you may have.

Scope of This Report

10 Group companies:

- Adeka Chemical Supply Corp. • Adeka Clean Aid Corp.
- Adeka Fine Foods Corp. • Adeka Engineering & Construction Corp.
- Oxirane Chemical Corp. • Adeka Foods Sales Corp.
- Adeka Logistics Corp. • Yongo Co., Ltd.
- Tokyo Environmental Measurement Center Co., Ltd.
- Uehara Foods Industry Co., Ltd.

*In this report, "Adeka" and "the Company" refer to Adeka Corporation. "Adeka Group" and "the Group" refer to the entire Adeka Group.

Period Covered by This Report

2011 Fiscal Year ended March 31, 2012

*Some parts of this report refer to recent activities taking place in fiscal 2011.

Reference Guidelines

Environmental Reporting Guidelines (Fiscal Year 2007 Version) of the Japan Ministry of the Environment

Sustainability Reporting Guidelines 2006 of the Global Reporting Initiative (GRI)

Japanese Standards Association ISO 26000:2010 Guidance on social responsibility

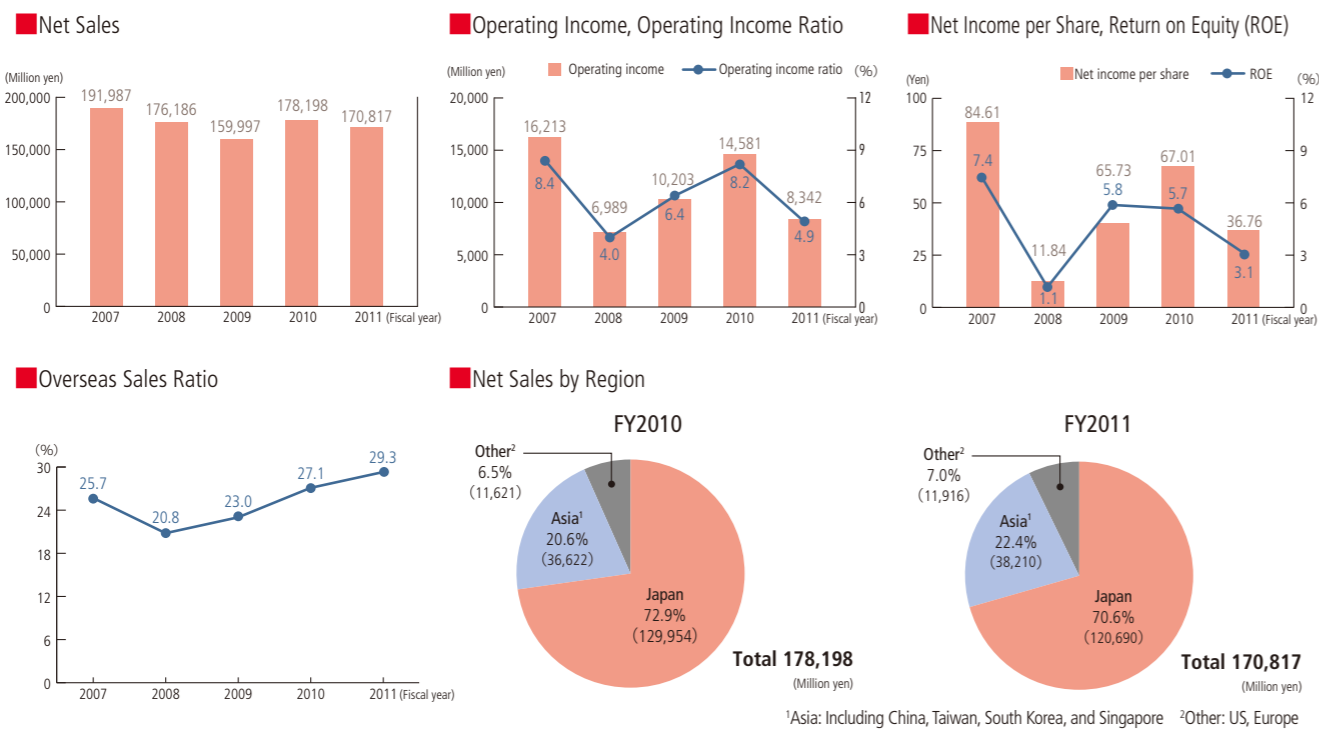
Published: July 2012

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*Adeka Group CSR site: <http://www.adeka.co.jp/csr/en/index.html>

*Financial and economic data can be viewed at the Adeka Group Investor Relations site: <http://www.adeka.co.jp/en/ir/index.html>

Consolidated Business Results



Corporate Data

Name: Adeka Corporation
 Established: January 27, 1917
 Representative Director: Kunihiko Sakurai, Chairman
 Akio Kohri, President
 Head Office: 7-2-35 Higashi-ogu, Arakawa-ku, Tokyo
 Capital Stock: ¥22.899 billion (as of March 31, 2012)
 Shares Issued: 103,651,442 (as of March 31, 2012)
 Employees (consolidated): 2,920 (as of March 31, 2012)

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Senior Management Commitment

Aiming to be a Good Company that is really valuable to the society, each employee of the Adeka Group is committed to resolution of issues with a bold challenge toward reform of the Group, taking advantage of every chance.

Looking Back to Fiscal 2011

In 2011, many lives were lost in the Great East Japan Earthquake, a disaster beyond our imagination. While suffering a great hardship and sadness, Japanese people acted hand-in-hand and deepened the bond in various manners in this year.

Fortunately, all employees of the Adeka Group were safe. However, the disaster interrupted our manufacturing at four plants among seven plants in Japan. Immediately after the occurrence of the earthquake, Adeka formed a temporary disaster response center and took measures for recovery in the entire Company on consecutive days. As a result, all

disaster-hit plants resumed their operations by July.

Right after the earthquake hit, the Adeka Group set "five major goals" for all employees to achieve a rapid recovery that sets the Group on the path outlined in its business strategies. However, net sales and profits decreased year on year in fiscal 2011 with negative factors, such as financial crisis in Europe, the flood in Thailand, strong yen, higher prices of raw materials, as well as the enormous influence from the disaster.

Accelerating Growth Strategies

Since fiscal 2006, the Adeka Group has set a corporate goal of generating annual net sales of ¥300 billion by fiscal 2016, when we will mark our 100th anniversary. The Group also took various measures to enhance its corporate structure in "2009-2011 Mid-term Management Policy". In addition to the core polymer additives and food businesses which are competitive advantage in terms of business size, market share, and technology, Electronics and IT materials have been regarded as a growing business to be the third mainstay. Pursuing a strategy of further selectivity and increased business focus for efficient investment, the Group

has proactively promote development of new products and expansion of international business. Like this, the Adeka Group has steadily taken measures for future growth.

In order to further accelerate those strategies for growth, the Adeka Group set a new management vision of "becoming a Good Company which generates net sales of ¥300 billion by fiscal 2016" marking the 100th anniversary of its foundation. Toward achievement of the goal, the Mid-term Management Plan "STEP 3000" was formulated and started in fiscal 2012.



Aiming to be a Good Company

The Adeka Group's goal is not only to achieve net sales of ¥300 billion.

It also aims to be a comprehensively capable corporate group which can make true social contribution by creating various values through its business operations with ability, vitality, and stability to continue to grow.

We often say to employees that it is important to look at things from multiple, long-term, and fundamental viewpoints. I believe the Adeka Group's CSR initiatives should be performed in the same way. It is important to quickly conduct well-established activities with a long-term prospect from multiple and various viewpoints. In order to create values which can really contribute to the society, robust management bases are essential, including corporate governance. Without supports of technological and economic abilities, contributions through business

operations will be no more than pie in the sky. The Adeka Group aim to increase those values through becoming a company with a healthy and profitable structure which can generate net sales of ¥300 billion.

The slogan of "accelerating strategies for growth; Chance Challenge Change" was set for 2012. In an attempt to increase the Adeka Group's social value as a global company, each employee is committed to resolution of issues with a bold challenge toward reform of the Group, taking advantage of every chance.

Kunihiko Sakurai
Chairman

Akio Kohri
President

95 Years of ADEKA

Since its foundation in 1917, the Adeka Group has proactively worked on development of cutting-edge and high quality products with unique and excellent technologies, in the hope of contributing to the advance of healthy and abundant society.

Establishment

1917

Established as Asahi Denka Kogyo K.K in Higashi Ogu, Arakawa ward, Tokyo to produce caustic soda

On January 27, 1917, in order to meet increased demands for domestically-produced caustic soda. As UK banned export of caustic soda at the time of the outbreak of World War I, of which supply in Japan had depended on imported products, its price skyrocketed.



Kiln to concentrate caustic soda.

Roots of Food Products Business

1929

Started the manufacture of RISU BRAND margarine using technologies for hardened oil and emulsification

Using by-product hydrogen generated in the manufacturing process of caustic soda, the Company started production of hardened oil which is material of soaps and margarine ('19). With manufacturing of soaps ('20), its business was vertically diversified to oils and fats industry. In 1929, RISU BRAND margarine was released.



Trademark of RISU BRAND at that time

Origin of Polymer Additives Business

1954

Started production of plasticizers as essential material for vinyl chloride

As plastic products were applied to more various fields, demands for specific plasticizers increased to meet each requirement. The Adeka started sale of a special plasticizer, which had been developed for years, called Adeka Cizer in April 1954.



Plasticizer Plant

Focused on Chemical Products Business

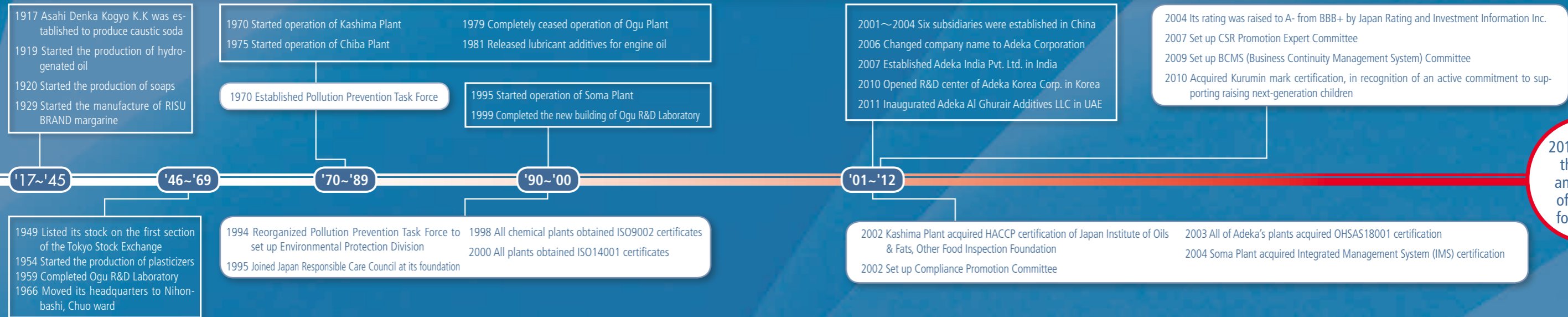
1959~

Introduction of new technologies and Creation of new products, which became foundation stones of the Chemical Products Division

With a sharp increase in demand for plastic products, two joint ventures were established, introducing technology from overseas. Propylene glycol and epoxy resin were manufactured for the first time in Japan. Those products have been foundation stones of the present Chemical Products Division.



Completion of Ogu R&D Laboratory



Construction of Main Plant

1970~

Shifted to a new production system with the entry to Kashima Industrial Complex

Following Akashi Plant Kashima Plant and Chiba Plant were newly established as production bases for chemical products to supplement production ability of Ogu Plant. With a new strategic production system established, including business tie-up with other companies in the industrial complex, Ogu Plant was closed.



Kashima Plant

Advance in Overseas Operations

1988~

Started full-scale overseas operations by securing production and sales bases in Asian countries

For the purpose of procuring low-cost dairy, Adeka (Singapore) Pte.Ltd. was established. After that, aiming to establish systems for procuring and supplying materials worldwide, the Adeka Group set up production and sales bases in U.S., France, Germany, and Asia including the Middle East.



ADEKA(SINGAPORE)

Changed company name to Adeka Corporation

2006

Changed company name to Adeka Corporation and moved its headquarters to a new building which was constructed at the former site of Ogu Plant

In an attempt to further advance as a global company and proactively develop overseas operations, we changed our company name from Asahi Denka Co., Ltd. to Adeka Corporation, triggered by the 90th anniversary of its foundation. The headquarters was moved from Nihonbashi to Higashi-ogu, Arakawa-ward, Tokyo, where Adeka started its business.



Adeka Headquarters and laboratory

Responding to Environmental Changes

2008~

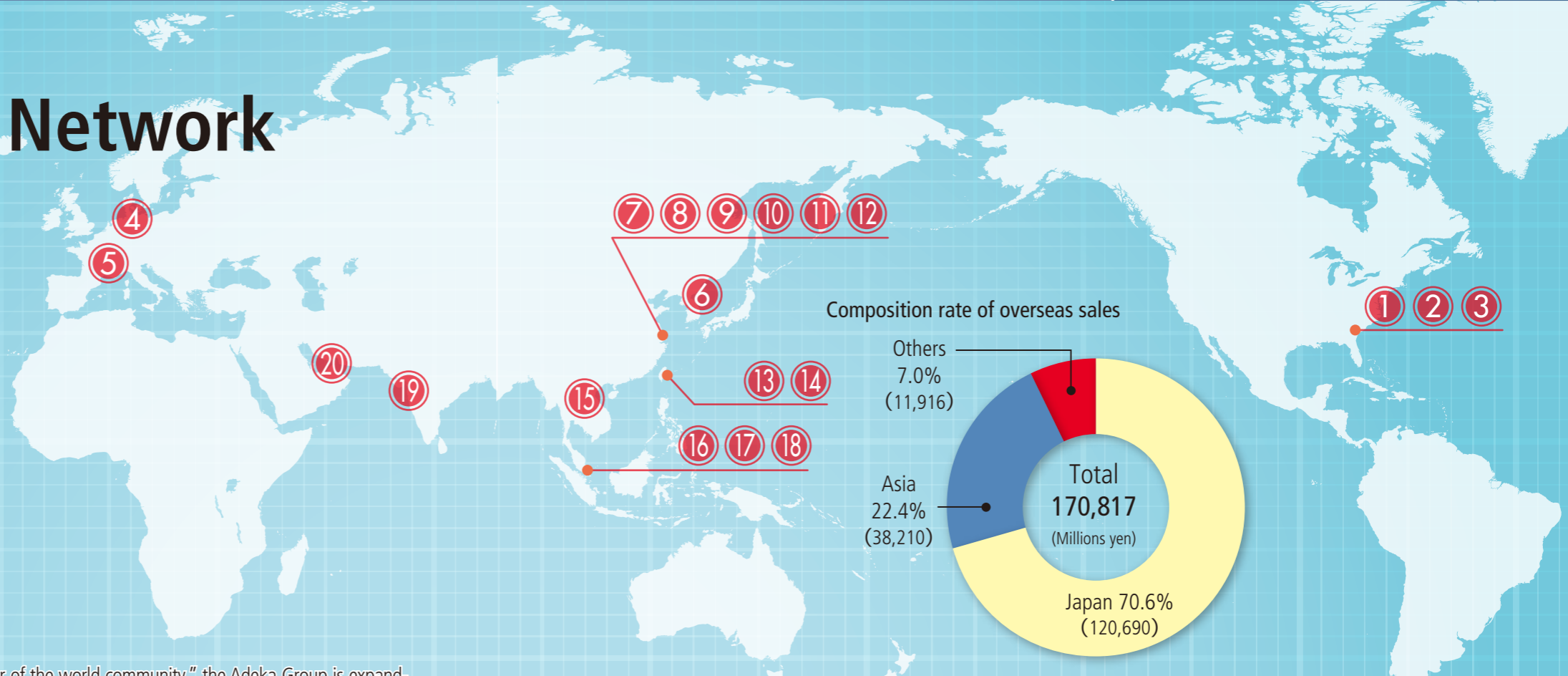
Creating a series of unique ADEKA products in Chemical and Food Products Segments

Amid unprecedentedly quick changes, the Adeka Group has created unique products, such as materials for semiconductor memories, intumescent flame retardants, and margarine with rich butter flavor, which meet customer's needs. The Group also decided to withdraw from the caustic soda business by Kashima Chlorine & Alkali Co., Ltd., which was the Group's original business.

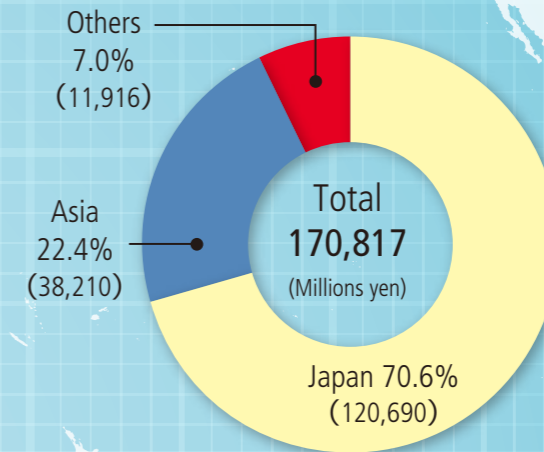


Aroma Gold Margarine with rich butter flavor

ADEKA Overseas Network



Composition rate of overseas sales



As a "respected member of the world community," the Adeka Group is expanding business domains and proactively developing overseas operations in alliance with 20 overseas bases in 11 countries.

USA

① ADEKA USA CORP.

Established in January 2004
Sales of chemical products

② AMFINE CHEMICAL CORP.

Established in March 1994
Manufacturing and sales of polymer additives



③ AM STABILIZERS CORP.

Established in May 2012
Manufacturing and sales of polymer additives

Germany

④ ADEKA Europe GmbH

Established in April 1998
Sales of chemical products

France

⑤ ADEKA PALMAROLE SAS

Established in September 2000
Manufacturing and sales of polymer additives



South Korea

⑥ ADEKA KOREA CORP.

Established in November 1991
Manufacturing and sales of chemical products



China

⑦ ADEKA (SHANGHAI) CO., LTD.

Established in December 2001
Sales of chemical products

⑧ ADEKA FINE CHEMICAL (SHANGHAI) CO., LTD.

Established in August 2002
Manufacturing and sales of chemical products



⑩ ADEKA FOODS (CHANGSHU) CO., LTD.

Established in May 2004
Manufacturing and sales of food processing oils and fats



⑪ CHANG CHIANG CHEMICAL (SHANGHAI) CO., LTD.

Established in April 2004
Sales of chemical products

⑨ ADEKA FINE CHEMICAL (CHANGSHU) CO., LTD.

Established in May 2003
Manufacturing and sales of polymer additives



⑫ KUKDO CHEMICAL (KUNSHAN) CO., LTD.

Established in April 2002
Manufacturing and sales of functional polymers



Taiwan

⑬ CHANG CHIANG CHEMICAL CO., LTD.

Established in October 1989
Sales of polymer additives

⑭ ADEKA FINE CHEMICAL TAIWAN CORP.

Established in November 2004
Manufacturing and sales of chemical products



Thailand

⑮ ADEKA FINE CHEMICAL (THAILAND) CO., LTD.

Established in June 2004
Manufacturing and sales of polymer additives, etc.



Singapore

⑯ ADEKA (ASIA) PTE.LTD.

Established in September 2003
Sales of chemical products

⑰ ADEKA (SINGAPORE) PTE.LTD.

Established in July 1988
Manufacturing and sales of food processing oils and fats, and frozen piecrust, etc.



Malaysia

⑱ FELDA IFFCO OIL PRODUCTS SDN.BHD.

Established in October 1975
Refining palm oil



India

⑲ ADEKA INDIA PVT.LTD.

Established in September 2007
Sales of chemical products

UAE

⑳ ADEKA AL GHURAIR ADDITIVES LLC

Established in April 2011
Manufacturing and sales of polymer additives



ADEKA in Our Lifestyles

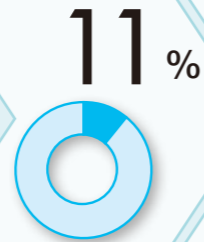
Throughout its history, Adeka has been developing proven technologies, which are at work in diverse aspects of our everyday lives. The Adeka Group is committed to assembling the best technologies in order to develop eco-friendly and socially responsible products and technologies for a healthy and enriched society.

Segment Business Composition rate of sales Major products Major applications

Chemicals Business

IT and electronic chemicals

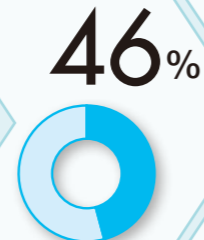
The Adeka Group provides products for various electronic devices such as LCD TVs, PCs, and smart phones, using cutting-edge technologies. Especially, quality of semiconductor materials manufactured at Kashima Plant is at the highest level in the world.



- Semiconductor materials
- Light curing resins
- Flat panel display materials
- Circuit materials

Functional chemicals

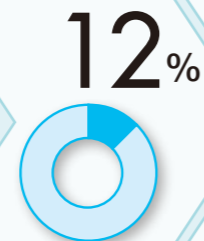
Polymer additives are essential for highly-functional plastic. As an all-round manufacturer for polymer additives, the Adeka Group manufactures various kinds. The Group also provides additives for automobile engine oils, which were developed with Adeka's unique technology, as well as highly-functional cosmetic materials developed taking into account safeness.



- Polymer additives (p.16, "Focus")
- Surfactants
- Lubricant additives
- Epoxy resins

Commodity chemicals

From daily necessities such as soaps and detergents to IT electronics, the Adeka Group provides products to a wide range of fields and contributes to the development of industries. We produced propylene glycols which are used for cosmetics for the first time in Japan.



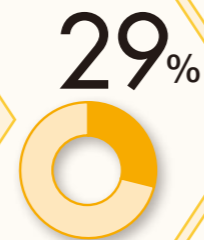
- Propylene glycols
- Caustic soda
- Hydrogen peroxide
- Water swelling materials

Foods Business

Food

Guided by the slogan, "The Delicious Taste You Can Rely On," the Adeka Group develops food materials, leading the industry.

By supplying food processing oils and fats to bread and confection makers, the Group contributes to achievement safe and secure foods.



- Margarine
- Shortening
- Frying oils and fats
- Whipping cream

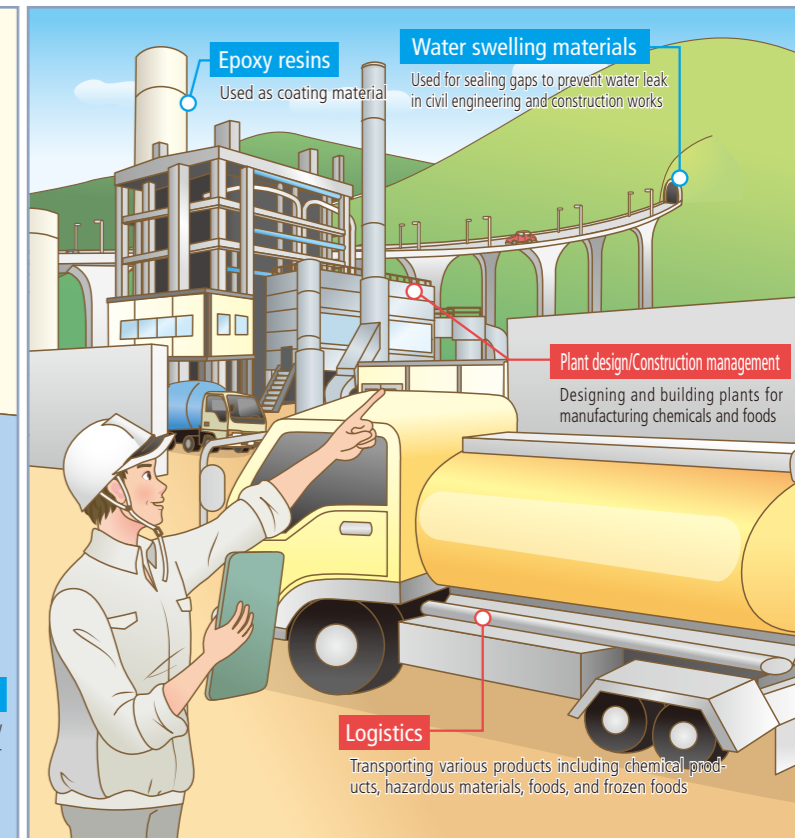
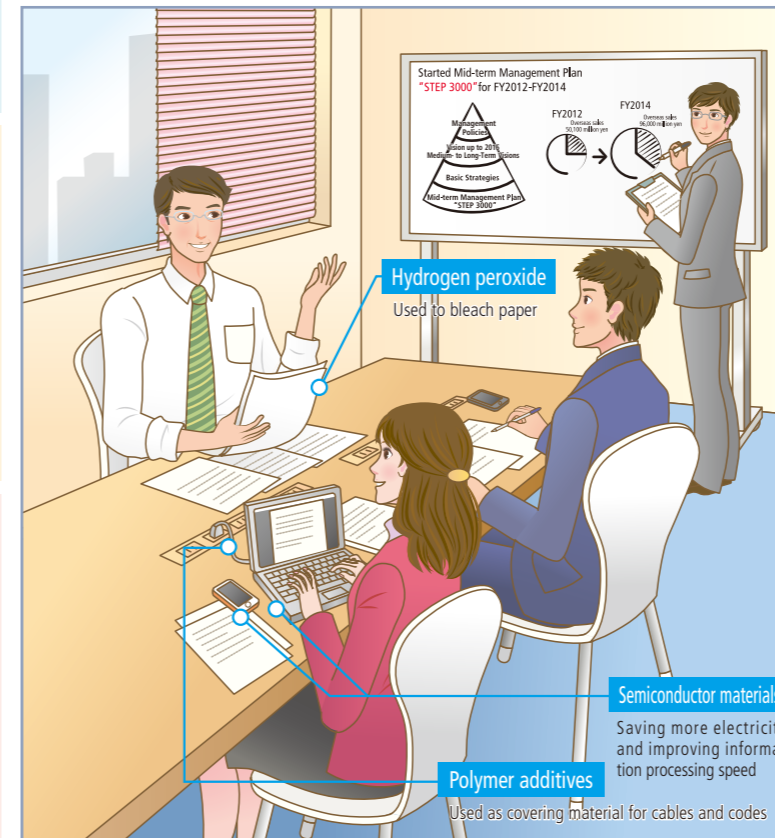
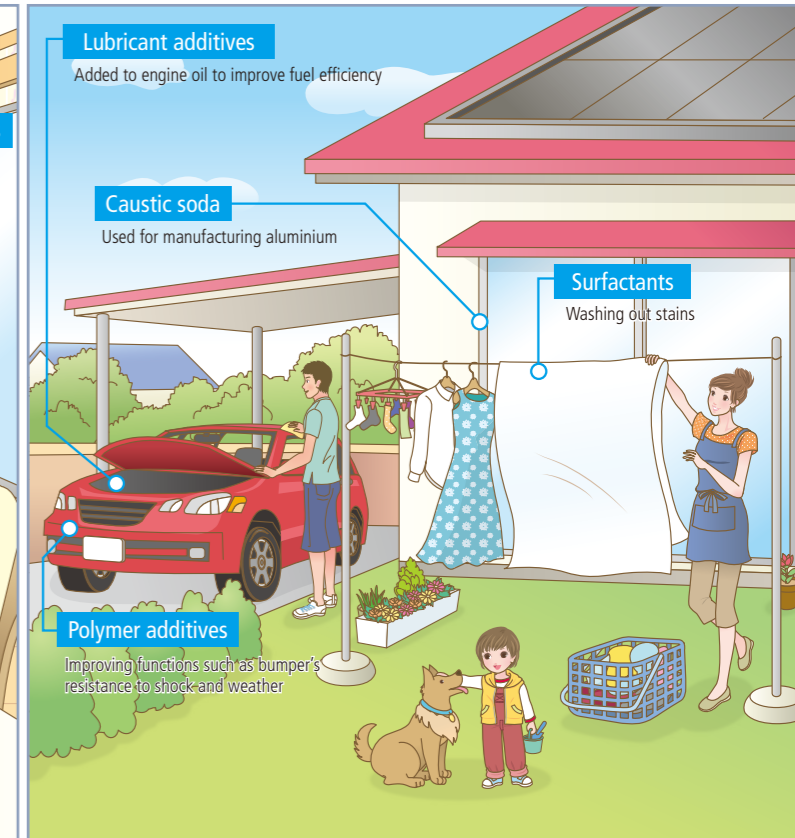
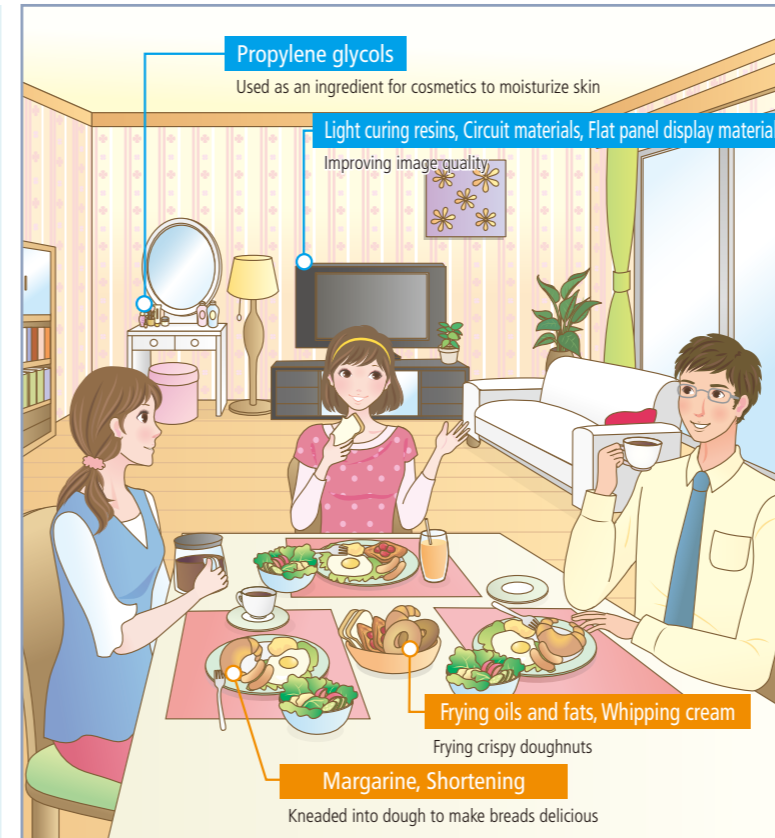
Other Business

Others

Other Business mainly includes maintenance of the Adeka Group's plants and facilities, design of various kinds of plants, logistics, and insurance agent business. The Group provides services to customers in various fields, on the basis of expertise related to those operations.



- Plant design/Construction management
- Logistics
- Real estate
- Insurance agent



CSR and Medium- and Long-term Visions of the Adeka Group

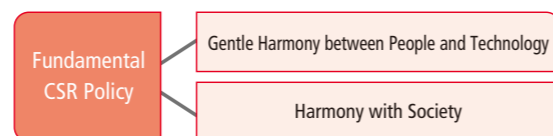
The purpose of the Adeka Group's CSR initiatives is to realize its management policies in a sincere manner. The management vision was formulated from a mid- and long-term viewpoint, in order to reach a corporate ideal image which was stated in the management policies. Specific strategies and policies indicated in the management vision accord with the Adeka Group's CSR initiatives.

Management Policies and Fundamental CSR Policy

The Adeka Group affirms its management policies of "working hard to be a forward-looking organization by staying on the cutting edge" and "being a respected member of the world community." The Group is pursuing corporate activities worldwide centering on products which are competitive and technologically advantageous in the global market.

Perceiving changes in trends sharply and constantly, the Adeka Group aims to create new products and technologies, taking into account their impacts on the environment and society.

While required to provide socially demanded and valuable things, the Group believe that it should put priority



on "gentle harmony between people and technology" as a company aiming to develop a better community.

Furthermore, the Group considers it necessary to continue corporate efforts to create common values in partnership with stakeholders, striving to harmonize with society in terms of various environmental and social issues, in addition to social contribution through provision of products and technologies, as a respected member of the world community.

The Adeka Group's CSR Initiatives Create Values

The Adeka Group embraces CSR, aiming to both realize its management policies and contribute to society through its business operations. The Group believes that, to this end, it is necessary to create value common to the society by resolving social issues with the Group's unique technologies and products, as hearing stakeholders' opinions.

"Creation of common value through business operations" includes not only "economic value," but also "social value" such as open management and conservation of global environment, and "human value" such as respect for human rights

and creation of working environment in which people can feel satisfied. In order to achieve those values, each employee carries out "the Adeka Group Code of Conduct" and "Initiatives by stakeholder" as an action guideline.

The Adeka Group desires to create its proprietary value in a field where the Group can make maximum use of technologies, skills, and human resources which have been accumulated so far. According to such belief, the mid- and long-term vision was formulated, representing an "Vision up to 2016,"

Medium- and Long-term Vision

As "a Good Company", to reach 300 billion yen in sales by FY2016
As "a Good Company", to be the No.1 company in strategic field and to create value by developing products and services for the quality of life.

Setting the goal of "being a company generating net sales of ¥300 billion by January 2017 marking the 100th anniversary of its foundation" in fiscal 2006, the Adeka Group has taken various measures for growth.

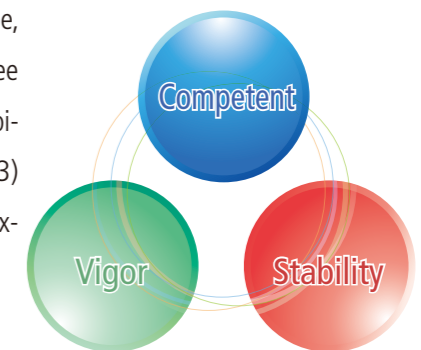
"A Good Company" we aim to be means becoming a corporate group which creates various values with "Competent," "Vigor," and "stability" appropriate for a company earning net sales of ¥300 billion.

Redefining strategic fields by segment, in which the Adeka Group can utilize its strength, the Group creates new values for customers and other stakeholders through continuing to take on challenges to be No.1 in those fields.

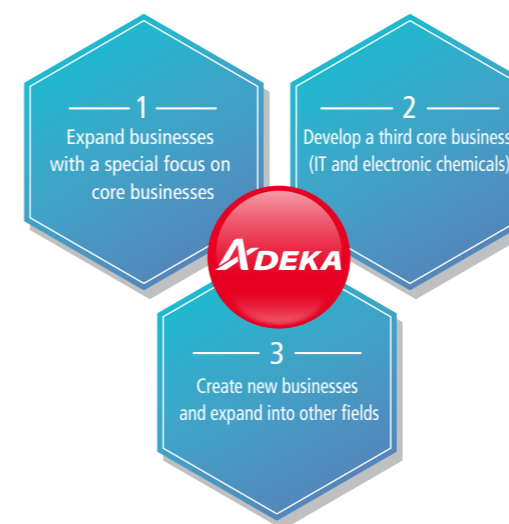
In accordance with the above-mentioned management policies and CSR fundamental policy, the Adeka Group contributes to society as increasing its existence value in the world by creating values which only the Adeka Group can create through business operations in partnership with stakeholders.

A Good Company

"A Good Company" means a company which has a global presence, contributes to society, and continues to grow with the following three elements: 1) "capability" to expand its business size with R&D and capital investment; 2) "vitality" to keep employees highly motivated; and 3) "stability" to continue to earn sales and profits in a stable manner, flexibly responding to changes in the external environment.



Three Fundamental Strategies toward Achievement of the Medium- and Long-term Visions



- 1 Aiming to double net sales by fiscal 2016, by expanding the business scale, especially in the polymer additives and food businesses which have been regarded as core business segments.
- 2 Making the IT and electronic chemicals business grow to be a core business by early expanding its sales threefold.
- 3 Proactively implementing M&A and forming alliances as important management means from viewpoints of effective use of external resources, and expansion and growth of business.

Started Mid-term Management Plan "STEP 3000" for FY2012-FY2014

In fiscal 2016, ADEKA will mark the 100th anniversary of the foundation (in January 27, 1917). In order to realize the "medium- and long-term visions" formulated as an "Vision up to 2016," the Mid-term Management Plan "STEP 3000" (FY2012-FY2014) was established.

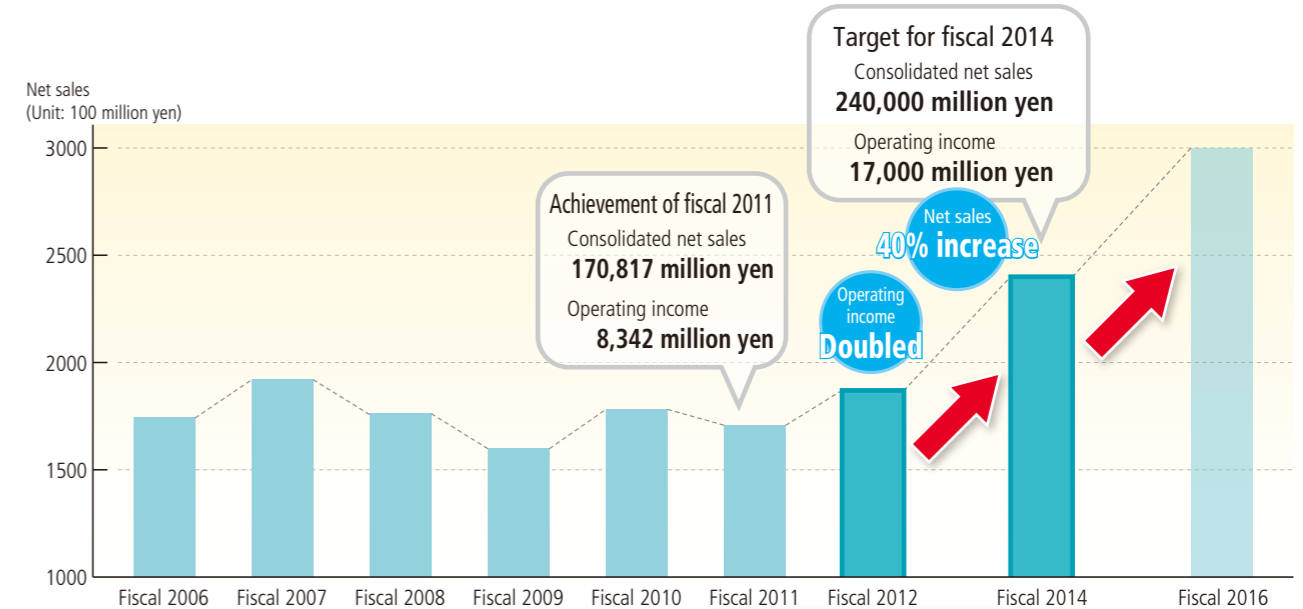
Regarding a period of this mid-term management plan as "a time to take steadfast measures," we will promote expand and enhance business domains toward a significant leap forward of the Adeka Group



Targets of STEP 3000

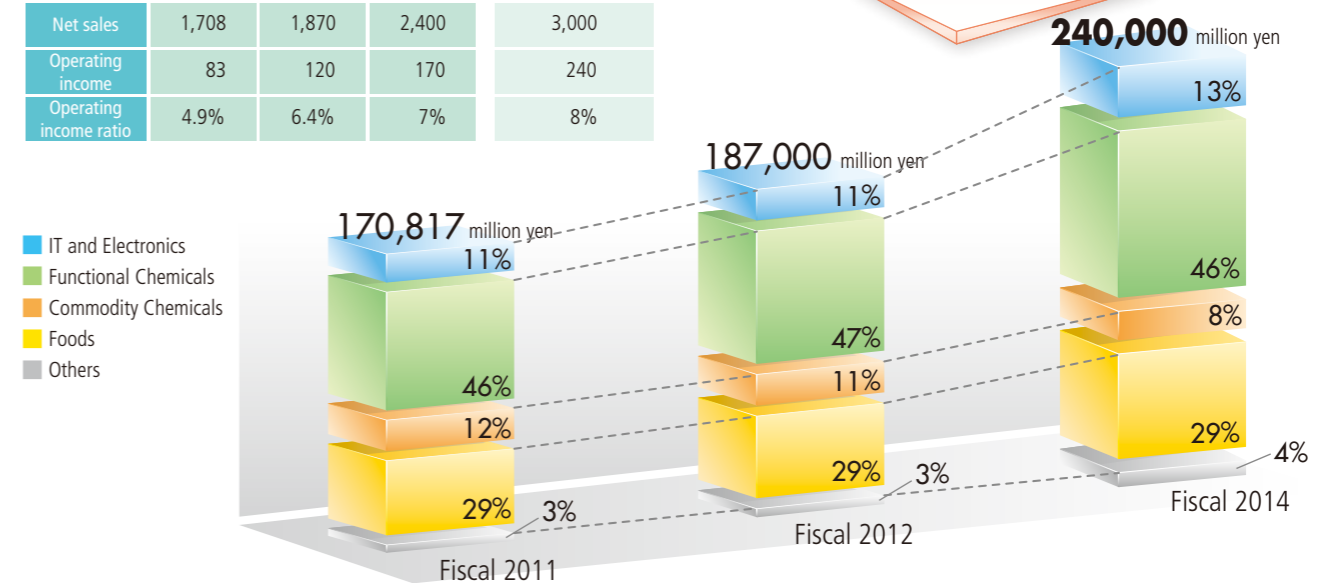
STEP 3000 powerfully pursues "creation of new products" and "expansion of overseas operations," which are the Group's growth strategies, aiming to achieve net sales of ¥240 billion and operating income of ¥17 billion in fiscal 2014, according to the five basic policies of overseas operations, technology, creation of value, investment, and human resources.

Net sales in fiscal year (Achievement and Target)



(Unit: 100 million yen)

	Fiscal 2011	Fiscal 2012	Fiscal 2014	Fiscal 2016 (reference)
Net sales	1,708	1,870	2,400	3,000
Operating income	83	120	170	240
Operating income ratio	4.9%	6.4%	7%	8%

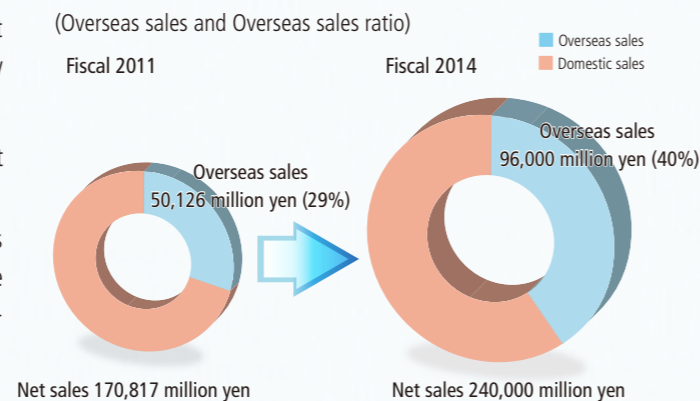


STEP 3000 Five Basic Policies



Global operations

- In our current 20 overseas operating bases in 11 countries, we will enhance and expand business while taking into account CSR.
- Strengthening our marketing function and developing products that meet local needs in the ever-growing Asian markets
- Entering into new markets and making capital investment
 - ▶ We will enter into markets expected to grow in demand, and form strategic alliances
- Establishing overseas research and development centers (in South Korea and China)
- Considering establishment of regional headquarters
 - ▶ We will speed up our decision-making, reinforce marketing functions, and standardize administrative operations
- Establishing a global production system
 - ▶ Establishing a global purchase system
 - ▶ Establishing production systems in optimal locations for maximum efficiency
 - ▶ Securing global production capacity



Technology

- Creating new businesses
 - ▶ Regarding "life science" and "environment/energy" as our priority fields for new businesses, we will establish materials laboratories specialized in each field to develop products with better research manpower
- Developing new products
 - ▶ We will develop competitive products with combination of our unique fundamental and core technologies, so that sales of new products will account for 30% of total non-consolidated sales

Creation of value

- Providing as wide a range of solutions as possible to our customers
 - ▶ We will strengthen our marketing function and inter-divisional cooperation in order to provide maximum value to our customers
 - ▶ We will incorporate the BCP into our business strategy in order to establish a supply chain less susceptible to risks
- Expanding business operations
 - ▶ We will focus more on general-purpose" additives than on polymer additives
 - ▶ We will enter into new food-related fields to make a qualitative shift in our food business
- Promoting CSR activities
 - ▶ We will strengthen corporate governance as well as CSR management on the basis of social action programs through business operations, in order to realize people's enriched lives

Investment

- Planning to make capital investments worth about 40 billion yen over three years
 - ▶ Overseas capital investment will account for about 60% of total capital investment
- Planning to allocate about 20 billion yen for M&A in order to expand into other fields and create new businesses

Human resources

- Developing human resources as our most important corporate asset
 - ▶ Enhancing abilities of employees and develop globally competitive human resources
 - ▶ Developing highly professional human resources
 - ▶ Fostering female executive employees and enhancing their skills
 - ▶ Employing more foreign personnel

TOPICS

Establishing a local company in Brazil to enhance overseas operations

In accordance with five basic policies of STEP 3000, the Adeka Group decided to establish a local company in Sao Paulo, Brazil with the aim of expanding and reinforcing the Group's global business. It was scheduled to start its operation in May 2013.

Targeting the automobile industry and the electronics industry including home appliances in the South American market, the new company will facilitate new adoption of the Adeka Group's products, mainly polymer additives and lubricant additives, and strive to expand sales. In addition, the company will conduct market research to seek new business opportunities.

Technologies and expertise of ADEKA,

a comprehensive polymer additive maker, are used to make plastic products which are essential for our everyday life highly functional.

Development of Intumescent Flame Retardants The Adeka Group's New Challenge to Protect Human Life and Environment

Polymer additives which are essential for manufacturing plastic products in our everyday life are regarded as one of the Adeka Group's core business segments, together with the food business. With manufacturing and sales bases for polymer additives mainly in Europe, U.S., Asia, and the Middle East, the Group has strived to reinforce its global supply system centering on a domestic mother plant in Mie Prefecture. In June 2010, the polymer additives department was newly established, integrating related functions such as sales, planning, and R&D. The Adeka Group has a system in place to offer new products created with cutting-edge technologies worldwide at the same time, in cooperation with overseas bases.

Regenerating plastics with polymer additives

Plastic is called "synthetic resin" as it looks like natural resin such as rosin before formed. The world's first plastic "celluloid" was invented in U.S. in 1869. As celluloid is very flammable and fragile, we hardly see it these days.

Plastic like celluloid at that time cannot meet various market needs. It is useless, easily broken if dropped, and tarnishing and deteriorating with sunlight (ultraviolet light). Therefore, polymer additives add characteristics demanded by customers to plastic, for example durability, heat and flame resistance, as well as transparency, in order to make plastic more useful in everyday life.

In a way, chemical manufacturers providing such additives play a role of pharmacist in the resin industry. For example, in order to fulfill multiple needs such as durability, heat and flame resistance, and easiness to form,

many additives are blended to draw specific characteristics of plastics. Solid technologies, experience, and expertise which have been cultivated for long years are essential to prescribe special additives for each customer. The Adeka Group's existence value as a "comprehensive polymer additives maker" could be attributed to this point.

Major kinds and roles of polymer additives

Stabilizer	Preventing deterioration
Plasticizer	Providing plasticity
Antioxidant	Preventing deterioration due to heat and acid
Light stabilizer	Making optical energy such as ultraviolet harmless to prevent deterioration and tarnishing
Nucleating agents	Improving physicality of machinery, such as rigidity and heat distortion temperature. Promoting plastic forming cycle in the stage of manufacturing improving productivity
Clarifying agents	Increasing transparency
Heavy metal deactivators	Preventing deterioration due to catalysis of metal
Flame retardants	Providing flame resistance

History of development of flame retardants: Starting from fire at the Opera House

Study of flame retardants which make flammable things flame-resistant dated back to the era of Louis XIV (1678-1715) in France. At that time, while famous opera and ballet were in their heyday, the number of fires at closed buildings increased. As fires often occurred by curtains catching fire, fibers containing flame retardants became used as preventive measures. It is considered to have been known that flame retardants work on flammable things, air, and heat to inhibit burning since then.

The development of such non-flammable fibers drastically advanced with study by the U.S. Armed Force during the period of the World War II. At that time, a lot of pilots who escaped from a burning airplane were burned to death by flight suits catching fire while bailing out. Worried about loss of valuable combat personnel, the U.S. Armed Force developed epoch-making flame retardants for flight suits such as halogen compound as a result of prodigious studies.

After that, the R&D of various halogen flame retardants made from the compound advanced.

Deadly smoke and carbon monoxide poisoning

With the theme of saving a lot of precious lives from fire, the Adeka Group successfully developed non-halogen flame retardants to reduce generation of smoke and carbon monoxide, compared with halogen flame retardants.*

In recent years, as new needs for more effective air conditioning, security, and privacy protection including sound insulation, etc. have increased amid progress of urbanization in people's lives, more airtight living environment has been demanded.

At the same time, risks of losing lives have also increased. It was reported that more people died in suffocation and poisoning caused by smoke and carbon monoxide generated from burning building materials and household goods than in burn injury.

*In the 1990s, European environmental organization pointed out that dioxin is emitted from halogen flame retardants at low burning temperature. However, a certain research concluded as follows: 1) toxicity of dioxin itself is considered low; 2) even in a case of generation of dioxin, as it would be decomposed for short time, the possibility of environmental destruction is extremely low. In response to the indication, some European countries and U.S. have proactively shifted to non-halogen flame retardants. Ahead of competitors worldwide, the Adeka Group has worked on provision of non-halogen products to those countries, introducing cutting-edge technologies.

The Adeka Group's New Challenge to Protect Human Life and Environment

Development of intumescent flame retardants overcoming challenges*

*Reducing development of fire and generation of smoke and carbon monoxide

In order to overcome the challenge that the generation of excessive smoke and carbon monoxide kills more people, the Adeka Group developed ADK STAB FP-2000 series, intumescent flame retardants for polyolefin which is manufactured most among general-purpose plastics with studies over the years. Polyolefin known as resins such as polyethylene and polypropylene is used for various things in our everyday life, widely ranging from low-cost

to sophisticated versions through improvement in production technologies. While excellent in chemical resistance, mechanical characteristics, workability, and recyclability, polyolefin is disadvantageous in that it is very flammable, composed of only carbon and hydrogen. The Adeka Group believe that its technologies and expertise for flame retardants, etc. could make great contributions to making said material further useful.

System to suppress burning

The basic principle of flame resistance in intumescent flame retardants is the same as other flame retardants. If plastic containing intumescent flame retardants catches fire, foaming on the surface of resin forms a thick carbonized layer of foams like swollen bread. This layer increases effects to insulate heat and cut off gases that fuel the flame, inhibiting combustion of the plastic. As a result, the development of fire and the generation of smoke and carbon monoxide can be curbed (See the figure shown below). ADK STAB FP-2000 series, which is phosphorous compound, does not generate dioxin. A smaller amount of intumescent flame

retardant is more effective than halogen products. This feature is very important not only in terms of cost, but also because the large amount of flame retardant added impairs the effects of other polymer additives.

The intumescent flame retardant is used for cables of televisions and PCs, and peripheral electric components of automobiles, which may combust due to heat generation and overvoltage.

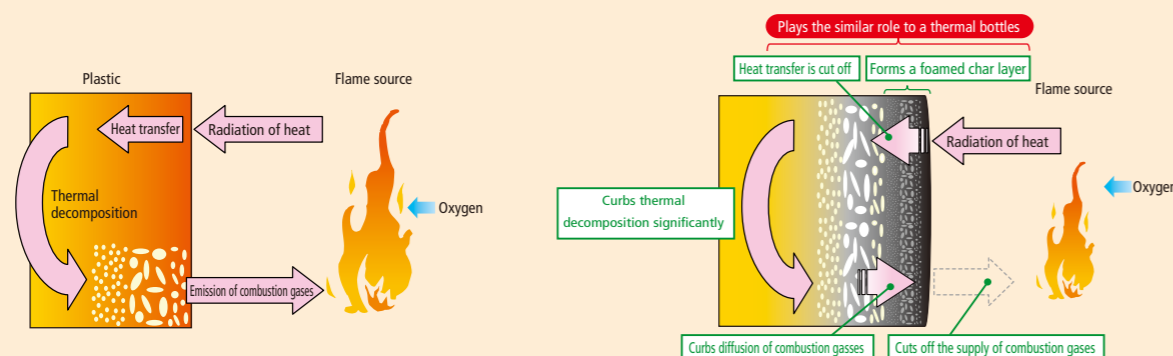
Pattern diagram of combustion cycle

Plastics without flame retardants

When heat is radiated, plastic decomposes and emits gases that fuel the flame source to continue the combustion cycle.

Plastics containing intumescent flame retardants

The plastic initially combusts, but this is immediately followed by carbonation and foaming, creating an intumescent layer that provides thermal insulation and acts as gas barrier to inhibit combustion and extinguish the flame.



Establishing a mass production system with Adeka Fine Chemical (Shanghai) Co., Ltd. as a core production base

In March 2011, a production plant for intumescent flame retardants was newly established in "Adeka Fine Chemical (Shanghai) Co., Ltd. in China, which would serve as a core production base. While establishing a production system to manufacture 5,000 tons per year, the Adeka Group is taking into account ambient environments, for example, by introducing a recycle system for water used for solvent. In the future, the market of intumescent flame retardants is expected to grow to the scale of 50,000 ~ 100,000 tons. As a leading company in this field, the Adeka Group intends to focus on diffusion of intumescent flame retardants

which are made of eco-friendly materials and would support security of our lives from the behind.



Production plant for flame retardants at Adeka Fine Chemical (Shanghai) Co., Ltd.

Topics on the polymer additives business

Completed a plant for one pack additives at ADEKA Al Ghurair Additives LLC, a new base of the polymer additives business in the Middle East

In March 2012, a plant for one pack additives was completed at the Adeka's first joint venture in the Middle East. One pack additives are easily-handled granules which consist of multiple polymer additives, such as antioxidants and light stabilizers, blended according to customer's needs. Mistakes in blending and scattering of powder are prevented by put the additives into a single package. The product is popular among many customers, as taking into account advantages in terms of production management and environmental aspects.



Completion ceremony at ADEKA AL GHURAIR ADDITIVES

New polymer additives developed uniquely by Adeka

Developing "ADK STAB NA-05," a nucleating agent for PET Making PET bottles thinner and lighter, and improving productivity

The Adeka Group developed a new nucleating agent for polyethylene terephthalate (PET), a material of PET bottles, etc. With a small amount added, ADK STAB NA-05 improves performance of PET products, by increasing stiffness and thermal stability, and curbing warpage. Furthermore, the nucleating agent is expected to contribute to resource saving and reduction in wastes by making PET products thinner and lighter.

Developing "ADK STAB LA-F70," a long-wavelength ultraviolet (UV) absorber

Excellent product to be applied in a wider range of areas

The Adeka Group developed an ultraviolet absorber which effectively cuts off long-wavelength ultraviolet (UV-A:320 ~ 400nm) to prevent organic substances from deteriorating with ultraviolet. With its high heat resistance meeting a requirement for processing over 300°C, the ultraviolet absorber is expected to be applied in a wider range of areas, such as optical films to be attached on monitor screens.

Response to Great East Japan Earthquake

To Use Valuable Lessons from the Great East Japan Earthquake for the Future

Fortunately, no employees of the Adeka Group were injured in the disaster. However, the disaster interrupted manufacturing activities at four plants among seven plants in Japan. Immediately after the earthquake, united toward a rapid recovery, the Adeka Group could early restore all disaster-affected plants with resuming of manufacturing activities at Soma Plant in July.

The Adeka Group presented five major goals set by the President at that time to all employees, to pursue to achieve a rapid recovery that sets the Group on the path outlined in its business strategies.

Five Major Goals

- Achieve a rapid recovery
- Continue earning the confidence of stakeholders
- Carefully control the procurement of raw materials and manufacturing of our products
- Expand sales by leveraging unaffected plants, product lines and affiliated companies, in order to make up for losses from the disaster
- Turn adversity into opportunity to achieve growth

Review of BCMS (Business Continuity Management System)

Enhancing SCM (Supply Chain Management)

Considering it a top priority to fulfill its responsibility for supply to customers, the Adeka Group has worked on decentralization and diversification of production bases especially for products which are important or subject to significant risks.

However, the disaster highlighted issues related to material procurement, manufacturing, inventory control, and logistics. Therefore, the Adeka Group has further proactively incorporated BCP (Business Continuity Plan) in strategies of each business in an effort to build a robust supply chain over risks, taking into account lessons learned through the disaster.



Tsunami hitting Soma Plant



Continuity review for recertification of BCMS (Soma Plant)

Review of BCMS (Business Continuity Management System)

Soma Plant, which obtained BCMS certification on March 8, 2010, has in place a management system based on BCP. Although the Plant was considerably damaged by the Great East Japan Earthquake, various measures in line with BCMS including securing of stocks effectively worked. As a result, critical confusion in supply to customers could be avoided. In July 2011, the Plant resumed its operation, minimizing impacts of the shutdown.

The Adeka Group intends to further improve BCMS, and develop it into other plants and for other incidents (unexpected contingencies).

While facilities were hardly damaged by the earthquake, the entire Soma Plant was swamped 1.5 meter due to huge tsunami over 9.3 meter high (announced by Japan Meteorological Agency) which hit Soma Port. Deeply reflecting on the fact that huge tsunami had not been expected as an incident subject to BCP, the Adeka Group considered and incorporated it into BCP.

From November 7 to 9, 2011, the Revised BCP underwent the continuity review for recertification by BCSM certification authority. The next review is scheduled from November 5 to 7, 2012.

Efforts for disaster prevention after the Great East Japan Earthquake

Even in the Great East Japan Earthquake, no serious earthquake-proof problem occurred. However, Soma Plant (Soma City, Fukushima Prefecture) was damaged by larger-than-expected tsunami. At Kashima Plant (Kamisu City, Ibaraki Prefecture), its recovery was delayed due to interrupt of lifelines including water. The Adeka Group has strived to improve measures in light of lessons from the disaster.

Recently, it was publicized that there is a high possibility of earthquakes occurring directly beneath the Tokyo Metropolitan Area. In preparation for disasters, the Adeka Group has taken the following measures.

1. Survey on quake resistance of buildings and facilities

Construction dates of buildings and facilities at each business establishments were investigated to classify them into two categories, i.e., those which were built before 1981 when the Building Standards Act was drastically amended, and those which in and after the year. Judging basic quake resistance in reference to the classification, Adeka Group takes appropriate measures.



Seismic strengthening (Mie Plant)

2. Setting up satellite phones

Satellite phones were set up at 15 business establishments nationwide so as to make contact without problems even in a case of shutdown of communication networks.

3. Adopting the safety confirmation system

Immediately after the occurrence of the Great East Japan Earthquake, as communication tools such as fixed and mobile phones were interrupted, the safety of employees could not be confirmed. Reflecting on this point, the Adeka Group registered all 3,000 employees with the safety confirmation system in preparation for unexpected incidents.

4. Stockpiling emergency food and supplies

With experiences in the disaster, the Adeka Group has stockpiled more food, water, and blankets for people stranded by paralyzed transportation systems than before in anticipation of difficulties in getting water and food soon after the disaster.



Stockpiled emergency food

5. Fixing cabinets and other furniture

As the upper floors are especially expected to shake largely, cabinets and other furniture were fixed to prevent overturning in the headquarters and laboratories. In addition, protecting sheets are attached to glass of book shelves to prevent glass from scattering if it breaks.



Measures to prevent employees' lockers from overturning

Toward Conservation of the Global Environment

The Adeka Group as a whole strives to promote environmental management, making proactive efforts for preventing environmental pollution and reducing environmental impacts.

Promotion of Environmental Management

The Adeka Group works on environmental conservation activities to build healthy and enriched society, in accordance with Basic Environmental Policy and Environmental Action Plan.

Basic Environmental Policy

▶ Corporate-wide global environmental conservation and pollution prevention efforts

Each one of us must be highly conscious of environmental conservation, striving for harmony and integration with the environment in all aspects of our business activities. In order to carry out fair and sustainable activities, there must be cooperation, not only between departments within each company, but also in a broader sense with other companies in the group as Adeka adopts a comprehensive and organic approach to its efforts.

▶ Corporate responsibility

Adeka endeavors to reduce the environment impact of its business activities throughout the life cycle—from research, development and procurement through to manufacturing, sales,

logistics and disposal. These initiatives focus on conserving energy and resources, as well as reducing, reusing and recycling industrial waste, in order to reduce the impact on the environment. In addition, Adeka develops and supplies eco-friendly products and environmental technologies, and endeavors to use eco-friendly products in contributing to a sustainable society.

▶ Contributing to society

We are keenly aware of the fact that a corporation is a member of society and we steadfastly comply and cooperate with environmental regulations and government policies, We also disclose environmental information and lend support and cooperation to environmental conservation activities, both in society at large and in the local community.

Environmental Action Plan

1. Reduce environmental impact and secure health and safety through safety initiatives in the four areas of quality/logistics, the environment, occupational health, and facilities.
2. We promote compliance with legislation and social ethics.
3. We actively promote communication, both within and outside the company.
4. When expanding into overseas markets, we address the issue of environmental conservation, as well as safety and quality assurance.



Symbol of safety initiatives in the four areas

Framework for Environmental Initiatives

Under the policy set by Environmental Protection Division headed by an operating officer, each business office formulates an execution plan and makes efforts for continuous improvement of environmental management activities by implementing PDCA cycle.



Environmental Action Goals Priority Issues and Environmental Initiatives in FY2011 *Non-consolidated

In order to achieve healthy and enriched society in harmony with environment, Adeka conducts environmental contribution activities by setting specific numerical targets.

For the entire text of Environmental Action Goals and details of performance, see our website (available from September 2012). <http://www.adeka.co.jp/csr/index.html>

Internal grading: ◎ : Exceeded expectations ○ : Meet expectations △ : Below expectations

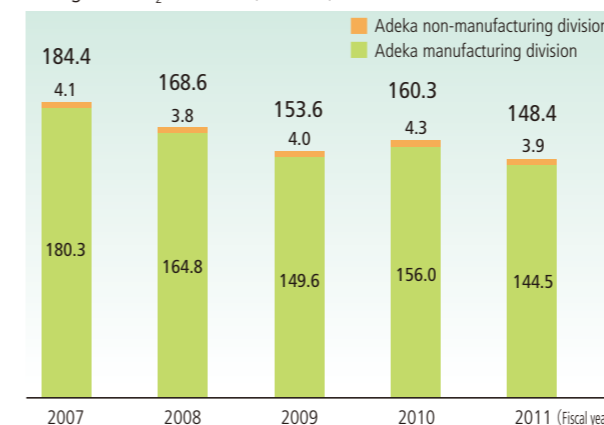
	FY2011 Goals
Promotion of energy conservation	Reduce energy intensity by 1.0% or more year on year
	Reduce CO ₂ emissions by 1.0% or more year on year
Reduction of industrial waste	Reduce industrial waste output by 1.0% or more year on year
	Increase recycling rate for externally processed waste to 80% by FY2020
	Continue to achieve zero emissions*1 of landfill waste, and aim for complete elimination of landfill waste*2
Promote green purchasing	Achieve green purchasing for 80% or more of stationery items and designated non-stationery items by FY2020
Management systems	Promote acquisition of IMS (Integrated Management System) and BCMS (Business Continuity Management System) Acquire FSSC22000 certification

	FY2011 Results	Internal Grading
Promotion of energy conservation	Achieved energy intensity of 0.1944 kiloliters per tonne (7.2% increase from previous year)	△
	Generated 144,481 tonnes of CO ₂ emissions (7.5% reduction from previous year)	◎
Reduction of industrial waste	Generated 35,865 tonnes of industrial waste (9.6% reduction from previous year)	◎
	Achieved a 53% recycling rate (Recycled 5,603 tons out of 10,600 tons of externally processed waste).	△
	Achieved zero emissions with landfill waste of 46.4 tons (0.13% of industrial waste generated).	○
Promote green purchasing	Stationery items: 75% (1,551 items out of 2,068 items), Designated non-stationery items: 51% (343 items out of 675 items)	△
Management systems	Chiba Plant acquired IMS operation certification. Mie Plant deferred introduction of IMS, after deliberation. Fuji Plant formulated BCP. Other factories are conducting activities to establish systems. Kashima Plant -West acquired FSSC22000 certification.	◎

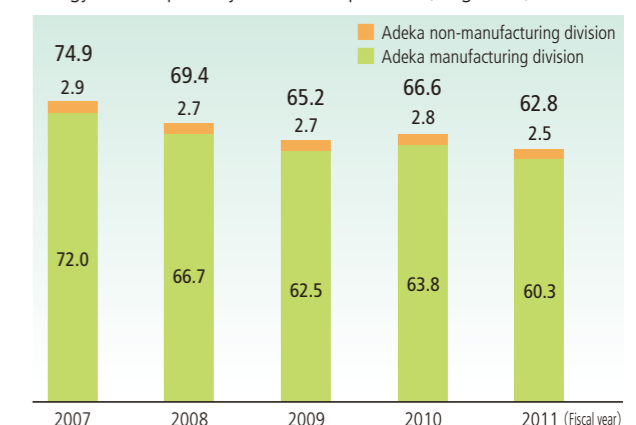
*1Adeka defines "zero emissions" as landfill waste that amounts to less than 0.5% of the total volume of industrial waste output.

*2Adeka defines "complete elimination" as landfill waste that amounts to less than 0.1% of the total volume of industrial waste output.

Changes in CO₂ emissions(Kilotons)



Energy Consumption by Crude Oil Equivalent (Megaliters)



Toward Conservation of the Global Environment

Major Activities in FY2011

Reducing environmental impacts through products and technologies

Adeka develops eco-friendly products, from comprehensive viewpoints including reduction of environmental impacts and appropriate use of chemicals. For this purpose, Adeka set up "Guideline for eco-friendly products" in 2011, on the basis of the definition on environmental industries by Ministry of Environment.

Eco-friendly products

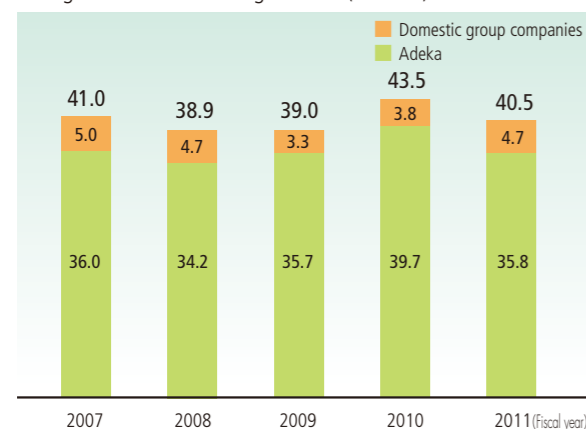
Eco-friendly products includes products which prevent environmental pollution and reduce environmental impacts by preventing, reducing, minimizing, and improving "adverse effects on water, air, and soil" and "issues related to waste, noise, and eco-systems."

Appropriate disposal of industrial waste

Setting the goal of reducing industrial waste generated by 1.0% or more year on year, the Adeka Group appropriately dispose wastes in compliance with related laws and regulations, by proactively inspecting external contractors for waste disposal. Polychlorinated biphenyl (PCB), which may cause environmental pollution while stored for a long period, is thoroughly managed by each Group's business office, and disposed at the facilities supervised by the government.

In response to the revision of Waste Disposal Law in April 2011, information on maintenance and management of incinerators for waste disposal has been available on Adeka's website.

Change in industrial waste generated (Kilotons)



Audit by Environmental Protection Division

Manufacturing facilities of Adeka and its domestic group companies are audited by Environmental Protection Division on a regular basis every year. The audit includes on-site review, reports in writing, reports on voluntary management activities to verify PDCA cycle, and drills to verify emergency response ability.

In fiscal 2011, drills to respond to leakage of chemicals, rescue victims stuck in machinery, and respond to a fire at the time of earthquake.



Audit of drills (Fuji Plant)

Measures for energy saving with management and reduction of power consumption

In summer of 2011, Adeka headquarters building, Kashima Plant -West, and Fuji Plant were subject to the power use restriction in accordance with the government's measures for power supply and demand in summer and Article 27 of Electricity Business Act. Therefore, Adeka encouraged them to reduce power consumption at peak hour (the maximum power consumption from 9:00 to 20:00 on weekdays) by 15% or more from a previous fiscal year. Other business offices also made proactive efforts for saving electric power.

As a result, the above-mentioned three business locations achieved a 17% reduction in power consumption for two months from July to August compared with the same months last year.

As there is concern about chronic power shortage also in and after 2012, the Adeka Group will continue to make efforts for power and energy saving.

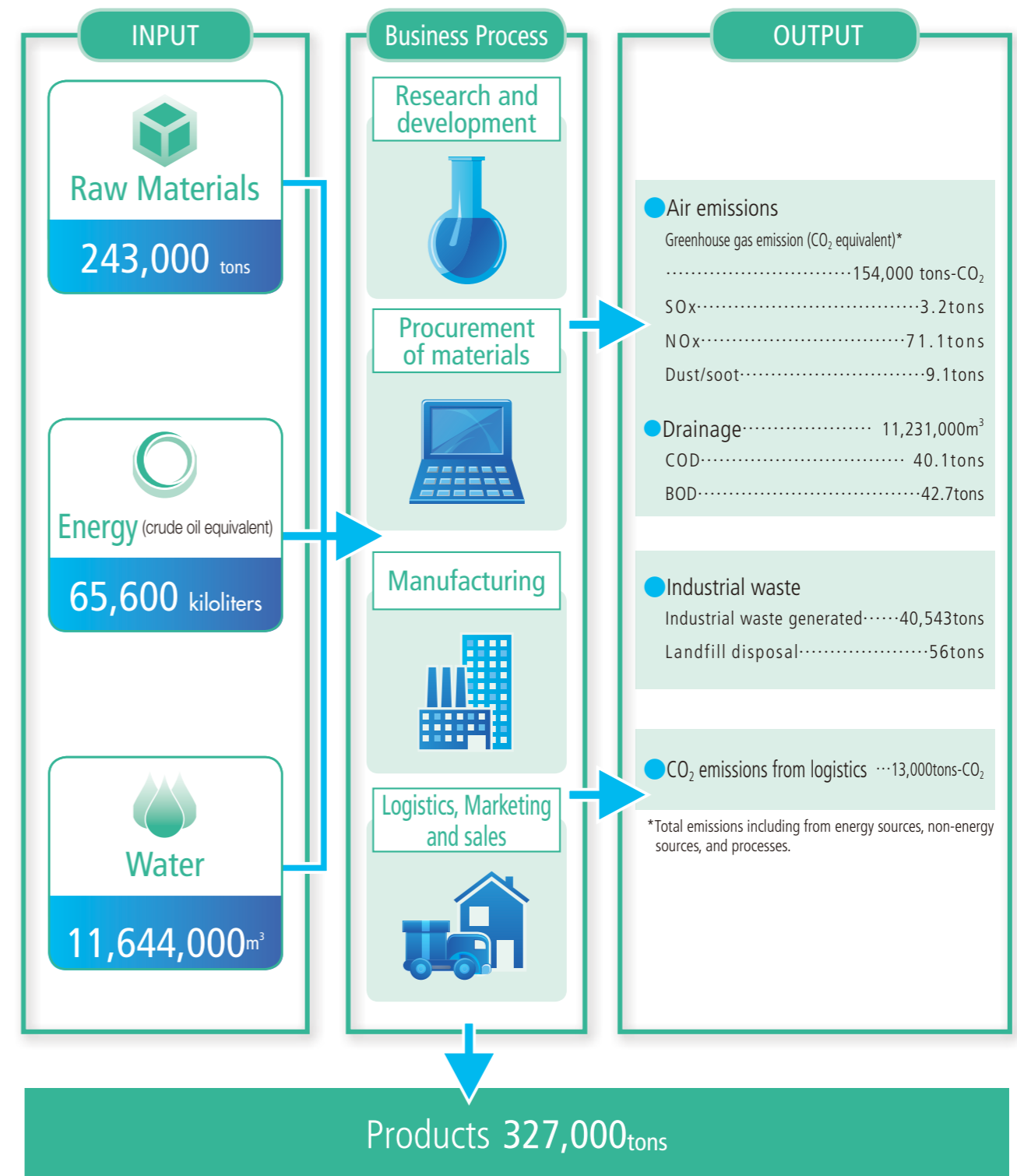


Introduction of privately-owned power-generating facilities (at the headquarters)

Understanding of Material Flow in Business Activities

*Adeka and its domestic group companies

The Adeka Group quantitatively understands influences on the environment throughout business activities from research and development of products to manufacturing and sales, in order to reduce the environmental impacts.



Efforts for Product Safety and Quality

The Adeka Group works on continuous improvement and thorough quality assurance in order to provide safe and secure products to customers.

Adeka's Quality Safety

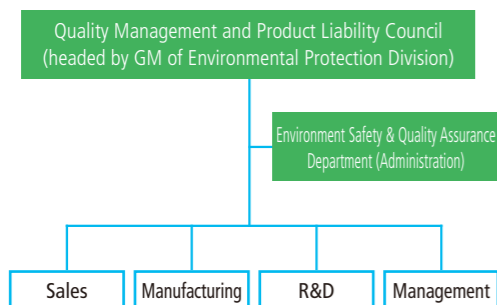
The Adeka Group is committed to providing safe products and service with high quality. The Group strives to improve the level of product safety by complying with laws and regulations in countries worldwide. It is also guided by an integrated approach to quality assurance and product safety that is referred to as "quality safety," while endeavoring to thoroughly manage product safety, and disclose information in a timely manner.

Quality Control Policy

With the aim of providing safe and reliable products to customers, we assess effectiveness of systems related to quality control and continue to improve them.

1. We investigate a "true cause" of defects in process and complains, in order to take effective countermeasures and horizontally develop them.
2. We build a system for supply chain management, while promoting risk management of chemicals.
3. We secure management of original materials in relation to both foods and chemicals, as taking into account biodiversity.

Quality Management and Assurance



Flow chart at the time of product accidents



Operational Improvement Activities for Better Quality

The Adeka Group is working on improvement activities by small groups which aim to increase efficiency in production and business operations, and improve product quality. Furthermore, improvement cases are shared among domestic and overseas business bases through "presentation for improvement cases" and "presentation for improvement cases concerning safety initiatives in the four areas," which are annually held.

In fiscal 2011, the presentation for improvement cases was held for the first time in Chinese-speaking area, with five companies in China and Taiwan.

In an attempt to maximize the synergy effect in the Adeka Group, we will continue improvement activities at each base and enhance cooperation among the bases.



Presentation for improvement cases in Chinese-speaking area

Appropriate Management of Chemicals

Adeka strives to appropriately manage chemicals throughout life cycles from development of products to manufacturing, use, final consumption, and disposal, in order to secure safety of products and production processes.

Response to GHS/REACH

Hazard and toxicity of all chemicals is classified in accordance with GHS¹, and the results are stated in MSDS. As for REACH², in fiscal 2011, the procedures were made for products to be registered in fiscal 2013, following two

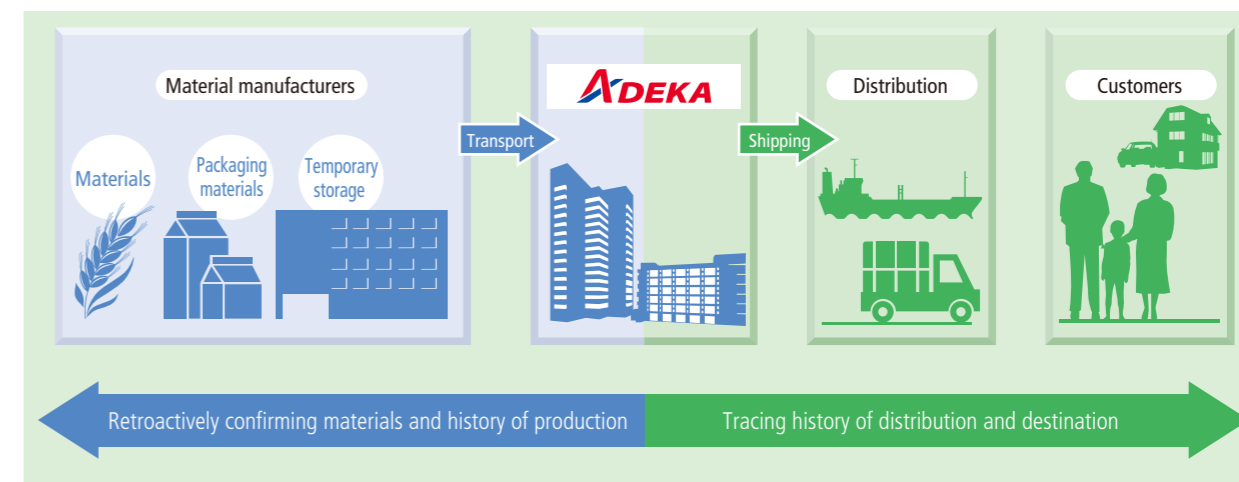
chemicals registered in fiscal 2010. Furthermore, internal education on REACH is provided to staff of relevant departments on a regular basis.

¹ GHS: Globally Harmonized System of Classification and Labeling of chemicals

² REACH: Regulation concerning the Registration, Evaluation, Authorization and Restriction of Chemicals, which is implemented by the EU

Management of Food Traceability

Adeka has in place a traceability system which enables to trace a product with a lot number, or retroactively confirm history of production/inspection by recording and keeping history from procurement of materials through manufacturing, distribution, and sales. Reflected in production planning and inventory control, the consistent management system is also useful for thorough management of freshness.



System of Quality Assurance Related to Radioactive Substances

After the accidents at Fukushima No. 1 Nuclear Power Plant following the Great East Japan Earthquake, the Adeka Group has purchased materials which conform to new criteria of radioactive substances, Food Sanitation Act, and other relevant laws and regulations from materials manufacturers.

In accordance with Act on Special Measures concerning the Handling of Pollution by Radioactive Materials, we measured radiation quantity in gas emitted from incinerators and discharged water of Chiba Plant and Soma Plant. Then, radioactive substances were not detected.

Paying attention to diverse information including the situation of Fukushima No.1 Nuclear Power Plant, Adeka will make efforts for enhancing the quality assurance system to provide safe and secure products to customers.

Efforts for Better Working Environment and Practices

The Adeka Group strives to create safe and comfortable working environment, paying attention to each employee's health.

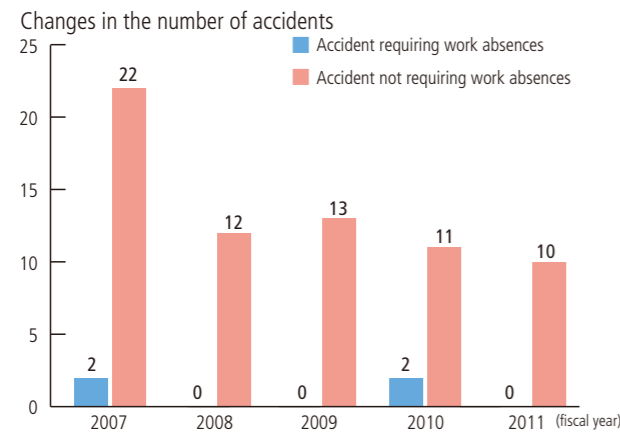
Safety and Health of Employees

The Adeka Group proactively works on prevention of labor accidents, improvement in working environment, as well as maintenance and promotion of employees' health, in order to achieve the comfortable working environment as securing employee's safety and health.

To be more specific, as set in Environmental Action Plan (P. 22), we have pursued activities to prevent labor accidents with all domestic plants which have acquired OHSAS18001 certification, mainly guided by safety initiatives in the four areas of occupational safety, quality safety, environmental safety, and equipment safety.

Aiming at zero labor accident

In fiscal 2011, the goal of no labor accident requiring work absences was achieved. However, we could not attain the goal in relation to accidents not requiring work absences, with ten accidents, which were less than the previous year. We will continue to make efforts for improvement, aiming to minimize labor accidents.



Implementation of emergency drills

With an eye to review of disaster prevention management system and facilities, and increasing employee's awareness, the Adeka Group implements emergency drills at each business locations on a regular basis.

In preparation for emergencies such as unexpected accidents and disasters, a voluntary fire department has been organized, participating in local voluntary firefighting drills.



Emergency drills (area of headquarters)

Efforts for traffic safety and safety on the premises

In order to eliminate traffic accidents in sales activities with cars and during commuting, the Adeka Group provides education and seminars on traffic safety at each business location to boost employee's awareness.

Also in the plants, Adeka enhances safety management, by conducting safety education in cooperation with business partners.



Traffic safety seminar by the police (Akashi Plant)

Maintenance and promotion of employee's health

The Adeka Group implements semiannual medical checkups for all officers and employees. After medical checkups, when re-examination is needed or abnormality was detected, individual follow-ups will be made by an industrial physician and a nurse.

Furthermore, the Group implements seminars and training concerning mental health on a regular basis at each business location, in order to proactively manage and promote each employee's physical and mental health.



Bone density test (Mie Plant)

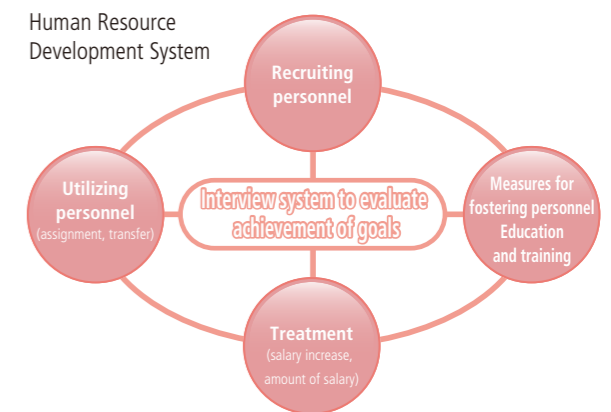
Fair Evaluation and Treatment

In fiscal 2006, aiming to be a company which create highly added value, Adeka introduced "Role/Qualification System" to encourage each employee to contribute to the Company's performance through creating more added value.

This is Adeka's unique personnel system combining the following two concepts: 1) Guided by the idea that there are roles to be fulfilled in all jobs, employees are treated according to the level of achievement, i.e., how much they contribute to the Company's performance through creating added value; and 2) based on the grade of qualification decided according to stages in development of ability to execute duties, employees are treated.

In this evaluation system, each employee sets a personal goal for half-period. At the end of the fiscal year, an interview is held to evaluate achievement of the goal. According to the result, employee's amounts of salary and bonus, and promotion, etc. are decided.

Regarding this interview system to evaluate achievement of goals as one of employee's priority duties, Adeka holds quarterly interviews in a thorough manner, in spring, summer, autumn, and winter. With this system, Adeka puts emphasis on and promotes communication between superiors and subordinates. Furthermore, Adeka pursues the creation of corporate culture in which human capital are developed through day-to-day business operations by setting a goal and conducting PDCA cycles for evaluation at end of term.



Continuing a Good Labor-management Relationship

Adopting a union-shop system to have all employees excluding managerial staff join the labor union, Adeka makes efforts for building a good relationship focusing on labor-management communication.

In relation to measures for diverse management issues in general corporate activities, for example, change of working conditions, stabilization of employment, safety and health, and manufacturing and sales activities, the labor union and management executives repeatedly exchange their opinions at the labor-management council and various study committees, etc., in order to resolve those problems. Like this, Adeka strives to maintain and enhance the healthy and good labor-management relationship on the basis of mutual understanding and trust.

TOPICS

Implementation of "Safety Check Meeting" with employees and managerial staff

With an eye to creating better working environment, each business location holds "Safety Check Meeting" with employees and managerial staff every year.

In fiscal 2011, Akashi Plant held the meeting, in which inspection of equipment, safety examination on health, and review of measures against potential risks were conducted.



On-site auditing and safety report

Creating Working Environment that Employees can Feel Satisfied with their Jobs

Adeka develops human resource who can be active worldwide, by improving working conditions so that each employee can independently work as a professional.

Adeka Human Resources Principles

Adeka embraces four human resources principles in an effort to create working conditions that enable employees to flourish at work and fully leverage their talents.

- ▶ Respect the human and personal qualities of employees
- ▶ Develop human capital who have a positive social impact
- ▶ Support self-realization by employee
- ▶ Develop employees with initiative

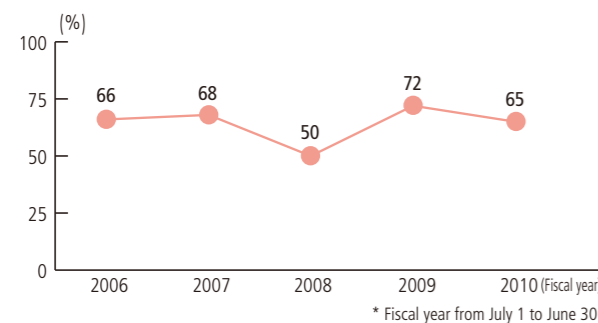
Work-Life Balance

Adeka values the work-life balance of employees and offers different programs to give employees the flexibility to adopt diverse work styles and work hours.

■ Appropriate working hours

Adeka holds a labor-management committee on prolonged work at each business location every month, in order to keep proper working hours and deliberate measures for ensuring health of employees working for long periods of time.

Changes in rate of paid leaves taken



■ Support for keeping a balance between work and childcare/nursing care

Adeka is working on enhancing leave of absence systems, promoting employees' understanding, and creating the environment in which the systems can be readily used, so that employees can keep a balance between work and childbirth, childcare, and nursing care. As the result of those efforts, Adeka acquired Kurumin mark certification in June 2010 from the Ministry of Health, Labour and Welfare, recognizing an active commitment to supporting parent.



Kurumin mark to be granted to companies which actively support employees' childcare

● Adeka Action Plan

(April 1, 2010 to March 31, 2013)

1. Aim for at least three male employees and at least 80% of female employees with newborn children to take child care leave.
2. Make it easier for employees to take advantage of the child care leave program.
3. Expand the programs offered to support the work-life balance of employees.
4. Pursue initiatives to reduce overtime work.
5. Continue to involve employees in community clean-up activities to develop a positive mindset among employees.

● Employee Use of Child Care Program

In fiscal 2010, Adeka revised the rules for its child care leave program, in accordance with the action plan developed under the Act on Advancement of Measures to Support Raising Next-Generation Children. Specifically, the qualification rule for taking reduced working hours was expanded to include employees with children aged up to grade four, where previously children in grade one and later were excluded.

The revised rules offer employees greater flexibility to balance their work and child-rearing responsibilities. seventeen employees took advantage of the child care leave program in fiscal 2010, including one male employee.

Promotion of Diversity

Adeka strives to create an organization in which diverse employees can vividly flourish using their characteristics by diversifying employees' attributes.

■ Respect for Human Rights

The Adeka Group Code of Conduct outlines the importance of regulatory compliance and the need to respect basic human rights and eliminate discrimination. The code also prohibits human rights transgressions, such as the use of child or forced labor in supply chains in and outside of Japan.

■ Prevention of moral harassment

Adeka proactively provides lectures on moral harassment (sexual harassment and abuse of power), which is integrated into the job level-specific training program. In fiscal 2011, 24 employees participated in the lecture.

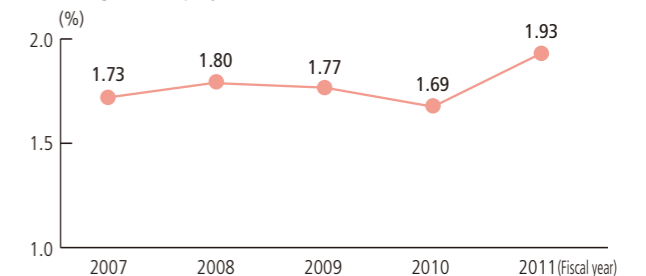
■ Policy concerning employment of the elderly

Adeka has adopted a continuous employment system in order to enable the elderly to be active using their abundant experiences and expertise even after mandatory retirement.

■ Policy concerning employment of the disabled

The Adeka Group makes efforts for creation of comfortable working environment through expanding job categories in which persons with disabilities can work and refurbishing facilities.

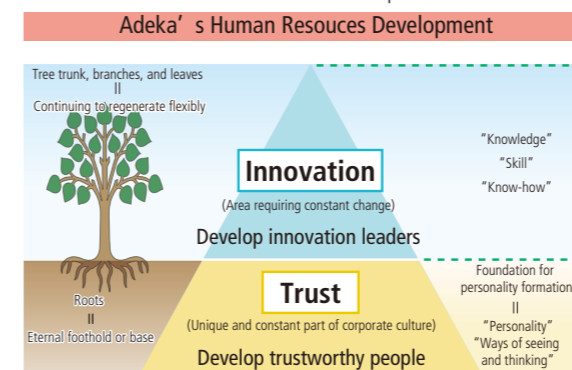
Changes in employment rate of the disabled



Human Resources Development

With the basic belief that human resources are human capital and the principles for human capital development build on the concept of "Trust and Innovation," Adeka makes active efforts for enabling each employee to grow up and develop with Adeka.

Chart of Adeka's Human Resources Development Policies



■ Support for employee's career development

With a support system for employees' self-development, Adeka supports employees to voluntarily develop abilities and skills by encouraging employees to receive correspondence courses, study at overseas graduate school, and go to business school, as well as by providing e-learning programs, etc.

■ Development of global human Resources

● Overseas training system

Adeka sends young employees who passed the internal selection to U.S., China, and Singapore, and allows them to go to language school and receive on-the-job training at local companies for six months.



Language training (in U.S.)

● Holding Global Meetings

Adeka holds "Global Meeting," a sales meeting of the polymer additive business, inviting managers of overseas group companies, in an effort to exchange and effectively use human capital.



Global meeting

Adeka and Stakeholders

The Adeka Group pursues the achievement of healthy and enriched society in cooperation with stakeholders in various manners.

What have we not sufficiently fulfilled responsibility for? What is a contribution that only Adeka can make? What should we further emphasize on? In relation to such issues, Adeka proactively has communication with stakeholders, in order to evolve into a company that is needed by the society.



Communication with shareholders and institutional investors

Appropriate information disclosure based on the disclosure policy
In compliance with the Financial Instruments and Exchange Act and other relevant laws and regulations, Adeka makes efforts for disclosing as accurate corporate information as possible to shareholders, investors and other stakeholders in a timely, appropriate, and fair manner.

For further details, visit Adeka's website.
<http://www.adeka.co.jp/en/ir/disclosure.html>

Holding Investor Briefing Sessions and IR Meetings

Semiannual investor briefing sessions and individual meetings are held for domestic institutional investors and securities analysts, as well as the press.

In fiscal 2011, 174 individual meetings were implemented.



Investor briefing session for securities analysts and the press

Communication with suppliers

Establishing and maintaining equal and fair relationships with suppliers, the Adeka Group purchases better products and service from a global viewpoint.

In specific transactions, guided by its unique standards for procurement management focusing on consistency, safety, and compliance, Adeka promotes procurement conscious about CSR.

Communication with Local Communities

Initiatives for youth cultivation and education

- **Accepting students for experiential learning in workplace**
"Experiential learning in workplace" was implemented at Adeka's business locations, in which junior high school and high school students experienced jobs.
- **Chemical experiment class**
At Adeka's headquarters, "chemical experiment class" is held for elementary school pupils in its neighborhood every year. In fiscal 2011, with the theme of "magic of gel," the class was held for pupils of Ogunishi Elementary School and Ogu Elementary School in Arakawa Ward.
- **ADEKA Cup, Judo and Kendo competitions**
Adeka holds Judo and Kendo competitions for boys and girls in the neighborhood of Arakawa Police Office, in an effort to foster healthy children.
- **Lecture at Arakawa Business College**
Adeka's officer talked on "roles of chemical technology" in an educational course for staff of Arakawa Ward Office, "Business College."

Communication with local residents

The Adeka Group communicates and has exchange with local citizens through community activities, various events, and opening its facilities such as our premises and ground to the public.



Accepting students for experiential learning in workplace (headquarters)



The scene of Exciting Chemical Experiment Class



ADEKA Cup, Judo and Kendo competitions



Toin-cho Agricultural and Commercial Festival (Mie Plant)

Completion of "Adeka Group CSR Five Year Plan" (2007 ~ 2011)

Setting the medium- and long-term goal of "Continuity," we had interviews with presidents of four overseas subsidiaries in Asia with the aim of making CSR initiatives penetrate into them, and explained trends in business development of those subsidiaries in CSR Report 2011. In addition, we summarized the establishment of Adeka's global standards and localization in terms of CSR.

FY2007	Proliferation and education	Grasp the current state of CSR initiatives, establish the CSR approach, and educate and raise employee awareness
FY2008	Assessment	Assess and evaluate CSR initiatives
FY2009	Planning	Establish CSR principles
FY2010	Implementation	Adeka Group implements unified CSR initiatives (in Japan)
FY2011	Continuation	Expand CSR initiatives to global activities (international affiliates)

Also in fiscal 2011, "Adeka President Meeting" was held, which has continued since fiscal 2008. In this meeting, presidents and representative of domestic and overseas group companies gathered to discuss management policies and Adeka CSR initiatives.



Adeka president meeting

CSR Management

Aiming to be a company which is continuously needed and trusted by society, Adeka enhances corporate governance, complies with laws and regulations, and responds to risks in a thorough manner.

Corporate Governance

The Adeka Group's Corporate Governance

Making it a top management priority to strengthen corporate governance toward achievement of the management policies, the Adeka Group has strived to strengthen the framework for corporate governance based on decision making through a consensus of the Board of Directors, and use of system of auditors.

Adeka also has in place a framework to enable execution of more accurate operations by clarifying the responsibilities and authorities for business execution and expediting management decision making with introduction of executive officers system, the optimal number of directors, and shortened length of Director appointments.

Enhancing Internal Control

Adeka has been operating a committee for internal control since March 2007, and improved systems to secure appropriate operations. The committee has established and enhanced the internal control by properly operating internal control policies formulated in accordance with the Companies Act, and an internal control system concerning financial reporting in accordance with the Financial Instruments and Exchange Act.

Implementing appropriate supervisory and audit

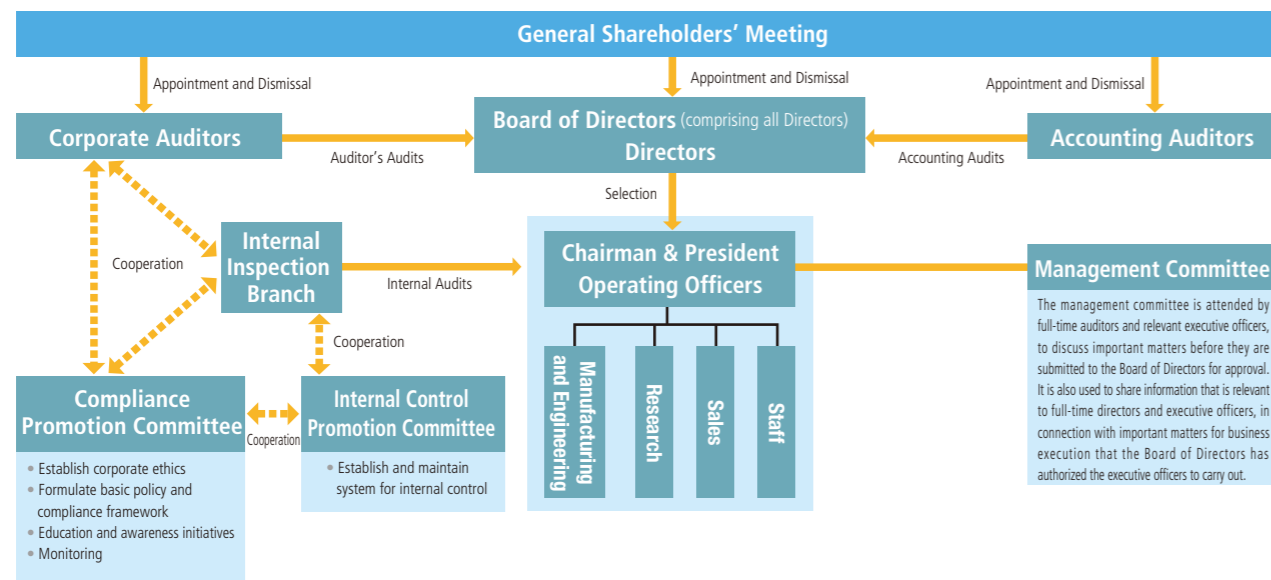
The Adeka Group's Board of Auditors consists of five auditors including three outside auditors. The Board of Auditors audits the situation of the internal control system and business execution concerning general management.

Adeka also operates an Internal Inspection Branch that is independent from the management organization and audits and verifies business execution by group companies, in order to maintain appropriate and healthy business execution.

Independent Committee

Independent Committee is convened when a party expresses an interest in purchasing a significant share of Adeka stock, with the aim to ensuring the transparency and objectivity of the Company's handling of the proposed stock purchase. The committee is composed of outside experts and outside directors with a high degree of separation from the Company, and makes proposals and recommendations from a fair standpoint.

The committee is convened twice a year, regardless of circumstances. At the meetings, Adeka provides the committee members with management information and collects objective input and advice from the committee members.



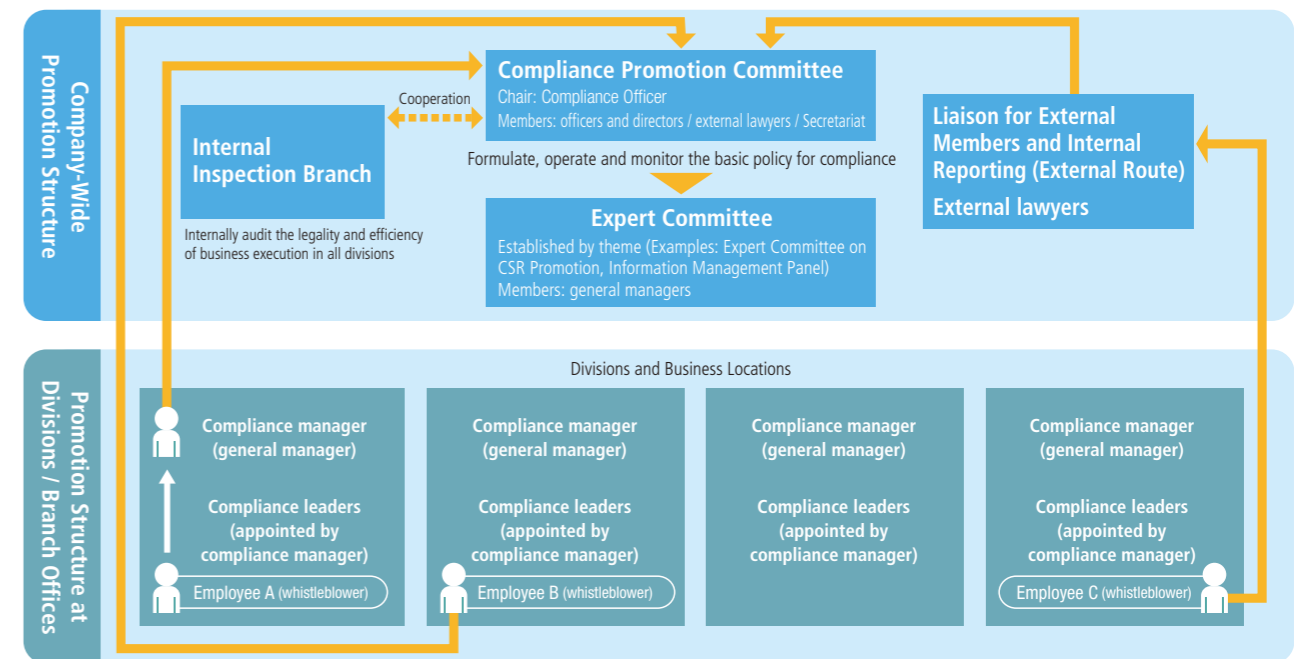
Compliance & Risk Management

Promoting compliance in accordance with Adeka Group Code of Conduct

The Adeka Group Code of Conduct, established in February 2003, outlines basic rules to guide the proper conduct of all of the Adeka Group's officers and employees in accordance with the management policies, corporate ethics, and laws and regulations. Translated in English and Chinese, the code of conduct

has also been used overseas.

In addition, the Group has prepared a set of compliance action guidelines that provide specific guidelines to realize the Code of Conduct. With the compliance action guidelines, we thoroughly pursue fair and faithful business activities in compliance with laws and regulations, social norms, morality, and ethics.



*To secure compliance throughout the Adeka Group, the Group Compliance Association is regularly convened to communicate and share information about compliance matters.

Operation of Internal Reporting System

The Adeka Group has introduced "Adeka Hotline," a contact point for inquiries and reporting related to compliance, in order to quickly detect non-compliant behavior and resolve problems. Tools for inquiries and reporting include telephone, e-mail, facsimile, writing, and interview. We investigate reported matters in consideration of privacy protection, in order to improve problems and prevent reoccurrence.

Risk Management

As risk management in peacetime, the Adeka Group has established the Risk Management Committee, an organization to promote prevention of crises. The Group-wide efforts to resolve issues concerning risks have been made.

When critical incidents occur, such as accidents, disasters, and pandemics, which may significantly affect the Group's business activities, or when its business activities may have adverse impacts on the society, Emergency Headquarters are internally established to swiftly resolve and recover the situation.

In response to the Great East Japan Earthquake in March 2011, Adeka formed a temporary disaster response center to collect information on damages in the entire Group, and support disaster-hit business locations for rapid recovery of operations.

Protection and Management of Information

The Adeka Group is deeply aware of significance of information management and protection in the network society. Therefore, the Group strives to prevent important information from leaking, by strictly handling internal information such as personal information, secrets concerning sales, and technological expertise, in accordance with internal information management rules.

Highlight 2011

Established ADEKA AL GHURAIR ADDITIVES LLC in UAE

Adeka established a new joint venture company "ADEKA AL GHURAIR ADDITIVES" in UAE, with an eye to expanding the polymer additives business in the Middle East (in April 2011). The company is aiming to account for 25% of the polymer additives market share in the Middle East in five years.



Established ADEKA AL GHURAIR ADDITIVES

Decided to newly build a plant for polymer additives in China

Adeka decided to newly construct manufacturing plant for highly functional antioxidants for polyolefin resin, etc. at ADEKA FINE CHEMICAL (CHANGSHU) CO., LTD. in China (in April 2011). Adeka aims to account for 20% of the global market share in five years, as responding to expansion in demands mainly in emerging countries.



Expanded the plant at ADEKA KOREA

Expanded a plant related electronic materials in Korea

In order to enhance the electronic materials business, Adeka expanded manufacturing facilities for newly materials for memories of next-generation semiconductors at ADEKA KOREA. It is scheduled to start operation from October 2012.



Presentation ceremony for the award from the Minister of Economy, Trade and Industry

A representative measurer of Kashima Plant won the award from the minister of Economy, Trade and Industry

In recognition of longtime efforts for the development of the measuring business, and the advance and renovation of measuring apparatus, as well as diffusion of thought about measuring, a representative measurer of Kashima Plant won the award from the minister of Economy, Trade and Industry at the national competition on the memorial day of the Measurement Act (in November 2011).



Presentation ceremony of FSSC22000

Kashima Plant-West acquired FSSC22000 certification, an international standard of food security system

In order to provide safer and more secure products to customers, Kashima Plant-West acquired FSSC22000 certification, the latest food security management standards, which added strict hygiene management criteria and additional requirements of food defense to ISO22000 (in December 2011).

Outstanding supplier award from Chinese subsidiary of Kyowa Leather Cloth Co., Ltd. for the second time

ADEKA (Shanghai) CO., LTD., a sales company for chemicals in China, and ADEKA FINE CHEMICAL (Shanghai) CO., LTD., a manufacturing company for chemicals, received the outstanding supplier award from Kyowa-GSK Plastics (Langfang) Co., Ltd., Chinese subsidiary of Kyowa Leather Cloth Co., Ltd. for the second time since 2010 (in February 2012).



Received the outstanding supplier award

Third Party Opinion Comments

Reading the Adeka Group CSR Report 2012

Katsuhiko Kokubu

Professor Katsuhiko Kokubu received a PhD in business administration from Graduate School of Business, Osaka City University. He has been in his current position since 2001, after serving as associate professor of Osaka City University and associate professor of Kobe University. In 2003, he established the Institute for Environmental Management Accounting, a vehicle for utilizing research achievements. Professor Kokubu chaired ISO/TC207/WG8, and served as a chairperson and a member of various committees involved in the Ministry of Economy, Trade and Industry, and the Ministry of Environment. His published works include "Material Flow Cost Accounting" from Nikkei Publishing Inc. and "Accounting System to Support Decision-Making on Environmental Management" from Chuokeizai-Sha Inc.



CSR initiatives of the Adeka Group in the Medium-and Long-term Visions
The Adeka Group launched the Mid-term Management Plan "STEP 3000" from fiscal 2012. On the basis of its 95-year history, this is the management plan to realize the ideal vision in 2016, in which Adeka will mark the 100th anniversary. While setting targets of net sales and business domains, the plan is featured by aiming to achieve them as a "good corporate citizen." As stated in "Senior Management Commitment," the plan supports and underlies the Medium-and Long-term Management Plan, embodying the fundamental CSR policy with three cores of "ability," "vitality," and "stability." I highly appreciate and place expectations on the Mid-term Management Plan "STEP 3000" which expresses the fundamental corporate attitude to perform CSR management, incorporating CSR initiatives into business operations.

Providing society new products and technologies which would change the world through the idea of CSR

In "Focus," new products which protect human life and nature using Adeka's technology are introduced. Invented on the basis of the idea of the fundamental CSR policy, those new products are considered to be good examples of business attitude to keep the company itself alive with products which can contribute to society, in order to realize the ideal vision of the Adeka Group. With overseas operations further developing in the future, it can

be expected to develop products which can contribute to society, taking into account universal CSR and one peculiar to each region.

Risk management seen in response to the Great East Japan Earthquake
While seriously affected by the Great East Japan Earthquake in March 2011, the Company was outstanding in quick responses immediately after the disaster and subsequent efforts for restoration. I know this was because of day-to-day preparation and drills. I feel their positive spirit to eliminate unexpected circumstances by reflecting problems identified after the disaster in a new BCP (Business Continuity Plan). Therefore, Adeka's risk management can be evaluated at high level.

Adeka and Stakeholders

Adeka is making efforts for having communication with various stakeholders in order to conduct CSR management. Presently, however, each of those efforts has been separately conducted for individual stakeholders. In the future, I expect the Company to promote communication with the theme of "CSR of Adeka." To this end, I think Adeka is required to have a system to evaluate its CSR performance with numerical values or indicators in the annual CSR Report. I expect Adeka to build the system with which stakeholders can easily and objectively understand progress, aiming to be regarded as a good corporate citizen in the year of 100th anniversary.

Response to Third Party Opinion

Akira Momose
Chairman of Compliance Promotion Committee
Director and Managing Operating Officer in charge of Secretarial Dep, Legal Affairs & Publicity Dep, and Purchasing & Distribution Dep; Chief of Corporate Planning & Strategy Div

I would like to thank Professor Kokubu for his valuable feedback. The Adeka Group has been committed to development of high quality products with unique and excellent technologies, wishing to contribute to the realization of healthy and enriched society since its foundation. We will proactively conduct business activities toward achievement of the the Mid-term Management Plan, by connecting domestic Adeka Group companies with the network of 20 overseas bases. At the same time, we will continue to contribute to society through business operation, taking into account CSR initiatives appropriate to each Group companies and bases.

We will consider having opportunities for communication with stakeholders, on which Professor Kokubu made suggestion, so as to respond to various expectations from stakeholders. Furthermore, we will reflect issues to be improved such as visible evaluation of CSR initiatives in future activities in reference to advanced examples. We will also continue to strive to enhance and improve CSR Report which is an important communication tool to enable people to understand the frameworks and concept of Adeka's social contribution activities.

Group Network

Adeka Corporation

Head Office: 7-2-35 Higashi-ogu, Arakawa-ku, Tokyo
HP Address <http://www.adeka.co.jp>

Main Branch / Branch / Regional Office

- Osaka Main Branch
- Nagoya Branch
- Fukuoka Branch
- Sapporo Regional Office
- Sendai Regional Office

R&D Laboratories

- Ogu R&D Laboratory
- Urawa R&D Laboratory
(R&D center for polymer additives)
- Kuki R&D Laboratory
- Kansai Food Development Section

Plants

- Kashima Factory
- Kashima Factory–West
- Chiba Factory
- Mie Factory
- Fuji Factory
- Akashi Factory
- Soma Factory

Major domestic affiliated companies

- Nihon Nohyaku Co., Ltd.
- Adeka Chemical Supply Corp.
- Adeka Life-Create Corp.
- Asahi Architects Office Co., Ltd.
- Oxirane Chemical Corp.
- Kashima Chemical Co., Ltd.
- Kanto Sodium Silicate Glass Co., Ltd.
- Adeka Clean Aid Corp.
- Tokyo Environmental Measurement Center Co., Ltd.
- CO-OP Clean Co., Ltd.
- Mizushima Plasticizer Co., Ltd.
- Adeka Fine Foods Corp.
- Adeka Engineering & Construction Corp.
- Adeka Logistics Corp.
- Adeka Foods Sales Corp.
- Yongo Co., Ltd.
- Uehara Foods Industry Co., Ltd.

Major overseas affiliated companies

USA

- ADEKA USA CORP.
- AMFINE CHEMICAL CORP.
- AM STABILIZERS CORP.

Germany

- ADEKA EUROPE GmbH

France

- ADEKA PALMAROLE SAS

South Korea

- ADEKA KOREA CORP.

China

- Adeka (Shanghai) Co., Ltd.
- Adeka Fine Chemical (Shanghai) Co., Ltd.
- Adeka Fine Chemical (Changshu) Co., Ltd.
- Adeka Foods (Changshu) Co., Ltd.
- Chang Chiang Chemical (Shanghai) Co., Ltd.
- Kukdo Chemical (Kunshan) Co., Ltd.

Taiwan

- Chang Chiang Chemical Co., Ltd.
- Adeka Fine Chemical Taiwan Corp.

Thailand

- ADEKA FINE CHEMICAL (THAILAND) CO.,LTD.

Singapore

- ADEKA (ASIA) PTE.LTD.
- ADEKA (SINGAPORE) PTE.LTD.

Malaysia

- FELDA IFFCO OIL PRODUCTS SDN.BHD.

India

- ADEKA INDIA PVT.LTD.

The United Arab Emirates

- ADEKA AL GHURAIR ADDITIVES LLC



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