

ADEKA's Principles and CSR

Management Vision and CSR

The ADEKA Group's Management Principles

Working hard to be a forward-looking organization by staying on the cutting edge

Being a respected member of the world community

Expanding our business globally through a line-up of technically superior products that are competitive in international markets

With "working hard to be a forward-looking organization by staying on the cutting edge" and "being a respected member of the world community" as our management, the ADEKA Group is accelerating the global expansion of our businesses centering around a line-up of technically superior products that are competitive in international markets. We will continue to contribute to the world through our distinctive, superior technology, focusing on growth sectors and growth regions, and by providing products on the cutting edge of the age as well as those that are environmentally-friendly and suited to our customers' needs.

CSR 1 Basic Philosophy Behind Our Mid-Term Business Plan (FY2006~2008)

◎ Basic Philosophy

We have listed the following seven items in our basic philosophy in order to achieve the objectives in our Mid-Term Business Plan.

- Selection and concentration
- Establishing a foundation for growth through the creation of new businesses
- Further strengthening our technical prowess
- Expanding overseas business
- Fostering and strengthening human resources
- Strengthening group management
- Strengthening corporate governance

Of these, in order to establish foundations for increased growth, we will press forward with enhancing our business foundations and strengthening our businesses' competitive powers by means of expanding our overseas businesses and creating new businesses. Additionally, owing to the fact that human resources and organizational ability serve as the basis for the execution of the plan, we are also working to foster and strengthen human resources, strengthen corporate governance, and strengthen group management.

◎ Theme

In addition to further raising growth potential and profitability, we will also maximize value for our stakeholders and realize the "maximization of corporate value" by means of strengthening our initiatives for CSR.



■ "Harmony with Society"

We will continue to aspire toward highly transparent management that is open to society by not only observing laws and ordinances, but also through the timely and proper disclosure of information and friendly, proactive communication with stakeholders. Furthermore, we strive for harmony with society and coexistence with the environment by means of promoting activities that contribute to society and those that preserve the environment in regions where our company carries out business activities. The ADEKA Group seeks sound, sustainable development which takes the interests of various different stakeholders into consideration and pursues CSR on the three fronts (triple bottom line) of society, the environment, and the economy.

CSR 2 ADEKA Group CSR

◎ Basic Philosophy

The ADEKA Group positions CSR as the core of our management and aims to contribute to society on the basis of our main business under the watchwords of "gentle harmony between people and technology" and "unity with society."

■ "Gentle Harmony between People and Technology"

Developing and providing safe, high quality products which are environmentally friendly and meet our customers' needs through our proprietary, exceptional technology-in other words, devotion to our core business as a manufacturer-is the foundation of CSR, and we consider it to be the first step.

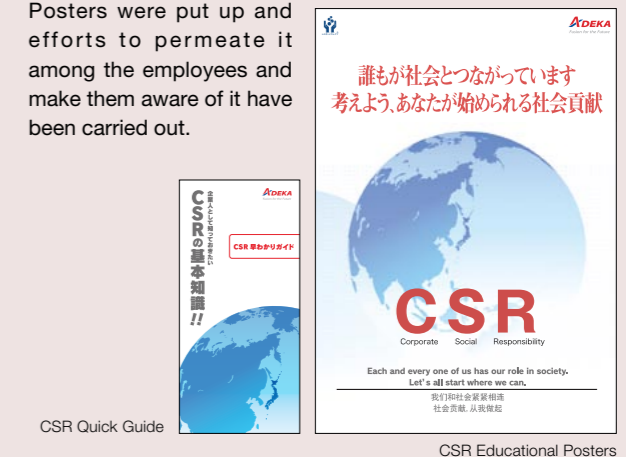
CSR 3 CSR Promotion Structure

The ADEKA Group's CSR structure is grounded in swift and effective corporate governance that is separated from the decision making and execution functions of management. It is comprised of compliance, risk management, and environmental conservation and quality safety. What is more, in order to continue making approaches to society in a more proactive manner, we established the Expert Committee on CSR Promotion in February 2007 and formulated the ADEKA Group's Five Year Plan for CSR as a set of medium to long-term CSR objectives. The Expert Committee on CSR Promotion is comprised of members from major divisions and is designed to put CSR activities into practice through our core business. To do this, it grasps the current status, extracts challenges, and performs examinations on future measures. A company-wide survey was performed in FY2007 to

grasp the current status of CSR activities. Based upon the results of this survey, it was deemed necessary to deepen understanding on the part of each employee over what CSR is, disseminate CSR throughout the ADEKA Group, and maintain a shared recognition. Therefore, in order to allow each employee to think about and take action on social contributions that they can initiate from their respective positions, we issued our CSR Report and distributed the CSR Quick Guide to all of our employees. In addition, to allow them to take action by feeling familiar with CSR and recognizing it as commonplace, CSR Educational Posters were put up and efforts to permeate it among the employees and make them aware of it have been carried out.

ADEKA Group's Five Year Plan for CSR

FY2007	Dissemination	Grasping the current status of CSR activities, orientation of initiatives, permeating it among employees and raising their awareness
FY2008	Verification	Verifying and evaluating CSR activities
FY2009	Planning	Enacting CSR principles
FY2010	Implementation	Implementation of unified CSR activities by the ADEKA Group (in Japan)
FY2011	Continuation	Expanding out to global activities (overseas affiliate companies)



CSR 4 Stakeholders Surrounding the ADEKA Group

◎ Initiatives and Policies by Stakeholder

The foundation of CSR is meeting the demands of various stakeholders. While conducting management that gives due consideration to balancing the interests of various different

stakeholders, the ADEKA Group intends to continue on as a company deemed necessary by society by persisting with sustainable growth.

	Demands from stakeholders	The ADEKA group's initiatives and policies	Corresponding pages
Customers and consumers	Providing high quality products and services, product safety, disclosing information	<ul style="list-style-type: none"> ● Develop and provide high quality, safe products suited to our customers' needs. ● Providing accurate information related to our products. ● Promptly dealing with product complaints and customers' demands. 	19~20
Business partners	Fair trade, equal business opportunities, and coexistence and co-prosperity	<ul style="list-style-type: none"> ● We provide all of our business partners with equal business opportunities, and select said partners by means of appointment through objective, fair, and economically rational standards. ● Among our business supply chains, we aim for coexistence and co-prosperity with our business partners as partners that have common objectives. 	21
Shareholders and investors	Returns to shareholders, timely disclosures of information, corporate governance	<ul style="list-style-type: none"> ● We provide accurate business reports to shareholders and return profits in an appropriate manner. ● Raising the transparency of management and ensuring the confidence of investors through timely and appropriate disclosures of information. ● Raising the confidence of financial reporting by strengthening internal control systems. ● Strengthening governance in order to raise the quality of company management and the propriety of services. 	22
Employees and executives	A safe workplace environment and appropriate treatment, remuneration, and self-actualization	<ul style="list-style-type: none"> ● Creating a comfortable workplace environment that takes the health and safety of employees into account. ● Conducting evaluations and determine proper treatment and remuneration based on a fair and transparent personnel system. ● Using objective management systems and education and training systems to increase employees' abilities and morals, thereby leading to their self-actualization. 	23~24
Competitors	Fair competition, coexistence and co-prosperity	<ul style="list-style-type: none"> ● Through fair competition with our competitors in accordance with the rules we mutually raise our quality, technical prowess, and price competitiveness and aim for the sustainable development of the economy and industry as a whole. 	—
Local and international community	Tax payments, contributions to society, welfare, regional exchange, dialogue, and the safety of factory operations	<ul style="list-style-type: none"> ● We return benefits to society through tax payments, contributions to society, and welfare activities while aiming for management that is open to society and increasing transparency through regional exchange and dialogue. ● We strive for safe, accident-free factory operations. 	25~26
Government	Compliance with laws and ordinances	<ul style="list-style-type: none"> ● Strengthening internal control systems, including compliance structures and risk management. ● The ADEKA Group has traditionally worked toward thorough compliance, which includes cooperative companies and business clients. 	14~16
Environment	Preserving the earth's environment	<ul style="list-style-type: none"> ● We develop products that are easy on the earth's environment at each stage of manufacturing, usage, and disposal. ● We strive to conserve energy and natural resources and reduce waste through the operation of our factories, as well as at our offices. ● We strive for environmental considerations in cooperation with our suppliers. 	27~45

CSR 5 Corporate Governance

The ADEKA Group recognizes that strengthening corporate governance is a managerial issue of top priority. Decision making performed by a Board of Directors council system and corporate governance conducted through a system of auditors is deemed to be the optimal system for allowing managerial functions to be effectively utilized, and we realize that the current structure is functioning effectively. We proactively work to reform and further strengthen this management structure by means of adding our own unique improvements to this. Specifically, we have introduced a chief officer system in order to expedite managerial decision making and clarify the roles (responsibility and authority) for the execution of business.

In addition, we have engaged in such initiatives as optimizing the number of directors, shortening their terms, and the full conversion to operating officers in the aim of further improving operating efficiency.

◎ Establishment of the Internal Inspection Branch

The Internal Inspection Branch was established in July 2005 on an independent footing from the management organization and under the direct control of the President. It was created in order to strengthen the functions for carrying out internal auditing from the perspective of the legality and propriety of the execution of business by every division based upon the auditing plan.

◎ Strengthening the Internal Control System

The Internal Control Promotion Committee was newly established in March 2007 under the direct control of the president. Furthermore, one external director was appointed by the regular General Shareholders' Meeting from June 2006 in the interest of strengthening the auditing function of the Board of Directors and ensuring transparency in management.

Furthermore, our company emphasizes dialogue with all of our stockholders, and aims for the running of open General Shareholders' Meetings in order to reflect their opinions in our management. Since 2000 we have been striving for the early holding of regular General Shareholders' Meetings.

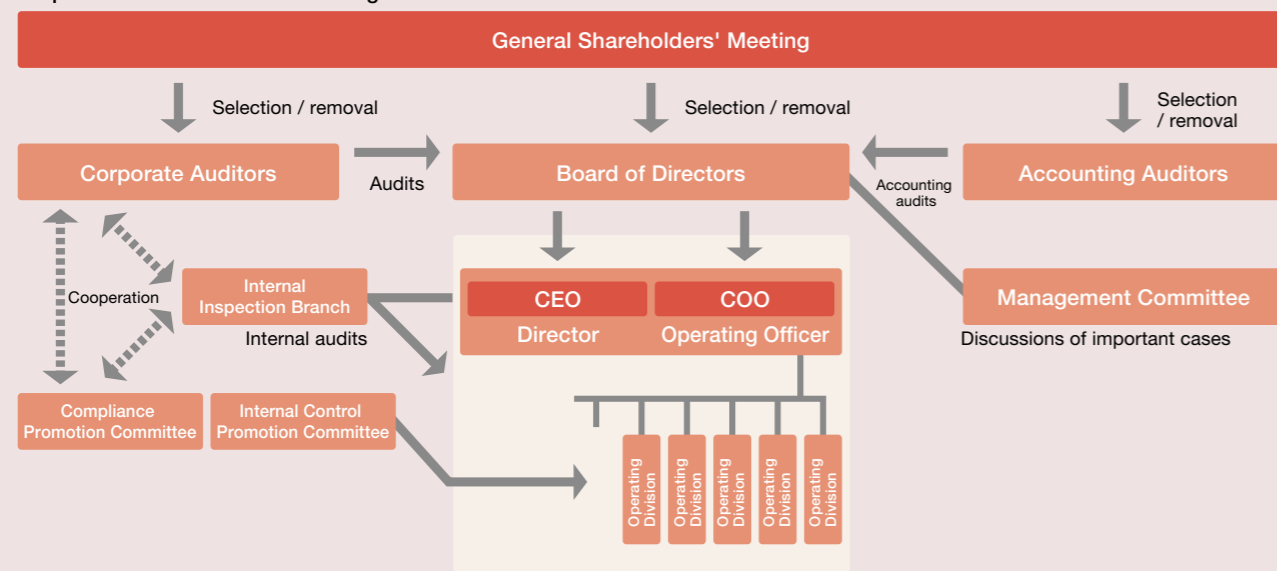
◎ Establishment of the Independent Committee

Our company established the Independent Committee in June 2007 as an institute for checking on management from an independent footing in order to raise our corporate value and ensure gains jointly with shareholders.

The Independent Committee is comprised of highly independent external experts and external officers. The committee is convened when a large-scale purchaser of company stock emerges in order to ensure transparency and objectivity in the response procedures taken by our company. Based on information provided by the large-scale purchaser, the Independent Committee conducts examinations on an objective and fair footing from the perspective of whether or not the purchase would contribute to our company's corporate value and joint gains with our shareholders. It then provides counsel on the matters like responses to the purchase proposal to our company's Board of Directors. The role of the Independent Committee is to set in place an environment in which appropriate decisions can be made by means of disclosing information in the form of opinions from a fair standpoint to shareholders.

Our company holds the Independent Committee twice a year.

Corporate Governance Structure Figure



CSR 6 Risk Management Structure

◎ Risk Management Committee

The Director in charge of Legal Affairs Publicity Department serves as the head of the Risk Management Committee, which uses the Legal Affairs Publicity Department as its secretariat. The committee is comprised of heads from major staff divisions as its members, and creates the risk management system, drafts the risk management manual, and conducts reviews of the risk management system.

◎ Risk Management Manual

The Risk Management Manual is established with the objective of minimizing damage by rapid and optimal measures in case of an emergency.

◎ Emergency Headquarters

The Emergency Headquarters will be established under the directors of the department in charge for cases with a particularly high degree of emergency and importance regarding the following 13 categories. Organizational measures will be taken in accordance with the Risk Management Manual.

- 1 Accident / disaster
- 2 Environment / pollution related matters
- 3 Transportation accident
- 4 Host computer trouble
- 5 Product related matters
- 6 Confidential data leak
- 7 Disrepute
- 8 Filing of suit
- 9 Crime against the corporation
- 10 Serious crime against executives / employees
- 11 Accident during business and related activities
- 12 Credit alarm
- 13 Overseas natural disaster and political instability, etc.

◎ Complying with the Personal Information Protection Law

The Information Management Panel was established as a subordinate body within the Compliance Promotion Committee in order to comply with the Personal Information Protection Law, which was entered into full force on April 1, 2005, and in the aim of strengthening safety management measures. In the same year we also formulated and released our Personal Information Protection Policy and newly established and revised several internal regulations related to the protection of personal information, such as the Regulations on the Management and Protection of Personal Information.

For the future we will continue to provide education for our employees and total management in terms of facilities and technology, while further moving forward with strengthening our responses to information security.

◎ Facilities Upgrade Plan

The deterioration of facilities is believed to carry considerable weight as a primary factor in the occurrence of major accidents and disasters. Since 1999 our company has formulated and implemented a plan which lists up upgrade investment cases.

In FY2007 we upgraded the food manufacturing and refrigeration equipment at our Kashima Factory and the extra high tension sub station at our Mie Factory, among others. In FY2008 we implemented the upgrade of equipment like the electrolytic facilities at our Fuji Factory, filling equipment at our Mie Factory, and process control computers at our Sohma Factory.

Viewing the progress by facility up through the end of FY2008, the schedule calls for the 100% completion of the upgrade of process control computers, up to 73% progress for sub stations following the implementation of the upgrade of the extra high tension sub station at the Mie Factory, and progress of up to 86% on production piping. In addition, there is planned progress of 55% by the end of FY2008 for production machinery and low voltage electrical equipment.



Upgraded food manufacturing facilities



CSR 7 Compliance Structure

◎ Code of Ethics and Action Guidelines

■ ADEKA Group's Code of Conduct

The Action Guidelines set down basic items in order for the executives and employees of the ADEKA Group to act properly based upon things like the ADEKA Group's management

principle, corporate ethics, and laws and ordinances. It is comprised of the eight articles below.

1 Abide by laws and regulations in all corporate activities and conduct fair business in an ethical manner

We comply with domestic and foreign laws and ordinances and internal regulations, while also conducting fair, transparent corporate activities that adhere to social mores.

2 Provide safe and high quality products and services

We develop and provide goods and services which are instrumental in realizing a sound and affluent society. In addition, we consider customer satisfaction and safety to be our number one priority, which is why we provide safe, high quality goods and services.

3 Be serious about preserving the environment

We strive to take environmental preservation into account, reduce the environmental burden, and to develop and provide products that are easy to recycle. We also proactively work toward conserving resources and energy and reducing waste.

4 Open and Friendly communication and activities, to serve the interest of society and to maintain its trust

We emphasize dialogue with the community and aspire to be a company that is widely trusted by the community. The ADEKA Group respects the cultures and customs of the various countries in which we carry out business activities and contribute to their regional development. We work to contribute broadly to society through efforts such as these, as well as by taking part in regional community activities and volunteer activities, among others.

5 Foster corporate transparency by truthfully and accurately disclosing information regarding our business activities

We provide corporate information useful to society in a timely and appropriate manner. Furthermore, we fully recognize the importance of safeguarding confidential information, including customer privacy, and the handling of customer data and other internal information is managed in an appropriate and exacting manner in accordance with our internal regulations.

6 Maintain a safe and healthy working environment for our employees

In order to ensure a safe environment that is conducive to work, we respect human rights and provide fair treatment. We have also achieved comfort and affluence for our employees and build vital companies which respect the individuality and independence of their employees.

7 Not tolerate anti-social forces or behavior

We reject any and all connection with antisocial forces and groups that threaten the order and safety of civil society and which place pressure on sound corporate activities by unequivocally refusing unreasonable requests.

8 Strive to achieve sustainable growth and success for the benefit of our employees, shareholders and society

With the goal of achieving harmony, coexistence, and co-prosperity with society, we aim for sound, vital development and to raise profitability while also looking to give back to society. This is done through fair and transparent management and innovative business activities on a global scale.

■ Compliance Action Guidelines

These compile and provide detailed explanations of matters which executives and employees must comply with for the actual execution of business separated out in relation to each stakeholder. They are designed to establish specific standards for conduct which are more closely related to practical affairs.

■ Case Books

The Case Books introduce specific cases of violations to laws and ordinances and scandals in accordance with the compilation of the aforementioned Compliance Action Guidelines. They are compilations of precedents designed for carrying out case studies within the workplaces.

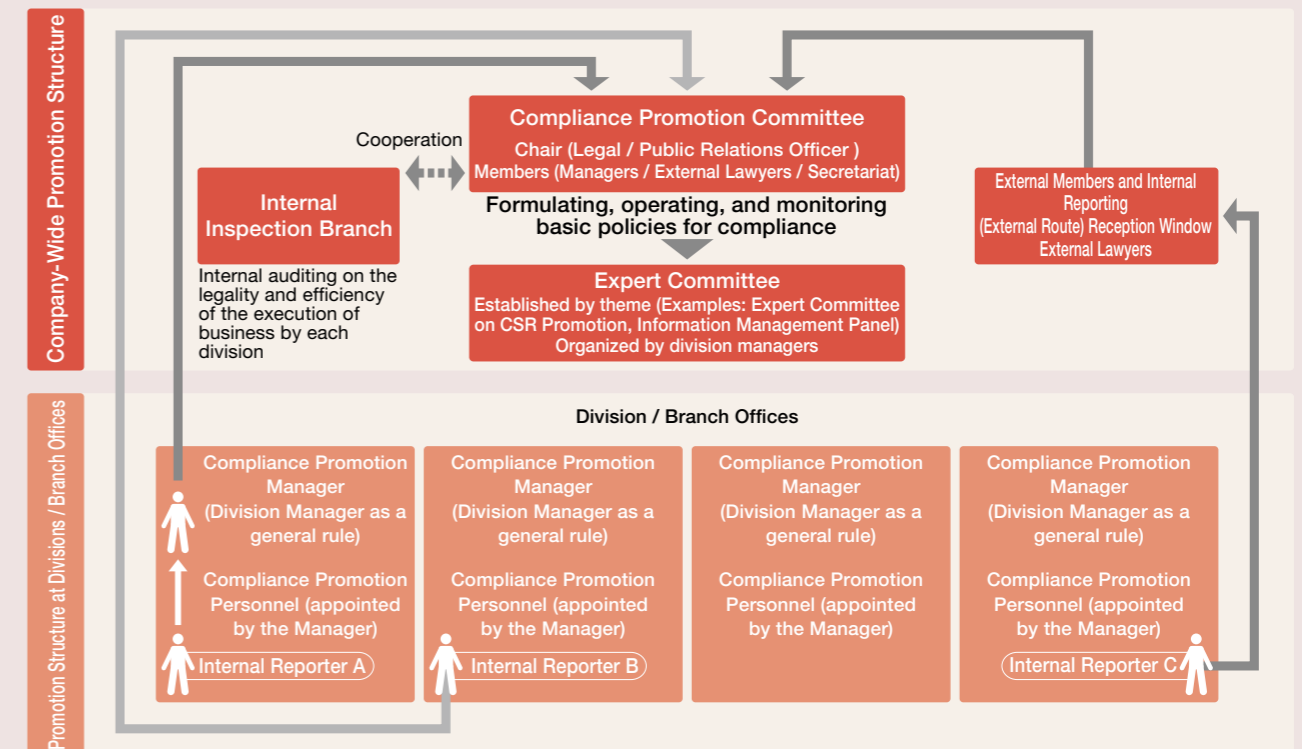


Action Charter, Action Guidelines, and Case Book

◎ Compliance Promotion Structure

ADEKA has been working to strengthen compliance and its internal control system by establishing a company-wide promotion structure led by the Compliance Promotion Committee and in cooperation with the Operational Auditing

Branch (established July 2005) and the International Control Promotion Committee (established March 2007). Furthermore, by introducing an internal reporting system with three routes, we are working to detect compliance violations in advance.



* In order to ensure thorough compliance throughout the ADEKA Group as a whole, a group compliance conference is held regularly and communications and information related to compliance is exchanged.

◎ Providing Compliance Education and Training

■ Stratified Training

Each year compliance training for new employees is held in April, training for newly appointed Directors and newly appointed Managers is held in May, and training for executives and Compliance Promotion Managers for each ADEKA Group company is held in July.

■ Legal and Subject Specific Training

(1) Insider Trading Regulation Seminar
Each year an Insider Trading Regulation Seminar is held for executives and division managers of each ADEKA Group company by inviting lecturers from the Trade Management Division of the Tokyo Stock Exchange (held in September in FY2007).

(2) Antitrust Legislation Seminar
Each year an Antitrust Legislation Seminar is held by lawyers for executives and division managers of each ADEKA Group company. What is more, in November of this year a lecturer was invited from the Fair Trade Institute to hold an Antitrust Legislation Seminar for sales managers from each ADEKA Group company (held in September in FY2007).

■ Introduction of Compliance e-Learning

Compliance e-Learning targeting all of our executives and employees and has been introduced starting in FY2007 with the goal of broadening compliance training and education and spreading awareness of compliance.

■ Introduction of Compliance Leader Training

Practical group training has been introduced through the case method starting in FY2008 with the goal of improving the skills of Compliance Promotion Managers and Compliance Promotion Personnel, who serve as key persons in promoting compliance at each workplace. The first group training for Compliance Promotion Managers was split up into two sessions that were held in February and March 2008.

■ Monitoring

In FY2007 a compliance awareness survey (April ~ June 2007) and internal reporting system questionnaire (September ~ November) were conducted, and measures to improve and strengthen compliance were drafted based on the results of the survey. Furthermore, feedback was provided numerous times on the results of the aforementioned questionnaire and hearings were conducted at each office and factory on future modalities for the internal reporting system in working toward PR and improvements for the system.