



# With Business Partners

The ADEKA Group pursues coexistence and co-prosperity by building and maintaining just and fair relationships with its partners, recognizing that contributing to affluent lifestyles through products is what customers value and a shared purpose across the entire supply chain, including business partners.

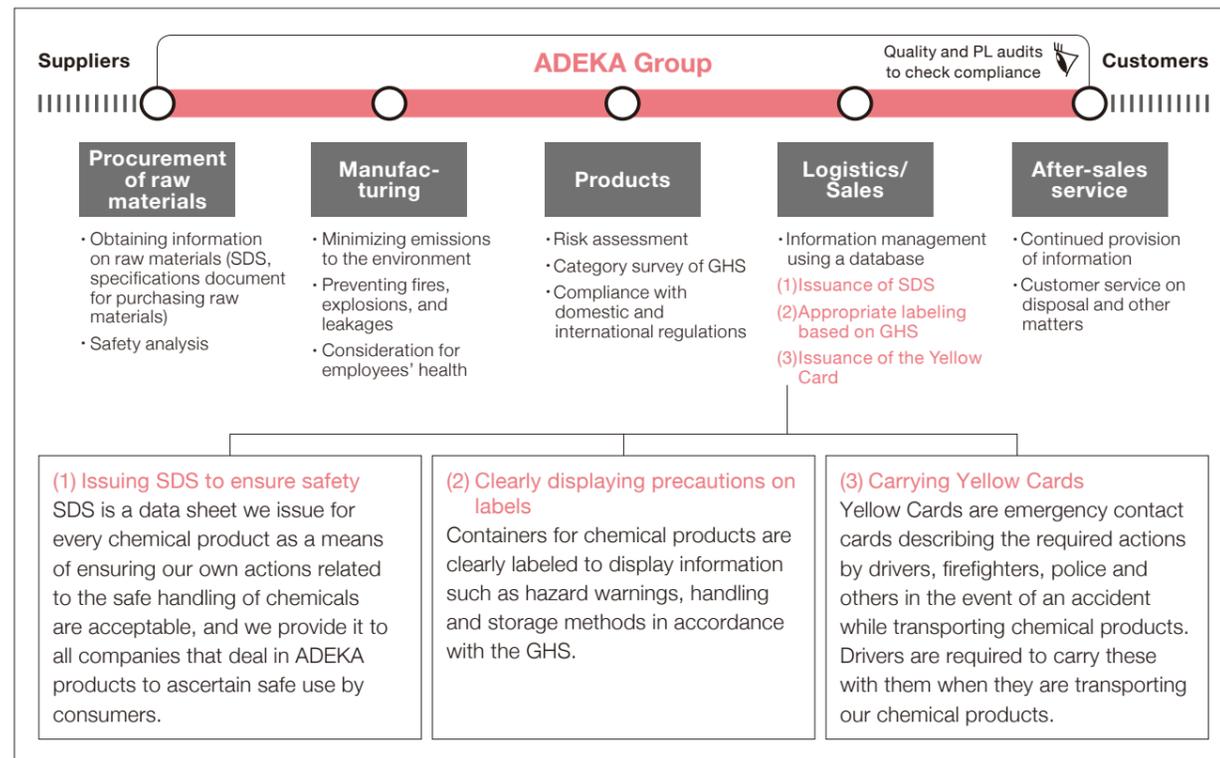
## Development of the Supply Chain System

### Stable Procurement of Raw Materials

Under its Procurement Management Standards, ADEKA conducts procurement activities based on trust and cooperation with its partners. In fiscal 2018, we plan

to revise the standards and formulate and release a purchasing policy to further stabilize procurement and establish a sustainable supply chain based on CSR. We will further strengthen our efforts to ensure that the inventory management for the stable supply of products is properly executed and that our suppliers and multiple procurement channels effectively safeguard the security of the inventory of raw materials used in our products.

### Supply Chain Diagram



### Targets and Actual Results for Fiscal 2017 and Targets for Fiscal 2018

Self-evaluation: ● Exceeded target ○ In line with target △ Below target

| Item                                 | Targets for FY2017  | Results for FY2017   | Self-evaluation | Targets for FY2018   |
|--------------------------------------|---|--|-----------------|--|
| Strengthen supplier management       | <ul style="list-style-type: none"> <li>Strengthen BCP</li> <li>Continue conducting supplier surveys</li> </ul>              | <ul style="list-style-type: none"> <li>Reduced risks by using multiple procurement channels</li> <li>Conducted a compliance questionnaire survey for new suppliers</li> <li>Conducted biennial audits of existing suppliers</li> </ul> | ○               | <ul style="list-style-type: none"> <li>Develop the Basic Purchasing Policy/Guidelines</li> </ul>                                   |
| Strengthen global procurement system | <ul style="list-style-type: none"> <li>Develop a global purchasing system</li> </ul>  | <ul style="list-style-type: none"> <li>Operated the Global Management System (GMS) throughout the Group</li> </ul>   | ○               | <ul style="list-style-type: none"> <li>Develop a centralized data sharing system for purchase data (utilization of GMS)</li> </ul> |
| Sustainable palm oil procurement     | <ul style="list-style-type: none"> <li>Strengthen measures to address the issues related to palm oil procurement</li> </ul> | <ul style="list-style-type: none"> <li>Conducted audits to obtain RSPO* supply chain certification</li> </ul>  | ○               | <ul style="list-style-type: none"> <li>Obtained RSPO supply chain certification</li> </ul>   |

\*Roundtable on Sustainable Palm Oil: Established with the objective of promoting the growth and use of sustainable palm oil products.

## Thorough Supply Chain Management

### Control of Chemical Substances

In accordance with the Strategic Approach to International Chemicals Management (SAICM), the ADEKA Group intends to control and use sustainable chemical substances that are safer for humans and the environment. We promptly respond to stringent regulations introduced in the EU, USA and Asian countries and provide detailed information on chemical substances and their raw materials used in our products so that customers can use them confidently.

### Food Safety and Hygiene

As a manufacturer handling food-grade materials, the ADEKA Group pursues initiatives that ensure product safety and security while also effectively managing hygiene and complying with related laws and regulations. Of the Group's food production sites, 88% of them have obtained FSSC 22000 certification and are reinforcing quality management from the dual standpoints of food safety and food defense in order to prevent internal and external contamination as well as cross-contamination. In particular, we strictly control raw materials that contain allergens and manage information through a traceability system.

### Eliminating Conflict Minerals

As a company that seeks coexistence and co-prosperity with society, ADEKA does not purchase raw materials that contain conflict minerals. To prevent such use, we ask suppliers to respond to the Environmentally Hazardous Substance Survey when concluding a quality warranty agreement.

### Ensuring the Compliance of Suppliers

ADEKA ensures that suppliers understand its procurement policy by distributing its Risk Management Standards among food material suppliers and asking new suppliers to respond to the Compliance Survey.

### Safety Conference for Logistics Companies

To ensure that the ADEKA Group logistics system is capable of securely and safely delivering products to customers, we hold several safety conferences every year, bringing together ADEKA LOGISTICS CORP. and all logistics partners. Conference attendees report on accidents that have occurred, pursue the root cause by using the 5-Why analysis and discuss the validity and effectiveness of measures. At the safety conference for

lorry transport, efforts are being made to improve the emergency response capabilities of lorry drivers, such as offering attendees simulated training for handling leakage accidents.

### Initiatives for Developing a Global Logistics System

The ADEKA Group makes various efforts to achieve optimal global procurement. Our Global Management System (GMS) facilitates the sharing of purchase data at each global site. Furthermore, our regional purchasing staff cooperate with each other to integrate the procurement of common raw materials and share supplier information. We have also started dispatching our chemical purchasing staff to overseas bases. And we will further strengthen cooperative relationships with overseas bases through such opportunities as providing guidance, training local purchasing staff and conducting staff exchanges.



Procurement conference with the Singapore and Malaysia bases

### Forging Stronger Partnerships

The ADEKA Group will evolve in step with distributors who deliver products to our customers. Placing top priority on customers, we promote initiatives that transcend corporate boundaries, such as holding regular meetings for special agents, in which we explain our business policies and plans. Also, we organize intensive seminars for new employees in the chemicals and food businesses, both at ADEKA and at our distributors, where participants learn negotiation skills and acquire knowledge about products and technologies.