



Creating Job Satisfaction with a Positive Work Environment

Our employees are the driving force for advancing the ADEKA Group's business into the global domain. We have a number of initiatives in place to ensure that our employees have a safe and pleasant work environment, where human rights and fair treatment are respected, and which cultivates a vigorous company that values the individuality and intrinsic character of each employee.

Message from General Manager

The ADEKA Group focuses on developing the abilities of each employee through opportunities that allow them to demonstrate their skills. Under this principle, we strive to treat them with fairness based on the level of skills they have attained and how effectively those skills are put into practice, in addition to creating a vibrant and positive work environment.

In fiscal 2016, we took steps to further enhance the work-life balance by reducing working hours and improving the shortened working hour program for childcare and nursing care. We will press ahead with creating a safe, positive work environment where next-generation human resources are fostered and employees can continue to grow, toward becoming a company that provides a sense of fulfillment to its workforce.



Yuji Saito
General Manager,
Human Resources Department

Human Resources Principles

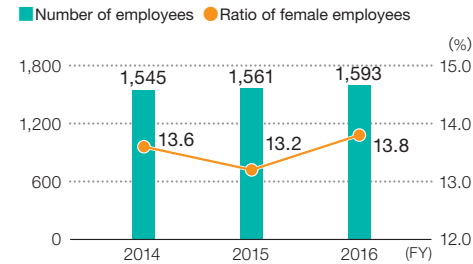
- Respect the human and personal qualities of employees
- Support self-realization by employees
- Develop human capital who have a positive social impact
- Develop employees with initiative

Human Resources Data

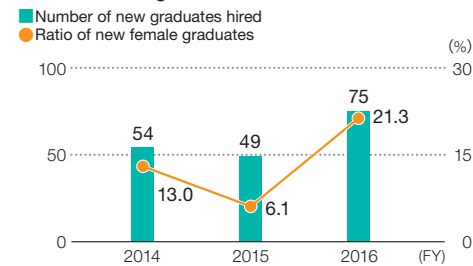
Item	Unit	FY2014	FY2015	FY2016
(1) Number of consolidated employees	Employees	3,099	3,241	3,375
(2) Number of non-consolidated employees	Employees	1,545	1,561	1,593
Male	Employees	1,335	1,355	1,373
Female	Employees	210	206	220
(3) Ratio of female employees	%	13.6	13.2	13.8
(4) Employee average age	Years	38.5	38.9	38.8
Male	Years	38.8	39.1	39.0
Female	Years	36.6	37.7	37.5
(5) Average length of employment	Years	15.5	15.9	15.7
Male	Years	15.7	16.1	15.9
Female	Years	13.8	14.7	14.5
(6) Employee turnover rate	%	2.4	2.8	2.5
Male	%	2.3	2.8	2.6
Female	%	3.2	2.8	2.2
(7) Ratio of female managers	%	2.9	2.7	2.9
(8) Number of new graduates hired	Employees	54	49	75
Male	Employees	47	46	59
Female	Employees	7	3	16

* (1): ADEKA Group, (2)-(8): ADEKA

Number of employees and ratio of female employees



Number of new graduates hired and ratio of female new graduates



Targets and Actual Results for Fiscal 2016 and Targets for Fiscal 2017

Focus	Mid-term target	Ultimate target	Targets for FY2016	Actual results for FY2016	Targets for FY2017
Work-life balance	Support plan for nurturing the next generation (April 2015–March 2018)	Target utilization of childcare leave: more than 2 male employees and more than 80% utilization rate for female employees.	Create an environment that enhances participation of male employees in childcare.	Upgraded the details of the reduced working hour program for childcare (reduced the unit of time by which employees can shorten their working hours from 30 minutes to 15 minutes per day).	Set target for utilization of childcare leave at more than 2 male employees and more than 80% utilization rate for female employees (make use of in-house bulletin board, etc., to raise employee awareness and utilization of the program).
		Continue the initiative to reduce overtime working hours.	Enrich various programs implemented to promote achievement of work-life balance among employees.	Working hours for day shifts were reduced by 5 minutes per day starting in April 2016.	Continue the initiative to reduce overtime hours (as a part of work style reforms, promote flexible work styles and rectify long working hours).
Promoting the active roles of women in the workplace	Plan on promoting the active roles of women in the workplace (April 2016 – March 2021)	Achieve a ratio of 5% female managers by 2021.	Ratio of female managers as of March 31, 2017: 2.9% (0.2 percentage point increase from the previous year) • With the goal of increasing the female employee ratio, senior female employees conducted a seminar on the active roles of women in the workplace for students seeking employment. • Revised pamphlets and leaflets for deepening employees' understanding of childcare and nursing care programs, and reminded staff that these programs are available.	Ratio of female managers as of March 31, 2017: 2.9% (0.2 percentage point increase from the previous year) • Increase business skills and awareness for women's participation. • Encourage participation in external training courses. • Enrich the content of training for those in a position close to becoming a manager. • Continue improving the ratio of female employees. • Continue hosting seminars on the active roles of women in the workplace by senior female employees.	Achieve a ratio of 5% female managers by 2021.

Promoting Diversity

Respecting human rights

The ADEKA Group's Code of Conduct clearly emphasizes respect for fundamental human rights, and all employees are in compliance. Furthermore, throughout the processes of recruitment, hiring, and promotions, we respect the value of diverse human resources, regardless of nationality, age, sex, race, or disability, and we have developed a level playing field where each individual can exert his or her personality and take on an active role. Work regulations, too, were laid down to respect the diversity and individuality of people, and prohibit any form of harassment.

Active roles of women in the workplace

The ADEKA Group is open to recruitment and promotions regardless of gender and supports the active participation of women. We are taking steps to raise female employee business skills through efforts such as personnel rotation for career development. Also, we are creating a pleasant work climate that encourages their active participation.

In our recruitment activities, we hosted seminars to provide female science students with an opportunity to interact with female employees representing various generations. As a result of these approaches, 10 women were among the new graduates who joined the company in April 2017.



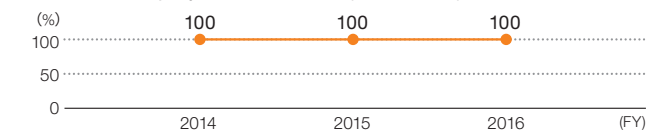
Seminar on promoting the active roles of women (April 2016)

Employment of retirees

ADEKA has established a re-employment system for retirees up to 65 years of age who wish to continue working, with the exception of special circumstances. The re-employed retirees are a valuable presence in passing down traditions to the next generation and play an active

role as experts equipped with the knowledge, experience, and skills that they have built up over their careers. The system supports various working styles, such as full-time work or three-day work weeks.

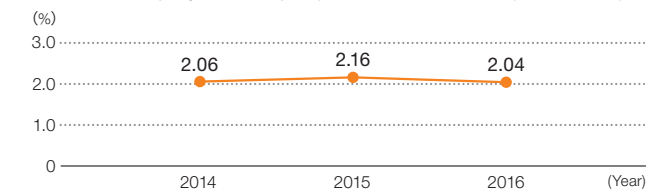
Rate of employment of retiree (for ADEKA)



Employment of people with disabilities

The ADEKA Group continually strives to improve the work environment and expand job categories toward enabling disabled persons to exercise their capabilities and achieve self-realization. We will continue promoting the active employment of people with disabilities.

Rate of employment of people with disabilities (for ADEKA)



Excellent Employee Award received from a city government

An employee with a disability working in the production department of ADEKA FOODS (ASIA) SDN. BHD. in Malaysia was recognized for his earnest work attitude and achievements by receiving an Excellent Employee Award from the city of Pasir Gudang, Malaysia. At the ADEKA Group, employees are able to be actively involved in work by drawing on their unique character.

We will continue to respect diversity and are committed to making an even better work environment.



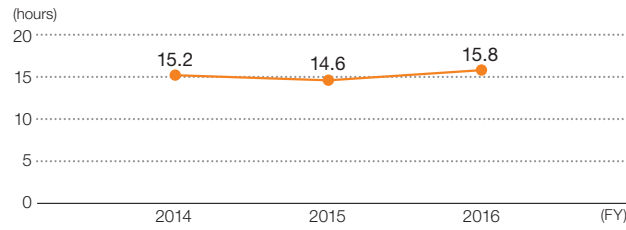
Excellent Employee Award recipient with his family

Promoting Work-Life Balance

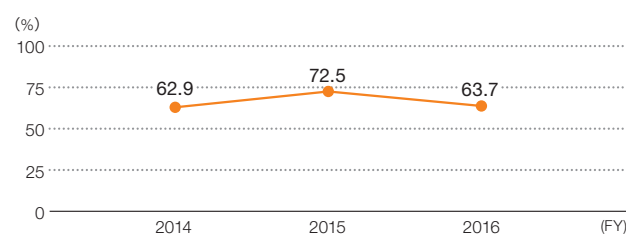
•Optimizing working hours

ADEKA strives to eliminate long working hours through such initiatives as “no overtime days” once a week and by optimizing working hours under the leadership of the Labor-Management Committee. In fiscal 2016, day shift working hours were shortened by 5 minutes per day with the intention of changing work attitudes as well as to safeguard mental and physical health.

▶ Average monthly overtime working hours (ADEKA)



▶ Utilization rate of annual paid leave (union member average at ADEKA)



•Refreshment leave

Employees who have served long and faithfully are entitled to refreshment leave to replenish their mind and body, after 10, 20, and 30 years of service.

The utilization rate for fiscal 2016 was 90%, a 9 percentage point increase compared to fiscal 2015.

•Maintaining a balance between work with childcare or nursing care

ADEKA has introduced programs to support employees in balancing work with childcare or nursing care. The programs provide employees with benefits more favorable than legally required.

In fiscal 2016, 13 employees made use of the childcare leave program, which included shifting a portion of the leave from unpaid to paid, easing conditions for taking the leave, and other steps.

We offer employees a training program during their childcare leave to prepare them for returning to work by providing them with the necessary knowledge and skills. In fiscal 2016, 14 employees participated in the program. In addition, we changed the policy to allow flexibility in the shortened working hour program used by those returning

from childcare leave by reducing the unit of time from 30 to 15 minutes. In fiscal 2016, 28 employees benefited from the revised program. As a result of enhancing the support offered to employees during and after their return from leave, in fiscal 2016 the percentage of women who returned to work and their retention rate were both 100% for the second consecutive year.

▶ Childcare and Nursing Care Support Programs (Underlined sections are areas in which we have exceeded the legal requirements.)

Program	Details
Maternity leave	6 weeks before birth (14 weeks in the case of twins) 8 weeks after birth
Spousal maternity leave	<u>3 days or less</u> in cases where the spouse has given birth
Childcare leave	Until the child reaches 1 year of age, in principle <u>an extension of up to 1 year may be approved under special circumstances</u> (Calculated from the 1st day of childcare leave, special accumulated leave may be approved for up to 5 consecutive days. The period of special accumulated leave will be regarded as paid leave.)
Childcare nursing leave	For employees raising children below <u>grade 4 of elementary school</u> , it is possible to take up to <u>10 days of leave per year, regardless of the number of children</u> , for situations in which they have to take care of an injured or sick child (including vaccinations and health screenings for the child, as well as suspension of classes.) (Childcare nursing leave may be taken in half-day units.)
Nursing care leave of absence	<u>A total of up to 365 days for each person requiring care</u>
Nursing care leave	<u>A total of up to 20 days per year for each person needing care</u>
Shortened working hours	<u>Childcare: Until the end of the child's 4th year in elementary school</u> <u>Nursing care: A total of up to 365 days, combined with nursing care leave of absence</u> (Both may be reduced up to a maximum of 2 hours in 15-minute units.)

VOICE

Work gives me the chance to refresh my mind

Misaki Seino
Quality Assurance Section, Mie Plant

I returned from childcare leave a year after giving birth. Now I work under the shortened working hour program while handling household chores and child rearing. For a while during my childcare leave, I felt depressed because I was so busy with the baby and had so little time to interact with the outside world. After returning to work, however, I've had opportunities to refresh my mind and easily shift from home to work and back, giving me a sense of fulfillment.

I'm aware of the inconvenience caused by my sudden absences or by having to leaving work early. However, many other employees my age are also raising children, and I'm grateful for everyone's understanding. In response to the support extended to me, I'll do my best at both work and child raising.

Cultivating Human Resources

•Approach to cultivating human resources

The ADEKA Group recognizes employees as key company resources. Therefore, we view employees as assets and respect the aspirations of each individual while striving to cultivate human resources that will lead the next generation.

•Cultivating global human resources

We envision ourselves in the year 2025 as a global company that creates value for tomorrow and contributes to affluent lifestyles through innovative technologies. To become the company we envision, we are focusing on cultivating human resources with the ability to play active roles across countries and regions.

Ongoing initiatives	Details
Cultivating global human resources through selected employees	Launched this program in February 2017. With the goal of fostering human resources with the skills required to work effectively overseas, 22 selected employees are studying to acquire special knowledge in such fields as marketing, financial accounting, and foreign languages.
Overseas training program	Young employees are sent overseas (e.g., to the United States, China, and Singapore) for half a year to acquire language skills and the ability to accommodate different cultures as well as to learn business customs. In fiscal 2016, Canada was added to the list of countries.
Language study program	Language lessons with native teachers are offered at each business site. 97 employees attended classes in fiscal 2016. The program can be flexibly scheduled to meet each employee's needs, such as support for attending a language school or for receiving training before being posted overseas.
Accept employees from overseas Group companies	Since fiscal 2016, we have been accepting temporarily transferred employees from overseas Group companies to offer them opportunities to experience living in Japan and to learn about the ADEKA Group's business.
Developing management level employees at international locations	Management development training for employees working at international locations is conducted at production sites in Japan. These courses are designed to deepen the participants' business knowledge and to share the ADEKA Group's management philosophy and values.

VOICE

Gaining an intuitive understanding of the ADEKA Group from a year at the head office

Zhao Hui Yin
ADEKA (CHINA) CO., LTD.

Working at the Finance and Accounting Department, and learning about the operations, management and strategies of the company was a great experience of a lifetime.

I was so impressed by the excellent internal standards and procedures for every job, and the close cooperation among departments and staff members.

Thanks to the highly skilled and dedicated staff who are so kind offering their support and encouragement.

•New employee training program and mentoring system

To develop new employees into key company assets at an early stage and improve the leadership and training skills of mid-level employees, we maintain a mentoring system that assigns a senior employee to advise a new employee by offering guidance and ongoing support.

VOICE

Keeping in mind that everyone is developing new employees together

Eiji Katsuno
Lubricants Department, Functional Chemicals Development Laboratory



Being involved in fostering a new employee was a stimulating experience for me since it's not something that one can experience very often. I was slightly hesitant to teach about things I had yet to master. But since our human resources department and my supervisors had made it clear that we would develop new employees together, the training environment would support me. Through the activities of the past year, I was able to deepen my awareness and sense of mission to provide follow-up or support by keeping in mind the other person's position or situation. I intend to make the most of my experience and will certainly suggest improvements to workplace issues or the ways we work.

•Employee career development

We conduct training programs to facilitate the development of employee skills in such areas as management, general business competencies, and job specific skills. These are designed to contribute to the acquisition of a wide range of knowledge and to upgrade employee skills. And they are provided in accordance with positions or for selected groups of employees and include such methods as correspondence courses or e-learning. We have also adopted a program through which motivated employees can attend courses for working students at external organizations such as business schools to study marketing theory or to foster critical thinking. All of these initiatives are intended to upgrade employee skills.

▶ Training costs per employee (ADEKA)

