



CSR REPORT

CORPORATE SOCIAL RESPONSIBILITY REPORT 2020

Aiming to Be a Global Company That Creates Value for Tomorrow and Contributes to Affluent Lifestyles through Innovative Technologies

At ADEKA Corporation, it is our duty to contribute to value creation with our business partners, grappling with issues of the environment, energy, health, food security and food safety, as we work toward a society that is both affluent and sustainable.

The ADEKA Group pursues win-win relationships with its customers and business partners by providing leading-edge materials and revolutionary solutions. At the same time, we strive to find solutions to social problems while building wealth for our shareholders.

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Editorial Policy

The ADEKA Group publishes this annual CSR Report to communicate its efforts and future direction to realize a sustainable society, for a broad spectrum of stakeholders.

The CSR Report 2020 highlights the ADEKA Group's priority initiatives in fiscal 2019. You can learn more about these initiatives by visiting the ADEKA Group CSR website.

We welcome your honest feedback using the questionnaire included with this report. Your input will help us to create a better and more comprehensible report so that we can reach more stakeholders.

Scope of this Report

This report covers the whole ADEKA Group. Where necessary, "ADEKA Group" and "the Group" refer to the entire ADEKA Group, while "ADEKA" and "the Company" refer to ADEKA Corporation.

Period Covered by this Report

Fiscal 2019 (April 1, 2019 to March 31, 2020)
Some parts of this report refer to recent activities taking place in fiscal 2020.

Reference Guidelines

Environmental Reporting Guidelines (Fiscal Year 2018 Version) of the Japan Ministry of the Environment
Japanese Standards Association ISO 26000:2010
Guidance on social responsibility
GRI Sustainability Reporting Standard 2016
Guidance for Collaborative Value Creation, Ministry of Economy, Trade and Industry

Published Date

October 2020 (next publication date: October 2021)

Whole Picture of Disclosure of CSR-Related Information



CSR Report (Digest version)

This Report provides a clear explanation of the CSR activities of the ADEKA Group, with focus on the most important activities.

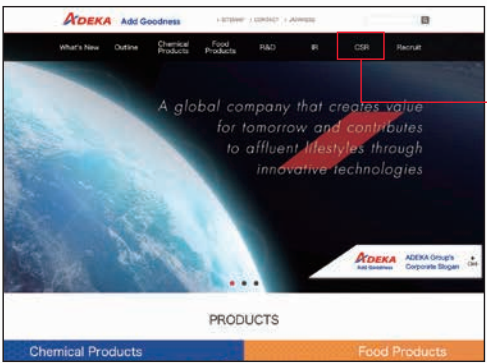


CSR Report (PDF full version)

This booklet is a PDF file that includes the same content as the booklet, along with more detailed descriptions of activities and ESG data.

Website

Visit the website to access previous CSR Reports, site reports for manufacturing facilities, the ADEKA Group Code of Conduct, and more



ADEKA CSR site
<https://www.adeka.co.jp/csr/en/index.html>



Investor Relations site
<https://www.adeka.co.jp/en/ir/index.html>

Main Content

- Site reports (in Japanese only)
- CSR-related policy, etc., and supplementary information
- GRI Guideline Reference Table
- Back number of CSR Reports
- Chronological Table of CSR activities

Pursuing a Sustainable Society

President and Chief Executive Officer

Hidetaka Shirozume

The ADEKA Group mourns those who have lost their lives in the current COVID-19 pandemic and expresses its sincere condolences to their families. To those who are suffering from this disease, we wish you a full and speedy recovery.



Based on its management policies of striving “to be a company that is progressive and dynamic with a keen attitude towards the new changing tide” and “creating a better future for the people of the world,” the ADEKA Group aims to create innovative products while contributing to society through its core businesses.

Corporations have a major role to play in solving the dizzying range of issues the people of the world confront, to achieve a stable and prosperous international society. As a proud member of society, the ADEKA Group takes up its mission, which has not changed since its foundation: To care for the environment and society, practice sound and transparent management, and consistently produce goods that are reliable, safe, high-quality and high-performance.

The United Nations has spelled out a number of ambitious sustainable development goals (SDGs) for attainment by 2030. These goals will require diligent efforts by the private-sector companies that possess the technology, capital, human resources, networks and other resources to get the job done. In the course of corporate activities in all their many aspects, companies have an undeniable social responsibility to respect the rights and dignity of all people. Moreover, in view of the mounting severity of natural disasters in recent years, it is clear that grappling with climate change, including reducing emissions of greenhouse gases, is an urgent issue. At the ADEKA Group, we are proudly doing our part to achieve the SDGs. In tandem, we are fostering a corporate culture that constantly asks how we can contribute through our value chain to support human rights, labor and the environment.

To advance corporate social responsibility (CSR) and develop together with society, the BEYOND 300 Mid-Term

Management Plan establishes a number of organizational changes. To implement a framework for Group-wide promotion of CSR, we have established a CSR Committee, with myself as chair, overseeing a CSR Promotional Subcommittee, consisting of the heads of the respective divisions. Currently we are working on setting key performance indicators (KPIs) for priority CSR issues and other issues. By fusing management with CSR, the ADEKA Group aims to boost enterprise value still further while enhancing its competitive strength.

One way in which all employees can contribute to society right now is to consider and practice CSR in their day-to-day business activities. Acquiring that habit will accustom the entire ADEKA Group to focusing on and valuing CSR. In that spirit, we are conducting repeated in-house educational and awareness-raising activities while enhancing the effectiveness of our CSR efforts.

Solving Environmental and Social Issues and Strengthening Governance Structures

Guided by its management policies, the ADEKA Group is advancing CSR and strengthening its management base. To fulfill its social responsibilities, the Group must implement measures on environment, social and governance (ESG) issues: We must contribute to society and the environment through its products, while clearly strengthening its governance framework for sustainable growth together with society.

First, regarding the “E” in “ESG,” the ADEKA Group can point to products that contribute to a carbon-free society. For example, ADEKA Sakura-Lube, which improves fuel

efficiency by adding it to the engine oil of gasoline-powered vehicles and reduces CO₂ emissions, has already been expanding all over the world. For lithium-ion batteries used in EVs and other applications, we are accelerating development of electrolyte additives to reduce deterioration of these batteries. Turning to foodstuffs, among the innovative products we offer is a bread-baking oil with high dispersion. By reducing the time required to bake bread, this oil slashes the amount of CO₂ released in the process.

Next we come to society, the “S” in “ESG.” One way we grapple with the needs of society is with products used in CMOS image sensors, semiconductor memory and other applications indispensable to automated-driving technology. In the food field, socially conscious products include products of enhanced flavor that address food-loss problems and the issues addressed by the Roundtable on Sustainable Palm Oil (RSPO). Finally, in life sciences, the ADEKA Group develops and provides environmentally friendly agricultural chemicals, contributing to solutions to global food shortages.

To strengthen governance (“G”), the ADEKA Group is further strengthening its global and Group compliance framework and working to fortify its global/Group risk-management system.

Materials as Assets, an Indispensable Pillar of Our Business Platform

At the beginning of the ADEKA Group’s history 103 years ago, our founding prospectus contained the following remarks:

“In the interest of Japan and its citizens, caustic soda production in Japan should be achieved as soon as possible.”

The ADEKA Group was born to supply the world as quickly as possible with products that make a difference in their lives. This spirit is inscribed deeply in the ADEKA Group’s DNA. Of course, the market structure has grown complex over those 103 years, making it more challenging to see our target state from our current position.

The ADEKA Group’s business model is business-to-business (B2B). As such, most of the business of the ADEKA Group consists solely of transactions with direct suppliers and customers. In many cases we do not know how our products contribute to society. We need to broaden our field of view, to encompass the consumers beyond the customers we serve directly and all of the suppliers who provide us with materials through our supply chain. It is vital that the ADEKA Group obtains a clear understanding of the value it brings to society through its business platform.

As I expressed in the previous paragraph, the ADEKA Group boasts countless products and technologies that serve to reduce environmental impact across society. By

enhancing materials with added value, such as improved functionality, durability and environmental performance, we turn materials into assets, which we provide to customers worldwide.

The ADEKA Group is redoubling its efforts to contribute to society’s sustainable development and offer solutions to the problems society confronts. As a builder of business platforms, the ADEKA Group is marshaling Group-wide resources to provide products of such outstanding value that they are indispensable to whole business platforms.

Conclusion

The worldwide expansion of the COVID-19 pandemic is dramatically altering the social landscape, prompting people to rethink their senses of value and what they expect from society. The ADEKA Group must be prepared to respond flexibly to those changes.

In his *On the Origin of Species*, Charles Darwin states: “It is not the strongest of the species that survives, nor the most intelligent that survives. It is the one that is the most adaptable to change.”

To continue to bring affluence to the lives of people around the world under all manner of changes, the ADEKA Group is taking a big-picture view of its supply chain, to gain a flexible understanding of the new changing tide. Using this understanding to contribute to the earth and society through its business activities, the ADEKA Group is aiming for sustainable growth. At the same time, the ADEKA Group is fusing its management with CSR to fulfill its social mission.

On behalf of the employees and officers of the ADEKA Group, I ask all stakeholders once more for your continuing support.



The ADEKA Group Value Co-Creation Story

ADEKA's History and Operations

Management Policies

To be a company that is progressive and dynamic with a keen attitude towards the new changing tide

Creating a better future for the people of the world

Corporate Profile

Name	ADEKA CORPORATION
Established	January 27, 1917
President and Chief Executive Officer	Hidetaka Shirozume
Head Office	7-2-35 Higashi-ogu, Arakawa-ku, Tokyo
Capital Stock	22.944 billion yen
Shares Issued	103,714,442
Consolidated Employee Numbers	5,189 (As of March 31, 2020)
Business	Chemical, food, life sciences and other businesses

Corporate Slogan and Statement

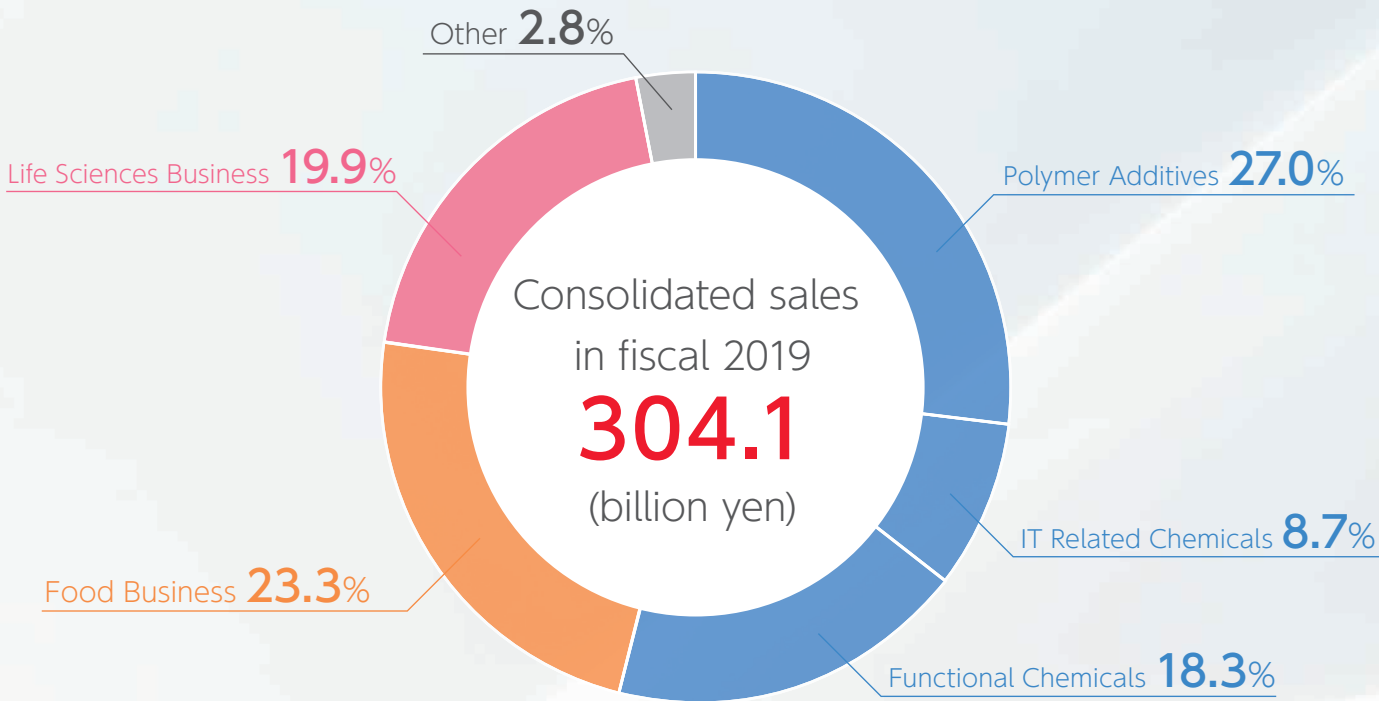


Everything can be made better.
We can add functionality to materials.
We can add durability and environmental friendliness.
This in turn makes our lives more enjoyable, convenient, and secure.
We raise the value of materials.
In doing so, we change the world.
We are ADEKA.

The History of ADEKA (Chronological Table of CSR Activities)

- 1917** Asahi Denka Co., Ltd. established.
- 1970** Pollution Prevention Division established.
- 1994** Environmental and Safety Division established.
- 1995** Japan Responsible Care Council established, immediately joined by Asahi Denka.
- 1999** First Environmental Report published.
- 2002** Compliance Promotion Committee established.
- 2003** Code of Conduct established.
- 2005** CSR Report published.
- 2006** Company name changed to ADEKA Corporation.
- 2007** Internal Control Promotion Committee established.
Special Committee on CSR Promotion established (effectively liquidated in 2019 with the establishment of the CSR Promotion Subcommittee).
- 2012** ADEKA Group Biodiversity Policy established.
- 2013** "Basic Policy Against Corruption" and "Social Media Policy" of the ADEKA Group established.
- 2015** "ADEKA Group Corporate Governance and Guidelines" established.
- 2019** CSR Committee (chaired by the president) and its subordinate organization the CSR Promotion Subcommittee established.

Consolidated Sales by Business



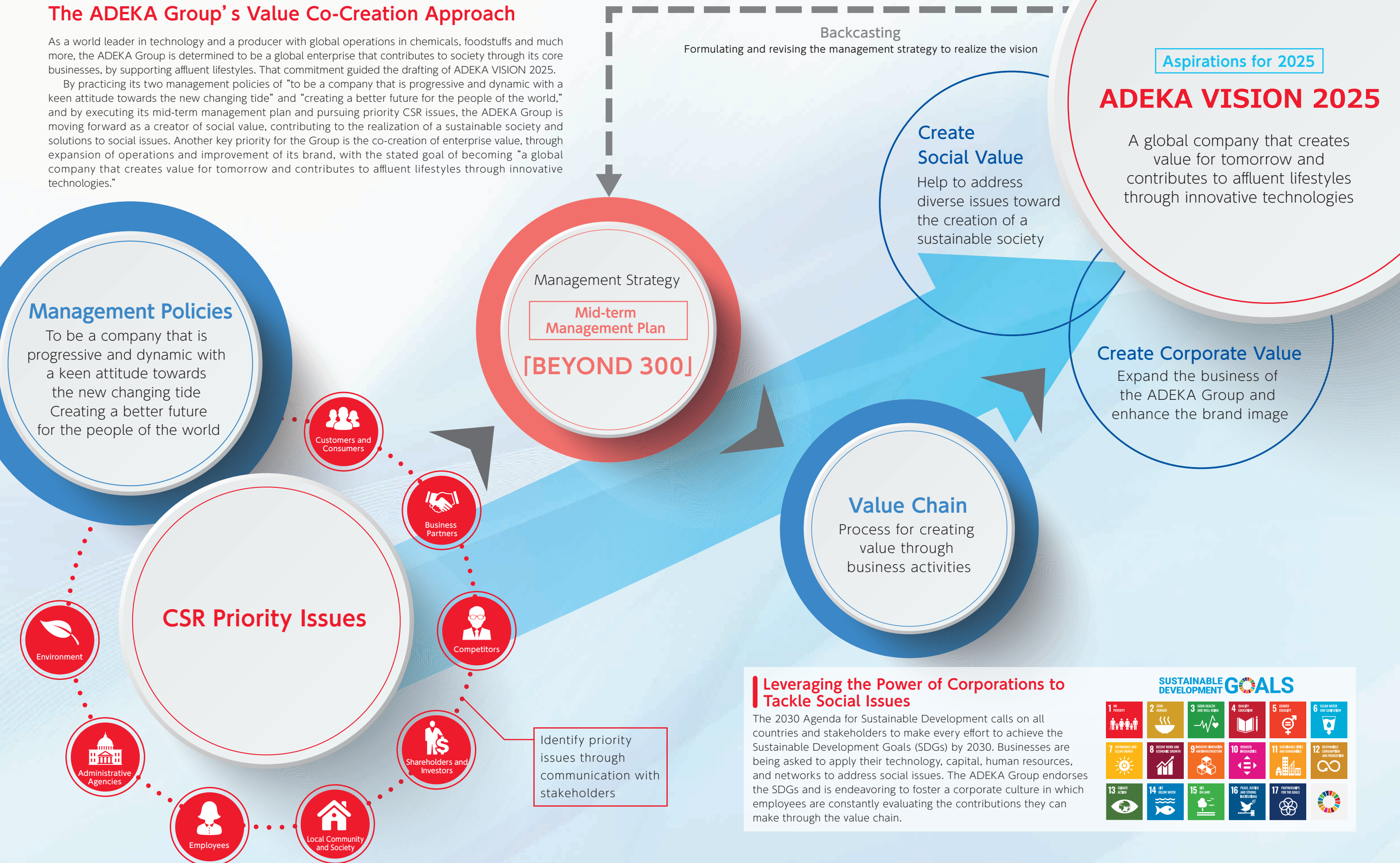
Chemical Business		
Polymer Additives	Polymer additives are essential for highly functional plastic. ADEKA contributes to customer manufacturing by offering polymer additives with optimal compositions for specific applications such as automobiles, building materials and other goods, capitalizing on its extensive product lines.	<ul style="list-style-type: none">• Additives for polyolefins• Plasticizers/PVC stabilizers• Flame retardants and others
IT Related Chemicals	The ADEKA Group provides products for various electronic devices such as LCD TVs, PCs and smartphones using cutting-edge technologies. In particular, its semiconductor materials are at the highest level of quality in the world.	<ul style="list-style-type: none">• Semiconductor materials• Display materials• Photo (light) curing resin• Circuit materials and others
Functional Chemicals	From daily goods such as cosmetics and toiletries to automobiles, IT and electronics, the ADEKA Group provides functional polymers, surface specialties and other high-value-added products for a wide range of industries.	<ul style="list-style-type: none">• Water borne resins• Cosmetic ingredients• Lubricant additives• Propylene glycol and others
Food Business		
Guided by our brand slogan, "The Delicious Taste You Can Rely On," ADEKA develops food ingredients that are constantly at the forefront of the industry. We provide processed oil and fats as well as processed foods to bread, confectionery and pastry manufacturers while at the same time contributing to the realization of a safe, reassuring dietary life.		<ul style="list-style-type: none">• Margarine and shortenings• Whipping cream• Fats and oils for chocolate• Frozen pie crusts and others
Life Sciences Business		
The ADEKA Group develops safe and highly effective agrochemicals that help to secure stable food supplies for the world. The Group also develops and markets pharmaceuticals and animal health care products and conducts research on medical materials.		<ul style="list-style-type: none">• Agrochemicals• Quasi-pharmaceutical products• Animal health care products• Wood chemicals• Pharmaceuticals• Medical materials and others
Other		
Our other business primarily includes the maintenance of ADEKA Group plants and facilities, the design of various kinds of plants, logistics, and an insurance agent business. The Group provides services to customers in various fields based on expertise related to those operations.		<ul style="list-style-type: none">• Plant design and construction management• Real estate• Insurance agent• Logistics and others

The ADEKA Group Value Co-Creation Story

The ADEKA Group's Value Co-Creation Approach

As a world leader in technology and a producer with global operations in chemicals, foodstuffs and much more, the ADEKA Group is determined to be a global enterprise that contributes to society through its core businesses, by supporting affluent lifestyles. That commitment guided the drafting of ADEKA VISION 2025.

By practicing its two management policies of "to be a company that is progressive and dynamic with a keen attitude towards the new changing tide" and "creating a better future for the people of the world," and by executing its mid-term management plan and pursuing priority CSR issues, the ADEKA Group is moving forward as a creator of social value, contributing to the realization of a sustainable society and solutions to social issues. Another key priority for the Group is the co-creation of enterprise value, through expansion of operations and improvement of its brand, with the stated goal of becoming "a global company that creates value for tomorrow and contributes to affluent lifestyles through innovative technologies."



The ADEKA Group Value Co-Creation Story

Realizing ADEKA VISION 2025

The ADEKA Group has outlined the ADEKA VISION 2025 with the stated goal of becoming “a global company that creates value for tomorrow and contributes to affluent lifestyles through innovative technologies” by 2025. Mindful that the practice of its management policies is the foundation of its CSR activities, the Group will strive to co-create social value and corporate value with stakeholders through the value chain, while increasing communication with stakeholders.



Aspirations for 2025

ADEKA VISION 2025

A global company that creates value for tomorrow and contributes to affluent lifestyles through innovative technologies



Basic Policy

Mid-Term Management Plan
[BEYOND 300]

Become an excellent company with sales exceeding 300 billion yen.

The second stage toward realizing the ADEKA VISION 2025. Three years with net sales exceeding 300 billion yen due to organic growth. Promote M&A separately.

Basic Strategies

Global Expansion of Three Main Businesses

Globally expand sales of strategic products defined for each of our three main businesses; polymer additives, chemicals and foods.

Entering New Domains

Build business models and promote commercialization in the target domains of life sciences, the environment and energy.

Enhancing Our Management Foundation

Promote CSR to strengthen our contribution to society and trust from society. Enhance mutual cooperation within the ADEKA Group to leverage our comprehensive abilities.

ESG (Risk and Opportunity) Management

CSR Priority Issues

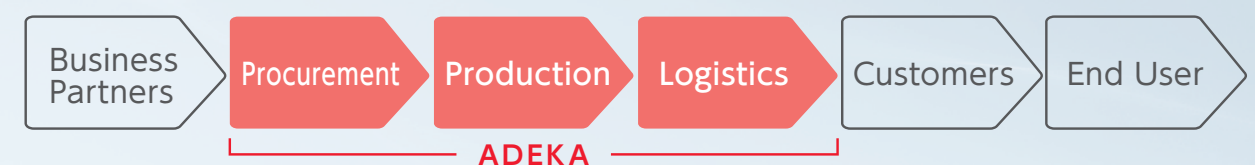
Identify priority issues through communication with stakeholders



Business Infrastructure



Supply Chain Management



Business Activities

Advancing CSR

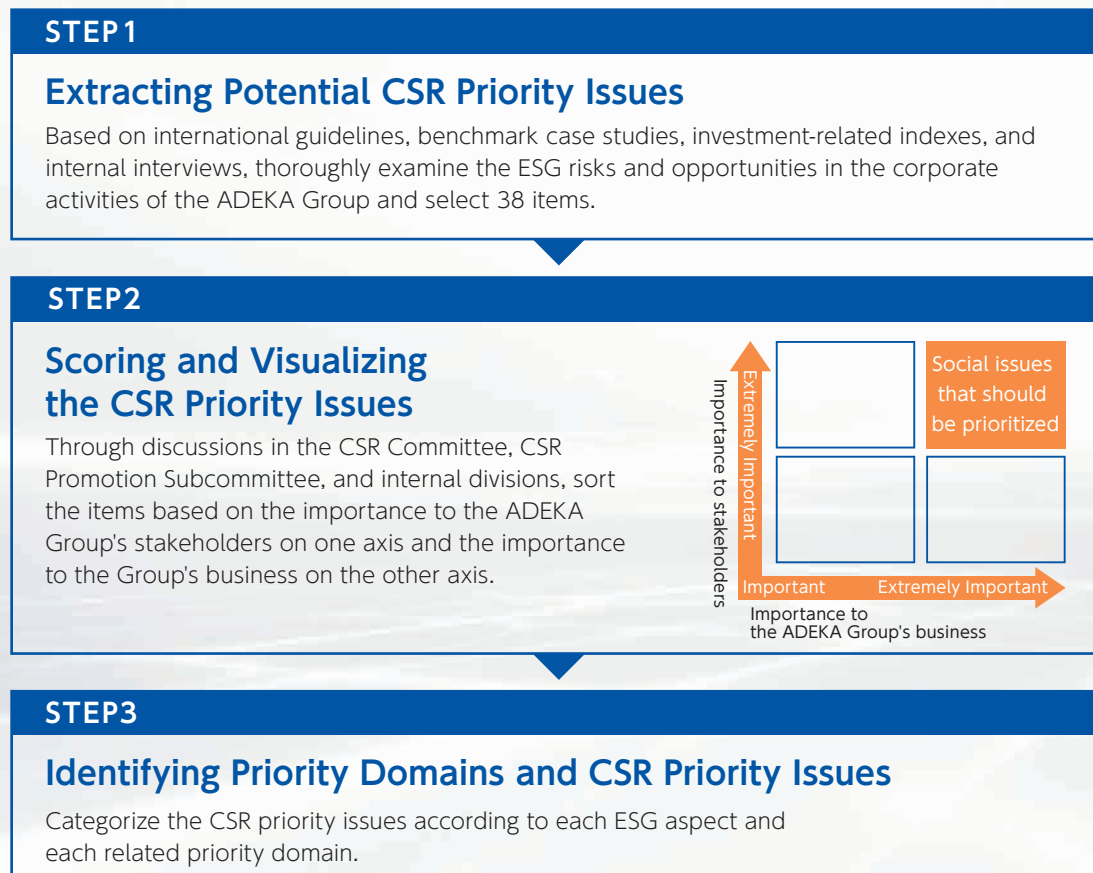
CSR Organization

The ADEKA Group is keenly focused on contributing still further to the realization of a sustainable society and growing into its ideal state as a corporate Group. To that end, the Group lists “strengthening of the management base through advancement of CSR” in the basic strategy of the BEYOND 300 Mid-Term Management Plan. The Group is advancing CSR management and has built a framework for offering solutions to society’s problems.

In April 2019, the Group established a CSR Committee to make decisions on important CSR policies, and a CSR Promotion Subcommittee that is responsible for promoting Group-wide CSR initiatives. As a first step, the Group is currently working to identify CSR priority issues that prioritize the social issues that the Group will address.



Decision-Making Process for CSR Priority Issues



The Group will manage each of the CSR priority issues by designating CSR initiative targets. With the understanding that safety is always the highest priority in sustaining its corporate activities, the Group strives to secure the safety of its employees and communities as well as ensure the security and safety of all persons in the supply chain, from production through to consumers.

Main Activities in Fiscal 2019

CSR Committee (11 meetings)

The Group identified priority issues in CSR (four priority domains and seven priority issues) and deliberated on the content of key performance indicators (KPIs).

	Priority Domains	Priority Issues	KPIs
E	Environment	Conserve the global environment	Absolute amount of CO ₂ emissions (Scope 1 & 2)
		Supply eco-friendly products	Net sales in eco-friendly products
S	Better living conditions and communication	Create value that meets society's expectations	Number of products certified under ADEKA Innovative Value (AIV)
		Conduct dialogue with stakeholders	Create methods and opportunities for communication with stakeholders and set individual targets
	Human rights and human resources	Respect human rights	Establishment and circulation of the ADEKA Group Human Rights Policy
		Expand opportunities for utilizing human resources	•Promotion of diversity and inclusion (D&I) •Promotion of Health and Productivity management
G	Governance	Enhance Group governance and risk management	•Group Code of Conduct •Spreading awareness of “ADEKA-ness” •Advancement of Group BCP

Progress on CSR Priority Issues

Going forward, the ADEKA Group intends to address the CSR priority issues in a number of ways. We will set KPIs for these issues, to serve as specific policies on our business activities. By driving the PDCA cycle (Plan, Do, Check, Act), we will move forward with continuous improvements. The Group will firm up its foundations for pursuing CSR activities, such as reviewing the fundamental CSR policy. In drafting the next mid-term management plan starting in fiscal 2021, the Group will incorporate the CSR priority issues, fuse management with CSR, improve enterprise value and strengthen competitiveness.

CSR Promotion Subcommittee

In fiscal 2019, the Group convened the CSR Promotion Subcommittee 12 times: six times in the first half of the fiscal year and six times in the second half.

Response to Various Initiatives

- Reply to Carbon Disclosure Project (CDP) 2019 (climate change; August 2019)
- Reply to CDP 2020 (climate change, water; August 2020)
- Supplier Ethical Data Exchange (Sedex): Kashima Plant (Ibaraki prefecture) joined. Completed response to self-assessment questionnaire (SAQ) and Sedex Members Ethical Trade Audit (SMETA).
Chiba Plant prepared responses to SAQ ⇒ Applied laterally to other plants

Education and Spreading Awareness

Presentation of seminars on SDGs by playing videos (March to May 2020)



The Safety Quartet

The Safety Quartet is a concept developed and proclaimed uniquely by the ADEKA Group to guide the safe operation of its business activities. It consists of four types of safety: labor safety, environmental safety, product quality safety and equipment safety. The ADEKA Group adheres strictly to the Safety Quartet, sharing information on it globally, to execute duties efficiently Group-wide. In fiscal 2020 the Group is pursuing activities related to four targets corresponding to the Safety Quartet: simultaneous achievement of zero labor accidents, zero environmental accidents, zero quality complaints and zero major equipment failures. The Group advances the Basic Principles of the Safety Quartet described below by continuously improving through the PDCA cycle (Plan, Do, Check, Act), attaining ever-higher levels to achieve one's goal. In particular at Safety Quartet Review Meetings conducted at the end of each fiscal year, each department and section will be evaluated as to whether it has implemented its plans based on division policy and specific measures, after which divisional policy and specific measures for the next fiscal year will be decided.



Safety Quartet symbols
(Japanese, English and
Chinese-language versions)

Basic Principles of the Safety Quartet

1. Leadership
2. Compliance with laws, regulations and rules
3. Advancement of 5S
4. Communication
5. Life-cycle evaluation and analysis
6. Overview of the supply chain
7. Contribution to a sustainable social structure
8. Pursuit of new technologies

Divisional Policy in Fiscal 2020

- The ADEKA Group is promoting the Safety Quartet (labor, environment, quality, equipment) worldwide, with a zero target in each category.
- The ADEKA Group contributes to communities as a global enterprise committed to a sustainable society.

As part of efforts to foster a culture of safety and strengthen the Group's safety foundations, in fiscal 2019 the ADEKA Group unified its regulations on the Safety Quartet into a single set of rules, changing related criteria and standards into a single, unified regulatory system. In fiscal 2020 the Group is establishing the Global Regulations on the Safety Quartet and applying them to overseas Group companies.

Sharing the Safety Quartet Worldwide

ADEKA is advancing activities to raise awareness of the Safety Quartet in all Group companies. From December 3 to 5, 2019, the Group hosted the first Safety Quartet Global Meeting. In this meeting, the safety managers of 14 overseas production companies met at Kashima Plant and Head Office to share information on on-site safety measures and approaches to safety.

In addition, the design and languages used in the Safety Quartet symbol were updated for worldwide applicability and the updated symbol was distributed as helmet stickers to all Group employees. A Safety Quartet poster was displayed and circulated by posting on the ADEKA in-house portal website.

Safety Quartet Promotional Framework



Audit Status

The Environmental and Safety Division conducts annual audits on all production and research facilities in Japan. In fiscal 2019 this practice was extended to four Group companies overseas. Through these audits, the ADEKA Group ascertains the status of safety management at each business location and cultivates a Group-wide culture of safety. In product quality safety, the Group upgraded its product-liability audits, quantifying results using a unified checklist for both chemical and food products. These audits were implemented at 29 departments and sections.

Working with Stakeholders

The ADEKA Group is responding to the expectations of a wide range of stakeholders through CSR activities.

The Safety Quartet

1 Labor Safety

Security and Disaster Prevention

ADEKA Group production sites handle hazardous and toxic substances. Security and protection against disaster in the handling of these materials is a top Group priority. Determined to earn the trust of local communities, the ADEKA Group not only maintains strict compliance but also conducts rigorous safety management on its own initiative. Measures include thorough process management and equipment maintenance as well as regular, practical disaster-response training envisioning a wide range of disaster scenarios.

Occupational Health and Safety

The ADEKA Group recognizes safety as its most important issue. To improve employees' safety awareness and create safe workplaces, the Group has switched over to the ISO 45000 occupational health and safety management system and is conducting activities via the Health and Safety Committees and the Zero Accidents Committees in each workplace. In efforts to prevent occupational accidents, the Group carried out safety experience training at Urawa R&D Laboratory (with 60 attendees in fiscal 2019) and established a Safety Experience Center in Fuji Plant (Shizuoka prefecture). The latter is slated to commence operation in fiscal 2021.

2 Environmental Safety

Initiatives on Global Warming Prevention

● Initiatives for Reducing CO₂ Emissions

ADEKA is committed to maintaining a stable supply of products while slashing CO₂ emissions and improving indices such as production efficiency. To confirm the progress of these efforts, the president conducts plant audits and the Environmental and Safety Division conducts audits of its own.

● Energy-Saving Activities

In fiscal 2019 ADEKA changed the lineup of goods it produces. As new equipment came into operation, our plants' energy consumption increased. Thanks to energy-saving activities, however, we were able to reduce our energy consumption by 1,406 kl crude-oil equivalent.

Reduction of Environmental Impact

● Preventing Water Pollution

The protection of water resources and prevention of water pollution are indispensable to the formation of a recycling-based society. With this truth in mind, the ADEKA Group recaptures and recycles wastewater from its production processes. We also strive to reduce environmental impact from wastewater in accordance to laws and regulations.

● Preventing Air Pollution

The ADEKA Group implements various environmental-protection measures at its production and R&D divisions. In continuous measures to prevent air pollution, the Group makes committed efforts to restrain the release of sulfur oxides, nitrogen oxides and dust into the atmosphere.

● Properly Managing the Treatment of Industrial Waste

To ensure that the industry waste entrusted to them is treated appropriately, ADEKA and domestic ADEKA Group companies conduct regular inspections of industrial-waste treatment contractors. We also hold meetings on the status of waste management with each business location, including those of industrial-waste treatment contractors, to ensure that these operations are managed correctly.

● Promoting Biodiversity

Guided by the ADEKA Group Biodiversity Policy, the Group undertakes efforts to preserve biodiversity. The Group also participates in biodiversity initiatives as a member of the Japan Business Initiative for Biodiversity (JBIB) network member.

3 Product Quality Safety

● Reassessment of Quality Inspection Practices

From the 2017 to the 2019 fiscal year, the ADEKA Group has conducted a series of surveys on quality control. As a result, the Group confirmed that it had no cases of unqualified persons doing work that requires official qualifications, including inspection; and that there were no cases of intentional tampering of inspection and other data.

● Promoting Quality Improvement Efforts

To ensure that customers can use ADEKA Group products with confidence, the ADEKA Group has acquired certification under the ISO 9001 quality management system at 22 Group companies in Japan and overseas and is continuously maintaining and improving its quality assurance system. At its food production sites, the Group has acquired certification under FSSC 22000 (seven sites) and HACCP (three sites). The ADEKA Group is expending great efforts on food safety management and quality assurance.

4 Equipment Safety

In December 2018, ADEKA and domestic Group companies agreed on and began applying a definition for "major equipment failure."* Since then, these companies have continuously achieved a rate of zero major equipment failures.

* Definition of major equipment failure: Failure resulting in cessation of production for one week or more.

With the Environment

The ADEKA Group, which uses chemical substances and palm oil as raw materials, cares about the environment throughout the process of procurement and from production to disposal. Toward realizing a sustainable society, we are developing products with less environmental impact and engaging in energy-saving initiatives.

Targets and Results for Fiscal 2019 and Targets for Fiscal 2020

Item	Targets for FY2019	Results for FY2019	Self-evaluation	Targets for FY2020
Promote energy conservation (ADEKA manufacturing division alone)	● Reduce energy intensity by 1.0% or more year on year (seek a 3.0% reduction by FY2020 from the FY2017 level)	● Energy intensity of 0.1859 kl/t (1.9% increase year on year)	×	● Reduce energy intensity by 1.0% or more year on year
	● Reduce CO ₂ emission intensity by 1.0% or more year on year (seek a 3.0% reduction by FY2020 from the FY2017 level)	● CO ₂ emissions intensity of 0.426t-CO ₂ /t (1.4% increase year on year)	×	● Reduce CO ₂ emission intensity by 1.0% or more year on year
Reduce industrial waste (ADEKA)	● Promote and maintain complete zero emissions* through recycling	● Landfill disposal volume at 43.4 tonnes (0.092% of industrial waste generated)	○	● Promote and maintain complete zero emissions* through recycling
	● Promote appropriate disposal of industrial waste (reviewing contracts, inspecting subcontractors, preventing resale of food waste, and other actions)	● It was confirmed by means of audits that food waste is managed appropriately and that measures to prevent diversion to illegal channels.	○	● Promote appropriate treatment of industrial waste (inspection of contracts, inspection of contractors, measures to prevent reselling of food waste, etc.)
	● Achieve 95% or higher rate of food recycling by FY2019 (target for food manufacturers)	● Food recycling rate at 95.8%	○	● Continuous 95% or higher rate of food recycling (target for food manufacturers)

* ADEKA defines "complete zero emissions" as landfill waste that amounts to less than 0.1% of the total volume of industrial waste output.

Status of Key Activities at Production Sites in FY2019 (Energy-Saving Activities)

Location	Activity
Kashima Plant	●Reduction of steam volume by upgrading steam traps ●Reduction of power consumption by switching to LED lighting ●Reduction of heat-dissipation loss by improving heat retention ●Reduction of steam volume through recovery of steam-trap drains
Kashima Plant-West	●Reduction of steam volume by upgrading steam traps ●Reduction of power consumption by switching to LED lighting
Chiba Plant	●Reduction of steam volume by upgrading steam traps ●Reduction of power consumption by switching to LED lighting
Mie Plant	●Reduction of steam volume by upgrading steam traps ●Reduction of power consumption by switching to LED lighting ●Recovery of steam by changing the method of incinerator operation management ●Installation of inverters on incinerator exhaust fans
Fuji Plant	●Reduction of power consumption by switching to LED lighting

ADEKA Joins the Clean Ocean Material Alliance

In order to reduce ocean plastic waste, it is important to promote the sustainable use of plastics and accelerate the development and spread of alternative materials such as bioplastics and paper products that offer superior biodegradability. ADEKA is part of the Clean Ocean Material Alliance, which was established under the leadership of the Ministry of Economy, Trade and Industry of Japan. The Alliance serves as a platform for accelerating innovation by enhancing cross-industry collaboration between a wide spectrum of stakeholders. ADEKA is leveraging its accumulated R&D capabilities from the development of plastic additives in order to develop alternative materials.

ADEKA's Eco-Friendly Products

Contributing to CO₂ Reduction in the Automotive Industry by Reducing Friction

ADEKA Sakura-Lube

ADEKA Sakura-Lube is an organic-molybdenum lubrication-oil additive developed using unique ADEKA technologies. Use of engine oils mixed with Sakura-Lube offers numerous benefits. It reduces friction and wear inside engines, thereby lowering energy consumption and CO₂ emissions. Sakura-Lube also has oxidation-preventing effects, which extend the working life of the engine oil, while wear-preventing effects extend the mechanical life of the engine.

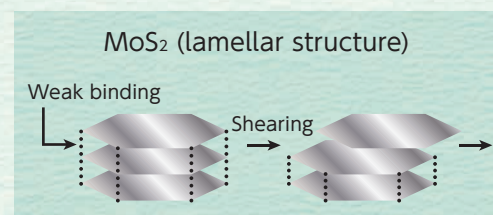
The addition of ADEKA Sakura-Lube improves fuel consumption by up to 1.7%. The performance of this additive is so highly evaluated that it is used in many new vehicles. It is exported to 20 countries worldwide, including numerous Western countries, China, Korea, India and Indonesia. ADEKA is pushing vigorously forward on research and development of this product, including fast-tracking of a proposal for a version aimed at large vehicles such as trucks.



Testing efficacy using vehicle engines

Friction-reduction Mechanism

Sakura-Lube adheres to the surfaces of engine parts, forming a molybdenum disulfide (MoS₂) film when friction occurs. MoS₂ has a lamellar structure that peels apart under weak force, reducing friction between engine parts.



Layers peel apart under weak force, reducing friction.



Contributing to Reduced Food Loss by Extending Sell-by Dates

Marvelous

Kneading Oil for Bread-baking

Nothing beats the softness and moist texture of fresh-baked bread, the way it feels when biting and the way it melts in the mouth. Marvelous is a functional oil that makes this wonderful quality last longer, enabling sell-by dates to be extended. We expect the market for this product to grow, as needs expand not only in bread-baking but also in Western confections and Japanese sweets.



Arrange Whip FC

a Freeze-resistant Whipped Cream

This whipped cream is mixed with other ingredients to make foods resistant to the effects of freezing, eliciting maximum flavor from fruit sauces and other blending ingredients. By reducing the loss of product quality that results from the loss of flavor and water separation after defrosting, Arrange Whip FC preserves the fresh-made deliciousness of treats, thereby cutting food losses in the Western-confection market.



ADEKA Products That Contribute to Society

Realizing lightweighting of vehicles with light and strong plastics

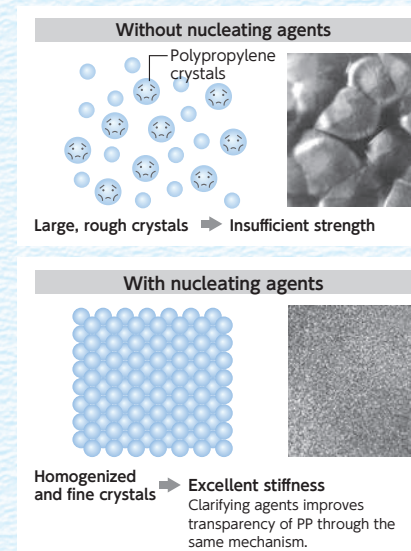
ADK STAB NA Series

Plastics are used in innumerable applications, encompassing automobiles, home electronics, electronic parts, construction materials, packaging and much more. Polymer additives play an essential role in boosting the performance and function of the plastics.

ADEKA supplies a vast range of polymer additives with various functions. Among them, nucleating agents and clarifying agents make polypropylene (PP) crystals more homogeneous and fine. This technology can accelerate the crystallization process, which leads to the reduction of cycle time and improving the productivity.

In recent years, as automakers have pursued greater fuel efficiency, they have been seeking ways to reduce auto-body weight, such as replacing metal with plastic parts. PP containing ADK STAB NA-27 can reduce 7% of the part thickness by an addition of mere 0.1wt%. This is equivalent to about 6kg* of lightweighting. Thus it is contributing to the reduction of environmental impact by reducing vehicle weight.

* Estimated value when assuming that 90kg of polypropylene are used per vehicle.



Protecting Rice from Disease and Blight

Isoprothiolane

(FUJI-ONE, fungicide, plant growth regulator)



FUJI-ONE was registered in 1975 as a pesticide for rice blast, one of the most serious diseases to paddy rice. At the time that this agent was under development, the Japanese government was promoting a policy of increasing food production, creating an important role for agrochemicals as pest-control materials. Meanwhile, against a background of advances in science and heightened awareness of food-safety issues, Japan's Agricultural Chemicals Regulation Act was substantially revised, with the shift to policy of reducing acreage, "more quality than quantity" was required. In response to this public demand, Nihon Nohyaku registered FUJI-ONE as "a new kind of rice blast control agent that is safer, has lower environmental impact, requires little labor and is highly effective." Moreover, FUJI-ONE has a unique chemical structure and action mechanism that give it a wide range of functions. In addition to its performance as a fungicide, FUJI-ONE promotes root growth in paddy rice seedlings and reduces white immature grains (a cloudy-white appearance caused by starch deficiency that reduces the grade of the rice). For these research achievements and technological developments, Nihon Nohyaku researchers were awarded the Medal of Honor with Purple Ribbon and the Okochi Memorial Technology Prize, while FUJI-ONE earned the loyalty of customers worldwide for about half a century. Nihon Nohyaku will continue to diversify into new fields, contributing to better-quality crops and stable food production.

 **NIHON NOHYAKU CO., LTD.**



With Customers



As a materials manufacturer for chemical and food products, the ADEKA Group provides safe, high-quality products that live up to customer expectations. We strive to develop systems and products as we work together with customers to identify and tackle the issues they face.

Strengthening Quality Control Framework

Quality and Safety Initiatives

Product Quality Safety Measures

The ADEKA Group is taking the following two policy initiatives:

- 1) Robust implementation of measures to prevent complaints and prevent recurrence of complaints
- 2) Strengthening of its management framework overseeing the entire supply chain

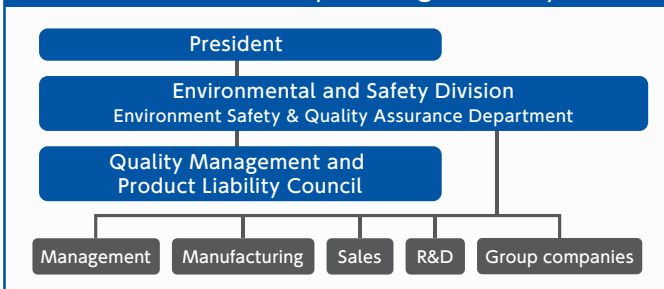
When we receive information about quality from customers, we relay it accurately and speedily to the related departments and sections. If the information is about a defect, we investigate the causes and take measures against it. The details of those countermeasures are confirmed through related meetings, audits and other procedures, and revisions are carried out as necessary.

To reduce potential risk, measures that have proven effective are extended to similar products.

Food Safety and Hygiene

As a manufacturing Group that handles food ingredients, the ADEKA Group works vigorously to ensure not only hygiene management and compliance but also that every product it provides is safe and can be consumed with peace of mind. Our seven food production sites are all certified under the FSSC 22000 food-safety management system and conduct hygiene and process management via the PDCA cycle. Important information on product quality is submitted to the Environmental Safety & Quality Assurance Department, which has Group-wide authority over quality matters, to review measures and their effectiveness. Additionally, the Product Quality Safety Conference, which convenes twice a year, shares this information Group-wide, to promote improved product quality safety at all Group companies.

Overview of Quality Management System



Control of Chemical Substances

In accordance with the Strategic Approach to International Chemicals Management (SAICM) to be achieved by 2020, and the sustainable development goals (SDGs) to be achieved by 2030, the ADEKA Group aims to manage and use sustainable chemical substances that are safer for people and the environment. With countries adopting stricter regulations, the Group works to rapidly secure compliance and provide detailed chemical substance information (from raw materials through to product use) so that customers feel safe about using the products.

Communication with Customers

The ADEKA Group strives to develop new products that address underlying needs and social issues, by pursuing dialogue with customers. Sales personnel team up with technical service staff to directly talk with customers so that they can identify their needs and issues. This information is shared across the company and studied. As a manufacturer of materials, the Group actively strives to increase value for customers by proposing comprehensive solutions through compounding and formulations that include third-party products.

Construction of Sustainable Supply Chains

ADEKA is committed to the construction of a sustainable supply chain. To this end, Kashima Plant joined the Supplier Ethical Data Exchange (Sedex) in August 2019 and underwent the Sedex Members Ethical Trade Audit (SMETA), an auditing scheme provided by Sedex, in February 2020. Sedex is the world's largest platform for managing risk related to ethical business customs in supply chains (work environment, human rights, health and safety, the natural environment, compliance, etc.). Going forward, the ADEKA Group will continue to encourage the use of Sedex in its plants, to eliminate risk related to labor practices and promote the building of sustainable supply chains.

- 2019: Response to self-assessment questionnaire (SAQ) by Kashima Plant (East)
- 2020: SMETA audit of Kashima Plant (East), response to SAQ by Chiba Plant

Sedex

In recent years, companies have become strongly urged to build ethical business practices into their global supply chains. "Ethical business practices" refers to business habits such as improving work environments for the people who produce the goods a company supplies, upholding safety, protecting human rights, preserving the natural environment and ensuring compliance. In some cases, the ways in which a company conducts ethical business practice can impact its ability to capitalize on business opportunities.

Until recently, to confirm the status of implementation of ethical business practices, customers as buyers would audit suppliers themselves, by circulating questionnaires to each supplier company. This approach was enormously time-consuming for both parties. To solve this issue, businesses began using online platforms to share information among multiple companies.

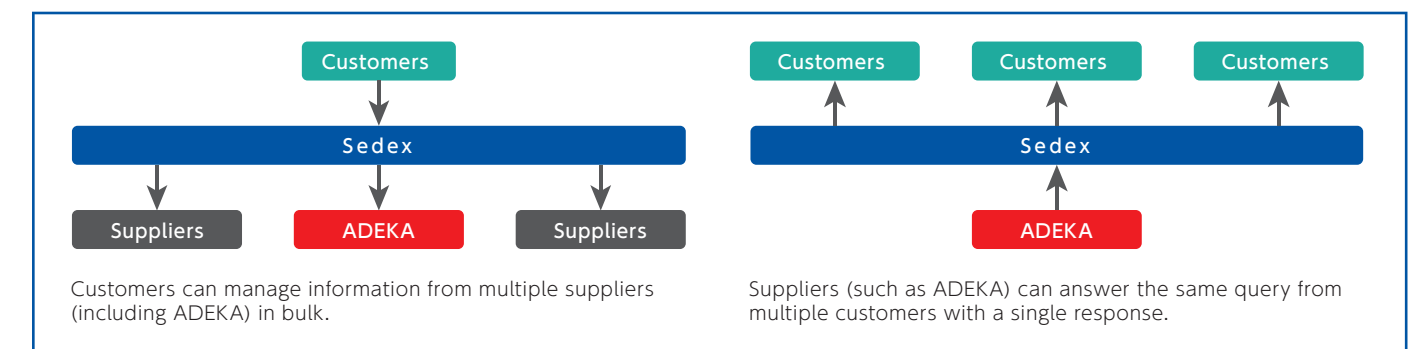
Use of Sedex consists of the following two stages:

1) Response to SAQ

ADEKA completes an SAQ online regarding issues such as work environment, human rights, health and safety, the natural environment and compliance and publishes the results to customers selected by the Company who are Sedex members. The content of the SAQ is prepared based on laws and regulations that are internationally recognized as important and for which compliance is demanded, such as ISO 14001 and OHSAS 18001.

2) Undertaking of SMETA audit

After completing the SAQ, if so requested by a Sedex member customer, ADEKA submits to an audit by an auditing agency certified by Sedex. The results of this audit, called a SMETA audit, are published only to customers specified by the Company. The content of the SMETA audit is developed by gathering the best practices around the world in terms of ethical business practices, so it is widely recognized internationally.



*Sedex is a nonprofit organization (NPO) established in the United Kingdom in 2004. It is the world's largest platform for managing and sharing supply-chain data online for the purpose of achieving ethical business practices across global supply chains. Currently over 38,000 plants in 28 industries and 150 countries worldwide are Sedex members.



With Business Partners

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

Sustainable Procurement

Socially Responsible Procurement

ADEKA is committed to stable procurement and construction of a sustainable supply chain founded on CSR principles. In July 2020, ADEKA established the ADEKA Basic Purchasing Policy and the ADEKA Purchasing Guidelines. ADEKA will continue to move forward with CSR-based procurement while obtaining its partners' understanding of this Policy and these Guidelines.

Applying the product-contractor management system it began operating in fiscal 2019, and based on the Procurement Management Standards, ADEKA develops its procurement activities through the trust and cooperation of its business partners.

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.

Initiatives for Developing a Global Logistics System

The ADEKA Group is advancing various initiatives to optimize its global procurement, including a global management system (GMS) that enables Group companies to globally share procurement data. Procurement staff around the globe work together to optimize the Group procurement by centralizing the procurement of common raw materials and sharing supplier data. The Group is also strengthening its cooperation with overseas subsidiaries by sending procurement personnel from the chemical and food businesses to train and instruct local procurement staff and increase interaction between personnel.

To ensure the stable and continuous supply of its products, the Group is optimizing its inventory management and asks suppliers to maintain inventories of raw materials that are used for the Group's products. ADEKA also cooperates with local Group companies to prepare business continuity plans (BCPs) for the overseas procurement of raw materials, and sources raw materials from multiple suppliers.



Sustainable Procurement of Palm Oil

In July 2017, ADEKA joined the Roundtable on Sustainable Palm Oil (RSPO) as a full member. In April 2018 the ADEKA Group obtained RSPO certification for its supply chain.

In October 2018 the ADEKA Group began production and sale of certified products in its food business. Later, the ADEKA Group widened the scope to other production sites, extending it to ADEKAFOODS (Asia) Sdn. Bhd. in Malaysia in April 2019 and ADEKA (Singapore) Pte. Ltd. in Singapore in April 2020.

In cosmetics operations, Chiba Plant acquired supply-chain certification in June 2020, to begin supplying certified products.

The ADEKA Group is also committed to sustainable sourcing of palm oil. In addition to accepting surveys and audits of its palm plantations and oil-expression plants, the Group is taking a range of further measures with a view to enhancing traceability.

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.

Eco-Friendly Logistics

The ADEKA Group is shifting to more eco-friendly modes of transport, such as reducing truck transport in favor of container-based ocean transport to ship products from plants to regional distribution centers.

In the chemical business, the ADEKA Group streamlined shipping by truck, through measures such as reducing the number of dedicated vehicles. In the food business, the Group implemented a modal shift when moving products from plants to regional distribution centers, from transportation by road to marine trailers.

Participation in Efforts to Promote "White Logistics"

Japan's logistics industry is facing a deepening shortage of truck drivers. One way of addressing this problem is to increase the productivity of truck transport and boost logistical efficiency. Another approach is so-called "white-glove" logistics, a movement promoted by the Japanese government to create a work environment for truck drivers that is more appealing to women and to workers over 60. The ADEKA Group is adopting both strategies, seeking stable movement of its products by reducing the burden on shipping companies and promoting greater efficiency.

Cooperation with Business Partners

Improving Quality and Establishing Safety in Logistics

To ensure that the ADEKA Group logistics system is capable of securely and safely delivering products to customers, the Group holds safety conferences, bringing together ADEKA Logistics Corp. and all logistics partners.

Safety conferences apply the findings of accident and complaint reports and present lectures by experts, aiming to share safety awareness. At the safety conference for tank truck transport, efforts are being made to improve the emergency response capabilities of drivers by providing leakage accident drills.

Based on frequent communication between ADEKA Logistics Corp. and logistics partners, the ADEKA Group combines site observation with various audits (written self-assessment audits, on-site audits, etc.) to raise the quality of logistics.



With Employees

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.

Promoting a Work-Life Balance

The ADEKA Group emphasizes the importance of a work-life balance, which encourages each employee to demonstrate their capabilities fully. Also, it is introducing a system to support flexible and diverse working styles and foster awareness.

Optimizing Working Hours

As part of its efforts to provide employees with a healthy, dynamic and supportive work climate, ADEKA is striving to reduce long work hours Company-wide. For example, the Company is establishing days when everyone leaves work at a set time. The Company is also adjusting work hours through the labor-management committee. In fiscal 2019, average overtime clocked in at 14.6 hours per month, compared with 15.1 hours per month in the previous fiscal year.

In fiscal 2019 Japanese companies were required to take at least five days of annual paid leave for their employees. ADEKA had begun encouraging this practice in the previous fiscal year. Some 72.6% of employees took annual paid leave in fiscal 2019; of these, 100% took five days or more.



Maintaining a Balance Between Work with Childcare or Nursing Care

ADEKA is committed to supporting balance between work and childcare or nursing care, implementing systems more generous than those required by law. The Company is also taking steps to eliminate any stigma from taking childcare leave and ensure that it is not a barrier to career advancement.

In fiscal 2019, 22 employees (13 women and nine men) took childcare leave. The rate of return to work and retention rate after childcare leave in fiscal 2019 was 100%, unchanged from fiscal 2018. In fiscal 2019, 29 employees took advantage of the system of reduced work hours for returnees from childcare leave, while 88 employees took child nursing paid leave and one employee took nursing-care leave.

Targets and Results for Fiscal 2019 and Targets for Fiscal 2020 (Employees)

Theme	Mid-term target	Ultimate target	Targets for FY2019	Results for FY2019	Targets for FY2020
Work-life balance	Support plan for nurturing the next generation (April 2018-March 2021)	Aim for more than five eligible male employees and over 80% of eligible female employees to utilize childcare leave during the fiscal year	Target utilization of childcare leave: more than 5 male employees and more than 80% utilization rate for female employees	In fiscal 2019, nine men and 100% of women took childcare leave	Continue to aim for more than five male employees and over 80% of female employees to utilize childcare leave during the fiscal year
		Continue initiative to reduce overtime working hours	Continue initiative to reduce overtime working hours (Promote flexible work practices and correct long work hours as part of transformation of workstyles)	ADEKA continuously implemented measures to reduce overtime working hours. As a result, the average overtime work hours per month decreased from 15.1 hours in fiscal 2018 to 14.6 hours in fiscal 2019	Continue implementing initiatives to reduce overtime working hours
Diversity	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 in FY2019: 2.8%	Continue to aim for women in at least five percent of management positions by 2021

Promoting Diversity

Employing Seniors

ADEKA has established a system for re-employing interested mandatory retirees, up to age 65 unless extenuating circumstances apply. These re-employed people serve a precious role as experts in each field, passing the knowledge, experience and skills they have acquired over a lifetime to the next generation. We support these workers with a wide range of work formats, including full-time work and three-day-a-week work.

In fiscal 2019 ADEKA's rate of re-employment of mandatory retirees was 100%. The number of employees aged 60 and over was 51.

Employment of Persons with Disabilities

The ADEKA Group is committed to leveraging the capabilities of persons with disabilities and encouraging their self-actualization. To this end the Group prepares workplace environments in which the disabled can flourish and works hard to expand the scope in which they can be active. In fiscal 2019 2.13% of employees, 33 people, were persons with disabilities. The Group will continue its proactive efforts to employ persons of all abilities.

Active Roles for Women in the Workplace

The ADEKA Group proactively encourages women to pursue careers and has an action plan for that purpose. Of the 100 people who joined ADEKA in April 2019 as fresh graduates, 23 were women. In recruitment activities, ADEKA conducted seminars on creating active roles for women, in which ADEKA management personnel met with young women who were researchers and graduates of STEM programs. The Company currently employs 262 women, making up 14.8% of employees. We also have a program to support employees on childcare leave who would like to acquire extra knowledge and skills upon their return to the workplace. In fiscal 2019, 12 people took advantage of this program.

Cultivating Human Resources

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

Global Human Resources Training

As part of its leader training activities, the ADEKA Group conducts "global human resources training." A total of 23 people took part in this program in fiscal 2019, from management personnel to younger employees, bringing the cumulative total up to 90 for the last four years. Senior-management candidates at overseas affiliates are trained in marketing, financial accounting, labor management and other disciplines, and burnish their language skills through one-on-one language lessons.

Business School Program

Young and middle-ranking employees attend outside business schools to learn the approaches and actions they must take to achieve targets in a wide range of perspectives and roles, such as marketing and leadership theory. In fiscal 2019, 45 employees were dispatched to these programs.

Overseas Dispatch Training System

Employees, particularly young employees, are dispatched overseas for periods of about six months to gain skills in other languages and cultures and to study business customs. Destination countries include the United States, China, Singapore and Canada. In fiscal 2019, two people were dispatched overseas.

New-Employee Mentoring System

ADEKA has introduced a mentoring system, to bring new employees up to speed quickly and to provide guidance to and improve the training of mid-range employees. One mentor serves as an advisor and guide to one new employee, continuously for a full year.

Acceptance of Transferees from Overseas Bases

Aiming for the development of global human resources, ADEKA accepts transferees from overseas Group companies. In fiscal 2019, sales staff from ADEKA (China) Co., Ltd. spent nine months in Japan, learning about Japanese sales practices and Japanese laws and regulations on chemical products.

Senior Management Training

In April 2019, ADEKA overhauled its human-resources system. In tandem with this change, ADEKA conducted training to ensure proper understanding and management of operation of the new system. Appraiser training was provided to all 407 senior managers, at Head Office (seven times) and at nine ADEKA locations across Japan.

Language Learning

ADEKA offers wide-ranging training support to improve employees' language proficiency.

- In-house language classes taught by native speakers (Total number of employees in fiscal 2019 using the program at all locations: 72)
- Support system for attending outside language schools (number of users: 40)
- Selective training program for employees proceeding to positions overseas

With Employees

Occupational Health and Safety

Safety Achievements and Issues for Fiscal 2019

In fiscal 2019 the number of occupational accidents in the ADEKA Group was 18, unchanged from the previous fiscal year. The number of occupational accidents at overseas Group companies declined by seven, while the number of occupational accidents at ADEKA and Group companies in Japan increased by the same number.

Number of Accidents by Year

FY	2015	2016	2017	2018	2019
Accidents with lost workdays	8 (6)	9 (4)	11 (3)	12 (2)	8 (4)
Accidents without lost workdays	8 (5)	5 (4)	10 (9)	6 (5)	10 (10)

Figures in parentheses indicate data for ADEKA and domestic Group companies. Scope: ADEKA and subcontractors and the ADEKA Group's 13 production sites.

Mental Healthcare Initiatives

ADEKA makes great efforts to support and improve the physical and mental health of employees. Stress checks made available to all employees attract great interest from ADEKA employees, with over 90% of employees participating. Based on the results of group analysis, the measures needed at each workplace are carefully considered and steps are taken to improve the workplace environment. Depending on the results of the stress checks, employees may be referred to a doctor for consultation. At Head Office, health consultation by occupational health and safety staff is always available at the infirmary. Employees can also get support for self-directed care.

ADEKA is dedicated to promoting and supporting employees' health and raising awareness of health issues. In fiscal 2019, ADEKA implemented a mental health line care education for senior management, with 278 people participating. ADEKA also provides training geared to each managerial level and offers distance-learning classes on mental and physical health management that can be attended at various times at each location.

Stress Checks: Rate of uptake Company-wide

FY2017	FY2018	FY2019
97.7%	99.6%	99.5%

Overseas Activities in Occupational Health and Safety

As the number of ADEKA Group employees working overseas or traveling on business overseas grows, the ADEKA Group is strengthening occupational health and safety outside Japan. The Group actively encourages overseas workers to undergo annual health check-ups,

conducts telephone interviews with industrial physicians and interviews with them on temporary returns to Japan.

The ADEKA Group also uses medical assistance services, providing round-the-clock access to consultation with doctors and emergency support, in case of emergency when stationed abroad. Persons expected to work overseas and their families are also provided with external training on physical and mental healthcare.

Regular Health Check-Ups

ADEKA provides regular health check-ups twice a year. The Company also offers various health check-ups based on the Industrial Safety and Health Act, including special health check-ups and health check-ups for people working overseas.

The uptake rate for these health check-ups holds consistently at 100%. After the health check-ups are conducted, follow-up examinations are ordered for employees with unusual results. If necessary, industrial physicians, public health nurses and other medical professionals at the head-office clinic conduct interviews and provide health guidance, strengthening support for employees' health management.

ADEKA partners with the ADEKA health-insurance society to provide annual presentations by industrial physicians on specified health check-ups. In addition, the Company is building a framework to enable dependents of employees to undergo specified health check-ups at its business locations and is steadily working to boost the uptake rate for these check-ups.

Measures Against Infectious Diseases

ADEKA takes decisive measures against infectious diseases. Inoculation against influenza is offered in-house every year, with the Company and the health-insurance society bearing a part of the cost. In addition to encouraging employees actively to get inoculated, the Company instructs employees to report any infections to ADEKA immediately and to stay home for a certain amount of time if they have contracted a disease. Reminders are routinely sent to related departments and sections. In these and other ways, ADEKA makes great efforts to prevent the spread of infectious diseases.

Amid the ongoing COVID-19 pandemic, ADEKA exercises an array of initiatives to keep its employees safe. Employees are encouraged to work from home where possible, or to stagger their work hours. Restrictions on travel, both domestic and international, are currently in force. Alcohol dispensers are placed throughout ADEKA worksites for hand sanitation, and employees are encouraged to wash and sanitize their hands. Masks are required to be worn at the workplace (and are distributed there), coughing etiquette is taught and temperature checks are carried out. In these and other ways, ADEKA

has stepped up its thoroughgoing efforts to manage employee health. Visitors to ADEKA facilities are asked to cooperate in preventing infection, for example by wearing masks, submitting to temperature checks, sanitizing hands and disclosing pertinent overseas travel information.

Some parents may need to take their children out of school temporarily to prevent the spread of COVID-19. In such cases the Company takes a flexible approach to support employees who are raising children. The scope of child nursing leave may be temporarily expanded. If the employee is needed at work, measures such as changing days off may be considered according to the employee's home situation. Placing first priority on safety, the Company takes measures to continue business operations while preventing the spread of the coronavirus.

Overseas Measures Against COVID-19: Installation of Disinfection Gates (UAE)

The industrial park that houses the office of ADEKA Al Otaiba Middle East LLC (AOME) is home to a cluster of lodging houses where workers living away from their families live communally. As such these facilities are considered among the highest-risk locations for infection in the United Arab Emirates (UAE). Although the company has been running at full capacity since the beginning of 2020, recognizing the high risk of infection at its location, AOME has drafted measures for protection against infection and diligently circulated information about them among its employees. These measures include wearing masks, conducting temperature checks of visitors and consistent practice of hand disinfection.

Through the efforts of all employees, AOME has succeeded in reducing the risk of infection on the company's premises to a minimum. However, AOME cannot avoid the entry of suppliers bringing materials, fixtures and consumables, as well as facility maintenance workers and so on, so the risk of infection from outside remained.

To ameliorate this situation, AOME installed a disinfection gate, such as is used on public transit in the UAE. When people pass through the gate, their presence is detected automatically and nozzles installed in the gate spray them with a disinfectant spray, eliminating 99% of viruses on the surface of people and objects. An adjacent disinfecting mat provides a similar effect for the soles of shoes.

Currently AOME strictly enforces a rule that all visitors must pass through this gate.



Promoting Upgrading of Work Environments

Labor-Management Relations

ADEKA positions its labor unions as vital stakeholders. Fundamentally recognizing that cordial labor-management relations based on mutual understanding and trust are vital for the development of the Group and the support and improvement of work conditions, ADEKA confers with its labor unions on an equal footing.

ADEKA holds regular meetings, such as labor-management councils and labor-management committee meetings, to establish a common understanding on matters such as management issues and the work environment. Among the results of these meetings are revisions to personnel provisions and re-hiring provisions. Moreover, matters such as union members' wages, bonuses and labor conditions are decided every year through collective bargaining.

● Key Labor-Management Meetings

Labor-management councils, conducted 12 times a year
Management councils, conducted twice a year
ADEKA Group labor-management conference, conducted once a year
Management conference, conducted once a year

With Shareholders and Investors

Placing high priority on communication with shareholders and investors, who expect continued growth and profitability, the ADEKA Group strives to disclose corporate information in a timely and appropriate manner and maximize corporate value through business activities.

Proper Disclosure of Information

ADEKA strives to disclose accurate corporate information in a fair and timely manner to all stakeholders under its disclosure policy. Moreover, the Group actively discloses important information pertaining to company management, including business plans, to enhance understanding of ADEKA.

However, it will disclose information should it determine that the content of its financial results could significantly impact shareholders and investors.

Information Disclosure through Websites

ADEKA works hard to provide timely and appropriate disclosure to all stakeholders through its websites. Although the results briefing for fiscal 2019 was cancelled due to the COVID-19 pandemic, a video presentation by the president was distributed. The Company focused its efforts on providing disclosure to as wide-ranging an audience as possible.

IR Activities

ADEKA continues to conduct vigorous investor-relations (IR) activities, including distribution of results briefings and results-briefing tools to institutional investors and analysts. In fiscal 2019, in addition to 64 IR meetings, the Company provided observational tours of Kashima Plant, the Company's main plant, to institutional investors. To further understanding of ADEKA, not only proactively discloses key information about its business plan and other management matters but also provides feedback to senior management regarding investors' opinions and desires through dialogue. Our aim is to strive for improved management while maximizing enterprise value.

General Shareholders Meeting

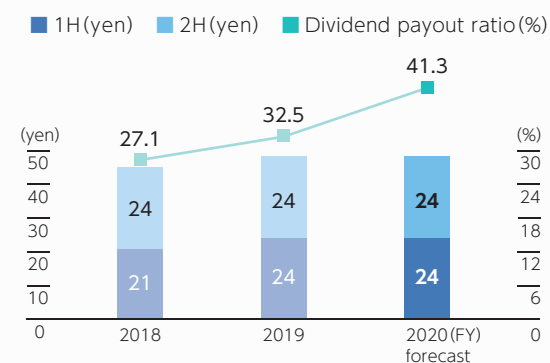
The Company makes every effort to furnish an environment in which all shareholders can exercise their rights appropriately and to promote dialogue. Notices of convocation of general shareholders' meetings are issued to shareholders well before the date required by law and disclosed early on the Company website. Meetings are held on days when relatively few other companies are holding their shareholders' meetings. Also, to ensure that overseas shareholders can consider agenda items as conveniently as possible, notices are also posted on an English-language version of the website for convocation notices.

Returning Profits to Shareholders

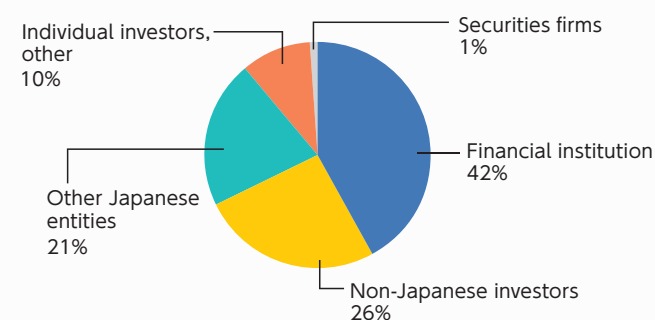
ADEKA redistributes its profits to shareholders based on an overall consideration of the management environment, business performance and financial condition.

With the understanding of its shareholders, ADEKA applies its internal reserves by placing priority on strengthening its management base and investing in growth businesses from a mid-to long-term perspective.

Annual Cash dividends



Distribution of ADEKA's Public Share by Investor Type (As of March 31, 2020)



With Local Society

The ADEKA Group strives to be a good corporate citizen that respects and understands the culture and customs of the communities it does business in, both in and outside of Japan. The Group continues to engage in active dialogue with communities, seeking to co-prosper and coexist with society.

Activities for Local Communities

The ADEKA Group takes pride in the harmonious relations it fosters with regional communities. To this end, the ADEKA Group creates a variety of opportunities to communicate with communities, including presentation of special events. The Group is also an enthusiastic participant in local beautification activities.



American Institute of Baking (AIB) inspection by the Japan Institute of Baking (Akashi Plant)



Seminar on zakat (almsgiving) (ADEKA Foods (Asia) Sdn. Bhd.)



Cleaning Valparaíso Park as part of the regional communication (AM Stabilizers)



Donation of Christmas cake to facilities for the disabled (Kashima Plant)



Event for the removal of invasive species (to promote biodiversity) (ADEKA Korea Corporation)



Donation of Christmas cake to two neighboring facilities (Akashi Plant)



Acquisition of RSPO certification by cosmetics plants in Japan (Chiba Plant)

Fostering the Next Generation

ADEKA Group companies are helping to shape the career perspectives of the next generation, by welcoming student groups who wish to visit production facilities and actively accepting student interns.



Observation tour of KY Plant for Heritage Christian Academy College and Career Class (Amfine Chemical Corporation)



Company observation tours for nearby high schools (62 visitors from two schools) (Mie Plant)



Disbursement of scholarships to students in Wanju County (ADEKA Korea Corporation)



Participation in the City of Soma's Children's Science Festival (Soma Plant)

Security and Disaster Prevention

Security and disaster prevention are the most important responsibilities of ADEKA Group production sites that handle hazardous and toxic materials. To gain the trust of the local community, we not only comply strictly with relevant laws and regulations but also strive day and night to conduct effective process control and equipment maintenance.



To prepare in case of a nitrogen gas leak, employees train on donning gas masks and rescuing personnel. (ADEKA Fine Chemical (Shanghai) Co., Ltd.)



Forklift safety training (Soma Plant)



Demonstration training on ammonia leaks (ADEKA Foods (Changshu) Co., Ltd.)



Preparations against leaks of hazardous chemicals Independent emergency scenario training (ADEKA Korea Corporation)



Joint fire preparedness training with Kuwana Fire Department (Evacuation, emergency response, firefighting) (Mie Plant)



Disinfection training to prepare against cases of infection with COVID-19 (Akashi Plant)



Presentation of a seminar on full-body safety harnesses (Fuji Plant)

Governance

The ADEKA Group, under its management policies of “Contributing to society through our business” and “Realizing harmony and co-prosperity with society,” strives to meet public expectations and demand. At the same time ADEKA Group is consistently enhancing its brand and corporate value by reinforcing its corporate governance and rigorously managing compliance.



Corporate Governance

Basic Stance on Corporate Governance

The ADEKA Group places a top priority on the strengthening of corporate governance in order to realize its mission and management policies as well as achieve sustainable growth and enhance its mid to long-term corporate value.

Based on the Audit & Supervisory Board system adopted under its management system, the Company is strengthening its governance systems through efforts such as the appointment of independent external officers, introduction of the operating officer system and establishment of Management Committee.

Strengthening Corporate Governance

In accordance with the ADEKA Group Corporate Governance Guidelines, the ADEKA Group is constructing a highly effective system of corporate governance that allows each organizational entity, including the board of directors and the audit and supervisory board, as well as executives and employees, to fulfill their respective roles.

Compliance with Corporate Governance Code

The Financial Services Agency and the Tokyo Stock Exchange, Inc. introduced Japan's Corporate Governance Code (CGC), which establishes fundamental principles for effective corporate governance at listed companies. ADEKA operates a CGC Promotion Committee that meets on a quarterly basis to discuss the following matters.

1. Study of measures to strengthen corporate governance
2. Review of the ADEKA Group Corporate Governance Guidelines
3. Matters disclosed in the Corporate Governance Report
4. Review of the implementation status of ADEKA's governance based on the CGC and the Guidelines
5. Review of the latest trends in corporate governance, and based on input from institutional investors

Assessment of the Effectiveness of the Board of Directors

ADEKA conducts an analysis and assessment of the effectiveness of the board of directors at the end of each fiscal year and discloses a summary of the results. All directors and auditors are asked to complete a self-assessment questionnaire on the level of active discussions and strategic decision making/supervision functions of the board of directors. An assessment/analysis is made at a meeting attended only by the external officers and external audit & supervisory board members (collectively “External Officers”) based on the aggregated results from the questionnaire.

● FY2019 Assessment Result

- The board of directors is adequately and efficiently managed.
- Stronger supervision is needed over corporate governance and compliance of Group companies, including those of overseas, to regularly monitor the progress and results of the mid-term management plan and large-scale investment projects and deepen the discussions on issues that need to be addressed.

Incentive Compensation for Directors

ADEKA's incentive compensation for directors is composed of remuneration paid as compensation for performing their duties, bonuses linked to performance of the company and individuals and “restricted stock compensation” introduced as a medium- to long-term incentive in June 2017.

Nomination of Officer Candidates

Officer candidates are nominated based on general criteria such as character, discernment, knowledge, experience and track record. Candidates for the position of external officer are chosen for these attributes but must also hold no more than an acceptable number of other concurrent posts, to ensure that they can devote sufficient time to their duties with the Company. Before the Board of Directors deliberates on the selection of officer candidates, the representative directors brief the independent external directors on the process by which the list of officer candidates is drafted. The appointments are then decided by resolution of the Board of Directors in consideration of the opinions and advice of the independent external directors.

Anti-Takeover Measures

At ADEKA, we recognize that the best protection from takeover is sustainable growth and medium-to-long-term improvement in enterprise value. At the same time, however, the Company implements advance-warning anti-takeover measures, to ensure that shareholders are provided with sufficient information and time to consider an acquisition proposal properly if one is submitted to the Company.

Internal Control System

ADEKA has established an internal control system that allows management to properly manage company operations and assets. The Internal Control Promotion Committee is in charge of developing, operating and overseeing the internal control system based on the Companies Act and adequate financial reporting procedures based on the Financial Instruments and Exchange Act.

Providing Information and Support to External Officers

The ADEKA Group continues striving to improve its support system for external officers so that they can deepen their understanding of the Group's business activities and make sound decisions.

Soon after external officers are appointed, the Group holds an orientation session on its businesses and financial position and organizes facility tours. Before the Board of Directors’ meetings, reference materials and overviews on important issues are provided by the secretariat to ensure that external officers are fully briefed and can engage in constructive discussion.

Topics (Observation tour of laboratory by external officers, August 9, 2019)

An observation tour of a laboratory was conducted for external officers (directors and Audit & Supervisory Board members), enhancing their understanding of the Company’s technology and R&D efforts. The officers observed experiments with semiconductors and display materials, which cannot tolerate even micron-level specks of dust, in a clean room at Ogu R&D Laboratory.

Audit Framework

ADEKA operates under a corporate auditor system, with a five-person Audit and Supervisory Board that includes three independent external auditors. All auditors attend the Board of Directors’ meeting, while full-time auditors also attend meetings of the Management Committee. Full-time auditors also attend important meetings in an observer capacity, including meetings of the CGC Promotion Committee, Compliance Promotion Committee, Internal Control Promotion Committee, and Risk Management Committee. This enables the full-time auditors to audit all aspects of the business.

The attendance rate by external auditors at the 17 Board meetings convened in fiscal 2019 was 92%. The attendance rate by external auditors at the six Audit and Supervisory Board meetings convened in fiscal 2019 was 94%.

Compliance

Basic Stance on Compliance

The management policies of the ADEKA Group support the effective response to changes in the social and managerial environment. They are intended to realize sound management and harmony with international society by sufficiently protecting stakeholders' interests.

The Group's compliance management is intended to fulfill public expectations and demand through the provision of new value that is useful for addressing social issues by providing high-quality products and services created using ADEKA's unique technologies and through actively communicating with stakeholders as well as engaging in social contribution activities.

System for Promoting Group Compliance

The Compliance Promotion Committee meets quarterly to implement and monitor compliance at ADEKA. A system for instilling the Basic Compliance Policy across the company and swiftly collecting information has been established by appointing Compliance Leaders in each section. In addition, representatives and compliance officers of major Group companies meet twice a year for the Group Compliance Conference. Also, the company conducts a survey on compliance awareness biannually, targeting all executives and employees of major Group companies. Survey results are used to improve activities in a united Group effort to enforce compliance rigorously.

Compliance Education

ADEKA provides wide-ranging education and training at various corporate levels by combining e-learning, level-based training and training on individual themes, laws and regulations. Once or more each year, each workplace is required to undergo compliance training specific to its division ("workplace compliance training").

Expanded Use of Basic e-Learning Courses

Basic e-learning courses are a system implemented to make on-site training more efficient, regardless of time or place. The system can turn original training materials produced in PowerPoint, PDF, Excel and other file formats into e-learning content. It also provides class management features. A total of 13 domestic subsidiaries that are members of the Group Compliance Conference (all except Nihon Nohyaku Co., Ltd.) have adopted educational accounts for all employees and are expanding the adoption and use of this training system to strengthen Group governance.

Strengthening Group Compliance

In fiscal 2019, a questionnaire survey of compliance awareness was conducted among officers and employees of ADEKA and ADEKA Group affiliates in Japan. The results were published on the Group's intranet and feedback was provided through individual interviews with the Group Compliance Conference and the representative and compliance officers of individual companies.

Main Topics

- 1) Implementation of a questionnaire survey of compliance awareness among employees at ADEKA and its subsidiaries in Japan.
- 2) As a means of circulating awareness of the Group Code of Conduct, an article entitled "Applying the Code of Conduct in Our Work" was serialized in the internal newsletter.
- 3) To promote adoption of basic e-learning courses, all employees at subsidiaries in Japan were provided with educational accounts.
- 4) The Group implemented e-learning about information security for people responsible for or in charge of information management in each division. The Group also presented compliance seminars entitled "Information Management Compliance."
- 5) The Group instituted a privacy policy compliant with the EU's General Data Protection Regulation (GDPR), established rules for compliance with the privacy policy and implemented e-learning on GDPR.

Monitoring and Evaluation

1) Implementation of survey on compliance awareness

In July 2019 a questionnaire survey of compliance awareness was carried out with respect to officers and employees at ADEKA and ADEKA subsidiaries in Japan. The survey was used to confirm officers' and employees' awareness of compliance matters and provide a grasp of current conditions. Carried out every other year (on odd-numbered years), the results are analyzed to find ways of improving awareness.

The response rate in 2019 was 98% (2,656 questionnaires were collected Group-wide, of which 1,931 were collected from ADEKA alone).

General comment: "Employees' compliance awareness is remarkably high. While improvement is needed in some areas, overall the soundness of the organization is upheld. As with the previous survey, the present survey indicates stable organization operation."

2) Implementation of bribery risk assessment

From November 2019 to February 2020, an assessment of bribery risk was carried out at 20 Group companies overseas. This bribery risk assessment is conducted every year to confirm the progress of measures at each company to prevent overseas bribery and to obtain a grasp of the current situation. The risk assessment was conducted online in tandem with basic e-learning courses on strengthening measures to prevent bribery.

Operational Status of System for Reporting Compliance Issues

The ADEKA Group has maintained an internal reporting system since 2003, and it received six reports in fiscal 2019. Users can provide information anonymously to protect them from the negative repercussions of reporting non-compliance issues. Details about the cases and the actions taken are shared with auditors and outside legal counsel, and reported to the Board of Directors.

Notification of and Familiarization with the ADEKA Group Code of Conduct and Other Regulations

The Code of Conduct, compliance regulations and other provisions are shared in common within the ADEKA Group. Group Compliance Conferences are held twice a year, providing opportunities to share compliance awareness and information. At compliance seminars conducted at major Group companies in Japan, education and awareness-raising are conducted.

Preventing Bribery

Around the world, the legal framework concerning bribery and corruption is being steadily tightened. Examples of pertinent legislation include the Foreign Corrupt Practices Act in the United States, the United Kingdom Bribery Act in the United Kingdom and Japan's Unfair Competition Prevention Act. As exposure of bribery and corruption intensifies, the ADEKA Group is providing employee training and conducting risk assessment and other measures, based on the ADEKA Group Basic Policy Against Corruption, related regulations and the ADEKA Group Anti-Bribery Guidelines.

Fair Business Practices (Anti-Monopoly Act, Subcontract Act)

The ADEKA Group offers seminars on the Anti-Monopoly Act and Subcontract Act, presented by specialists in the field. Employees are also individually encouraged to improve their knowledge of these topics through e-learning.

Export Controls

ADEKA works closely with its overseas bases to ensure strict compliance with laws in countries around the world regulating the inspection and production of chemicals, as well as the Globally Harmonized System of Classification and Labelling of Chemicals, which applies to safety data sheets, and judgement of Harmonized System codes (tariff codes).

Tax Matters

One of the basic and important responsibilities companies must fulfill is appropriate payment of taxes in compliance with the applicable tax laws in each country.

Governance

Risk Management

Basic Stance on Risk Management

As business risks increase in the management environment, the ADEKA Group has been seeking prevention of the incidents and minimization of the damage thereof. This has been done by outlining a system for managing risks in the ADEKA Group Risk Management Manual focusing on prevention and countermeasure effort.

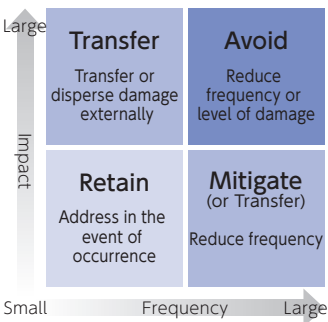
Risk Management System

The risk management framework under regular circumstances is stipulated in the ADEKA Group Risk Management Manual.

The Risk Management Committee, which is chaired by the Director in charge of risk management and consists of managers of the staff departments in the Head Office, meets twice a year to formulate and manage the Basic Risk Management Policy.

Risk assessment surveys are conducted for the general managers of divisions and business locations. Information management, security and business continuity risks are mapped based on the frequency of occurrence and impact, and measures are studied.

Selection of Countermeasures



Strengthening Global Risk Management

To ensure the safety of ADEKA officers and employees who transfer to, study in, reside in or are seconded to overseas countries and regions, as well as their accompanying families, the Group has established the Overseas Risk Management Regulations, Standards on Measures Against Overseas Risks and Safety Guidelines for Personnel Stationed Overseas.

Crisis Management

The ADEKA Group Risk Management Manual also sets the framework and workflow for enabling each section and Group company to work in concert for quick and effective emergency response. In addition, ADEKA has published and distributed an Emergency Public Relation Manual with the aim of minimizing the loss of credibility in the event of any scandal, including incidents and accidents within the ADEKA Group.

Business Continuity Management

The BCMS Committee takes the initiative on business continuity management for minimizing any damage to business assets and enabling the continuation or early recovery of business activities in the event of an emergency.

Information Security and Information Management Training

The Information Management Subcommittee, a subordinate body of the Compliance Promotion Committee, is carrying out an array of measures aimed at strengthening information security and information management. In fiscal 2019 the Subcommittee conducted the educational and training exercises listed in the table shown below.

Information Security and Information Management Training

Date presented	Theme	Number of participants	Sponsor/instructor
End July to end September	e-learning on information security for people responsible for or in charge of information management in each division	401 (100% completed the course)	Information Management Subcommittee Basic e-learning courses
December 11	Compliance seminars (Training on compliance regarding information management)	228	Ushijima & Partners Hiroyasu Kageshima, Attorney
December 17 to February 18	GDPR e-learning for people responsible for or in charge of information management in each division	199 (96% completed the course)	Thomson Reuters Corporation

Third Party Opinion

When putting transformation into high gear



Takeshi Mizuguchi
Professor, Faculty of Economics,
Takasaki City University of Economics
Obtained a PhD from the School of Business Administration (Meiji University). Specializes in responsible investment and non-financial information disclosure. He assumed his current position in 2008 after becoming a lecturer in the Faculty of Economics at Takasaki City University of Economics in 1997, and then an Associate Professor in the same faculty. He worked in positions as Director of the Society for Environmental Economics and Policy Studies, Chair of the Green Bonds Working Group (Ministry of the Environment), and member of the ESG Financial Workshop (Ministry of the Environment). His publications include *The Age of Sustainable Finance: ESG/SDGs and the Bond Market* (editor, Kinzai), *ESG Investing—New Form of Capitalism* (Nikkei Publishing Inc.) and *Responsible Investment—Changing the Future through the Flow of Capital* (Iwanami Shoten, Publishers). All publications are in Japanese.

That which changes survives.

In his Message from the President, Hidetaka Shirozume, president of ADEKA, quoted Charles Darwin’s *Origin of Species* when he said that only those capable of change can survive. I agree. And today we’re in an age when change is demanded more than ever. The structure of industry has begun to change at the global level, as witnessed in the “European Green Deal,” a policy package made public by the European Commission late last year. The world is changing, and it is moving in the direction of zero carbon, circular economies and protection of biodiversity.

Let’s take the example of one eco-friendly product, ADEKA Sakura-Lube. It makes an incredible contribution to reduced CO₂ emissions by improving the fuel efficiency of vehicles. However, the US state of California is signaling that sale of gasoline-powered cars will be prohibited by 2035, and the EU Taxonomy Regulation is moving toward recognizing as sustainable only those vehicles that have zero emissions. Over the long term it seems that gasoline-powered vehicles are on the decline. So while ADEKA’s contribution is highly praised today, further transformation is necessary.

The “circular economy” is one that uses few resources and uses them in a completely closed cycle, so that

ultimately any resources extracted from the earth are returned to it. I believe the role of plastics in this economic structure will become one point of focus. Your company earns kudos for its polymer additive technologies, which add a palette of functions and performance enhancements to plastics, but in the future its status as an eco-friendly product will no longer be regarded as adequate. You will need to devise a comprehensive vision in which your entire product lineup accords with the circular economy. That vision will empower ADEKA to lead the competition to transform, thereby shaping the future of plastics.

Also, as part of the European Green Deal, the European Commission is signaling a 50% reduction in the use of agricultural chemicals. In the severe regulatory environment of the European market, your Group’s Nihon Nohyaku is fighting hard, but it will have to undertake even more bold innovations, such as agricultural chemicals with even less ecological risk and entry into the field of biological control agents.

Focusing on the “S” in “ESG”

Amid the COVID-19 pandemic, interest in the “S” in “ESG”, “Social,” is intensifying. Companies are being asked questions such as: “What direct actions are you taking to protect your employees from infection?” and “How are you maintaining employment levels amid the faltering economy?” On this point, your company, which lists occupational safety as the first item in your Safety Quartet, has stated that it is responding appropriately to the pandemic.

On the other hand, the fact that some people who want to mount a defense against the pandemic are unable to do so points toward the problem of economic inequality in society. This is a problem of social and employment systems as a whole and cannot be solved by individual companies alone. In that light, it is important for ADEKA to indicate its stance as a company with regard to this major social problem of economic inequality.

Response to Third Party Opinion

Thank you very much for your valued opinion regarding the CSR activities of the ADEKA Group.

In receiving your third-party opinion, I am sincerely grateful for your views regarding our products’ contribution to the environment and our technologies, and for your wide-ranging advice from the standpoint of sustainability.

The operations of the ADEKA Group are intimately bound up with the problems of environmental pollution from plastics, inadequate food supplies and food loss. We are marshalling resources Group-wide to focus our technologies on the continuing search for solutions to these challenges.

Recognizing the impact that global warming and

Susumu Yasuda, Director and Operating Officer

declining biodiversity have on our business activities and our lives as individuals, we are contributing not merely to reducing waste in the manufacture of our products but more broadly to recycling across the entire product life cycle. As we do our part to promote the circular economy, we are moving forward on partnerships with other industries and fields to drive still further innovation.

The ADEKA Group is transforming its business foundations in response to the new social environment. As we do so, we will apply the valued third-party opinion you have provided us to the betterment of our Group management, to meet and exceed the expectations of our stakeholders.



Editorial Policy

This Report discloses the detailed ESG data which are not included in ADEKA Group CSR Report 2020.

Period Covered by This Report

Fiscal 2019 (April 1, 2019 to March 31, 2020)

Scope Covered by This Report

This Report covers the whole ADEKA Group. Where necessary, “ADEKA Group” and “the Group” refer to the entire ADEKA Group, while “ADEKA” refer to ADEKA Corporation.

Boundary of Reporting Organizations by Environmental Data

Chemicals business Food business Other business

ADEKA

All Plants, R&D Laboratories, Offices

Group Companies in Japan

- ADEKA CHEMICAL SUPPLY CORP.
- ADEKA LIFE-CREATE CORP.
- OXIRANE CHEMICAL CORP.
- ADEKA CLEAN AID CORP.
- ADEKA FINE FOODS CORP.
- ADEKA ENGINEERING & CONSTRUCTION CORP.
- ADEKA LOGISTICS CORP.
- ADEKA FOODS SALES CORP.
- YONGO CO., LTD.
- UEHARA FOODS INDUSTRY CO., LTD.
- TOKYO ENVIRONMENTAL MEASUREMENT CENTER CO., LTD.

Overseas Companies (Plants)

- ADEKA FINE CHEMICAL (SHANGHAI) CO., LTD.
- ADEKA FINE CHEMICAL (CHANGSHU) CO., LTD.
- ADEKA FOODS (CHANGSHU) CO., LTD.
- ADEKA FINE CHEMICAL TAIWAN CORP.
- ADEKA KOREA CORP.
- ADEKA FOODS (ASIA) SDN.BHD.
- ADEKA (SINGAPORE) PTE.LTD.
- ADEKA FINE CHEMICAL (THAILAND) CO.,LTD.
- ADEKA POLYMER ADDITIVES EUROPE SAS
- AMFINE CHEMICAL CORP.
- AM STABILIZERS CORP.
- ADEKA AL OTAIBA MIDDLE EAST LLC

Environment

Environmental Accounting

- ▶ Environmental Accounting
- ▶ Cost of Environmental Initiatives and Amount Invested

Preventing Global Warming

- ▶ Energy Consumption by Crude Oil Equivalent and Energy Intensity Index
- ▶ Breakdown of Energy Consumption
- ▶ Greenhouse Gas Emissions
- ▶ Breakdown of Greenhouse Gas Emissions
- ▶ CO₂ Emission Intensity Index
- ▶ Flow Chart of ADEKA's Scope 3 Emissions
- ▶ CO₂ Emissions and Scope 3 Breakdown

Material Flow

- ▶ Environmental Initiatives System

Preventing Water Pollution

- ▶ Usage of Water
- ▶ Water Discharge
- ▶ Chemical Oxygen Demand Emissions
- ▶ Biological Oxygen Demand Emissions

Preventing Air Pollution

- ▶ SOx Emissions
- ▶ NOx Emissions
- ▶ Soot/Dust Emissions

Appropriate Managing Chemical Substances

- ▶ Discharge of PRTR Substances
- ▶ Transfer of PRTR Substances
- ▶ Discharge and Transfer of Chemical Substances

Appropriate Managing the Disposal of Industrial Waste

- ▶ The Entire Flow of Recycling and Disposal of Industrial Waste
- ▶ Industrial Waste Generated
- ▶ Breakdown of Industrial Waste
- ▶ Outsourced Disposal of Industrial Waste
- ▶ Breakdown of the Total Volume of Waste Treated by External Contractors
- ▶ Zero Emissions Rate for Landfill Disposal of Industrial Waste
- ▶ Recycling Rate

Social

- ▶ Human Resources Data

Diversity

- ▶ Action Plan Based on the Act on Promotion of Women's Participation and Advancement in the Workplace

Promoting a Work-Life Balance

- ▶ General Employer Action Plan Based on the Act for Measures to Support the Development of the Next Generation
- ▶ Childcare and Nursing Care Support Programs

Cultivating Human Resources

- ▶ Human Resources Principles
- ▶ Overview of the Educational System
- ▶ Global Human Resources Development Programs
- ▶ Training Costs per Employee

Occupational Health and Safety

- ▶ Frequency Rates of Accidents Resulting in Lost Workdays

Communication with employees

Respect for Human Rights

Governance

Corporate Governance

- ▶ Overview of Corporate Governance
- ▶ Corporate Governance Overview

Risk Management

- ▶ Overview of Risk Management

Compliance

- ▶ Compliance Structure
- ▶ Compliance Training
- ▶ Number of Internal Reports
- ▶ Dates of Convening of the Compliance Promotion Committee and Content
- ▶ Basic e-learning Courses

Others

Acquisition of Management System Certification

Environmental Accounting

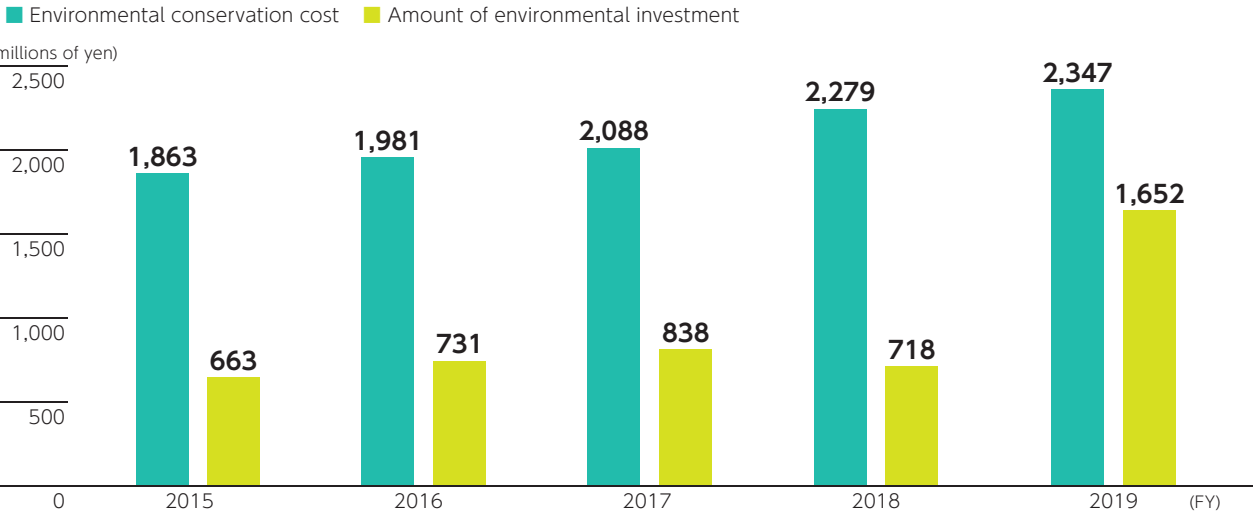
Environmental Accounting
(scope: ADEKA (production and research divisions), ADEKA FINE FOODS CORP., Oxirane Chemical CORP., UEHARA FOODS INDUSTRY CO., LTD.)

Environmental Conservation Costs (millions of yen)			
Category	Description of Main Initiatives	Environmental conservation cost	Amount of environmental investment
1. Business area cost		2,136	1,652
(1) Pollution prevention costs	Prevention of air, water, and soil pollution, and of noise, stench, and land subsidence	1,194	462
(2) Global environmental conservation costs	Preventing global warming (conserving energy), preventing damage to the ozone layer	448	1,080
(3) Resource recycling costs	Reducing and recycling resources, and minimizing the generation of waste material	494	110
2. Upstream/downstream cost	Green procurement, reducing the environmental burden imposed by containers and packaging, collecting and re-commercializing products	11	0
3. Administration cost	Environmental ISO, disclosure of environmental information, environmental impact monitoring, greening	194	0
4. R&D cost	R&D expenses for environmental conservation	0	0
5. Social activity cost	Greening and beautification of areas outside the offices and plants, donating and supporting environmental conservation organizations	3	0
6. Environmental remediation cost	Purification efforts to improve water quality and remove soil pollution, restoration of nature	3	0
Total		2,347	1,652

Environmental conservation effect					
Classification	Environmental Performance Indicators	Unit	FY2018	FY2019	Year-on-year
Resources for business activities	Quantity of containers and packaging used	t	21,821	36,846	168.9%
	Quantity of specific managed substances input				
Goods and services produced by business activities	Quantity of products transported Circulation and usage of used products, containers, and packaging	t	348	702	201.7%
	Quantity of containers and packaging used	t	5,618	4,669	83.1%
Other	Emissions of environmentally hazardous substances from logistics	t	0	60	—
	Transportation volume of materials and products	Million t-kilometers	134	137	102.2%

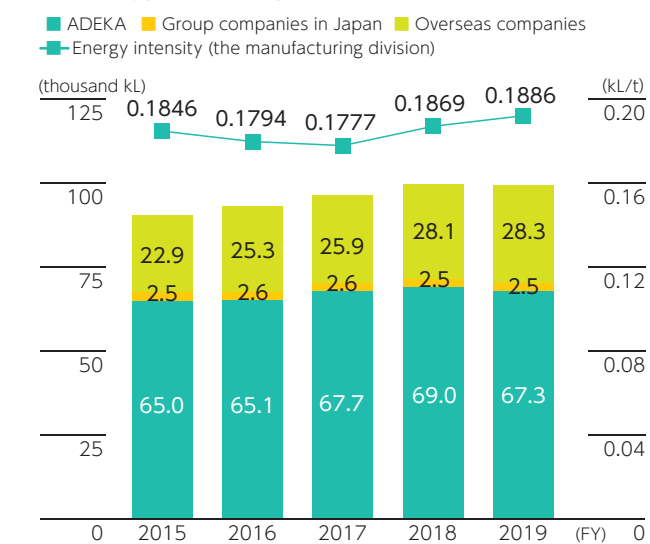
Economic Effects with Environmental Conservation Measures (millions of yen)	
Details of effects	Amount
Income earned by recycling, profits from the sale of valuable resources, etc.	115
Reduction in costs through introducing resources from the environment into business activities	118
Reduction in the burden imposed by business activities on the environment and costs related to the generation of waste material	42
Reduction in costs related to dealing with environmental damage	0
Reduction in other costs	54
Total	329
Degree of effects (calculated by dividing the economic effects resulting from environmental conservation activities by the costs of these activities)	8.2%

Cost of Environmental Initiatives and Amount Invested
(scope: ADEKA (production and research divisions),ADEKA FINE FOODS CORP., Oxirane Chemical CORP., UEHARA FOODS INDUSTRY CO., LTD.)

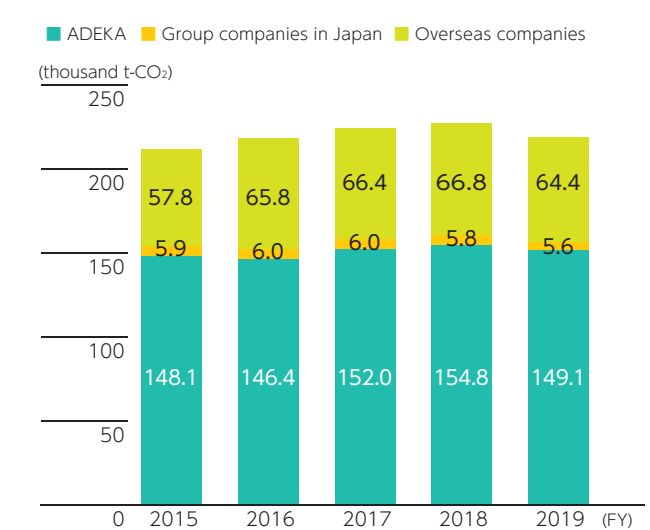


Preventing Global Warming

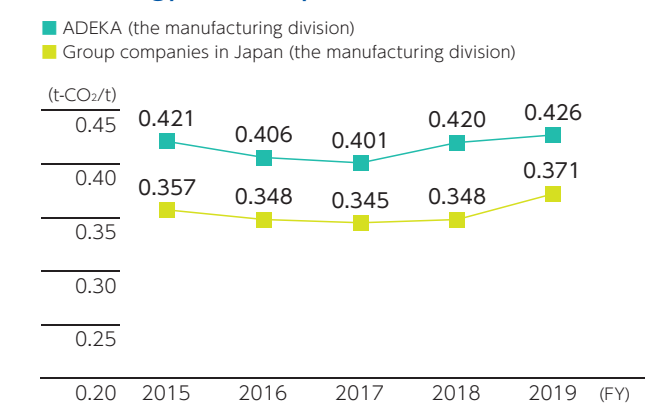
Energy Consumption by Crude Oil Equivalent and Energy Intensity Index



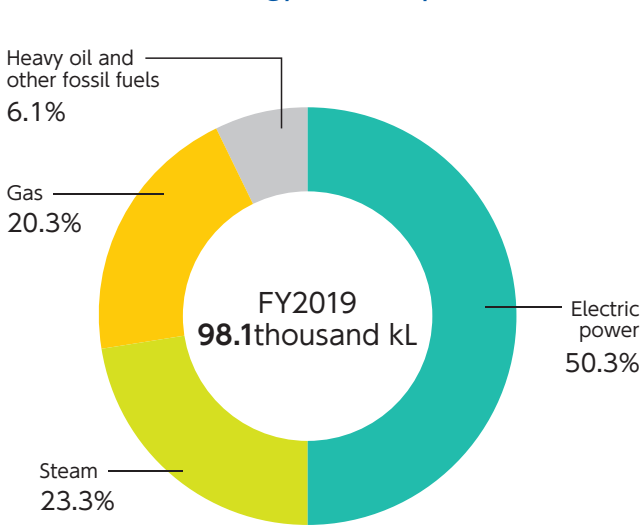
Greenhouse Gas Emissions



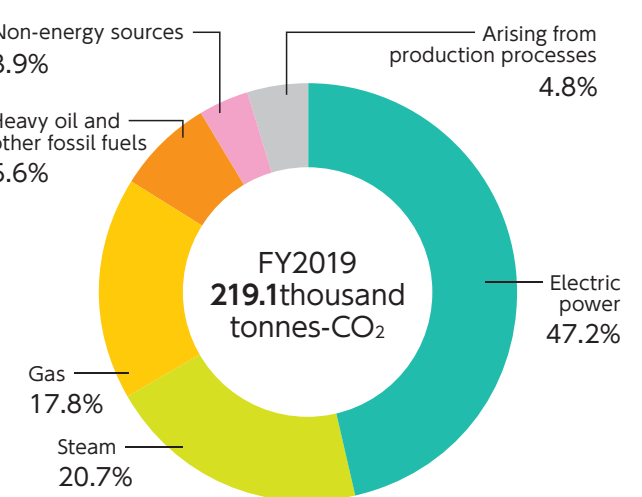
Greenhouse Gas Emission Intensity Index (from energy consumption)



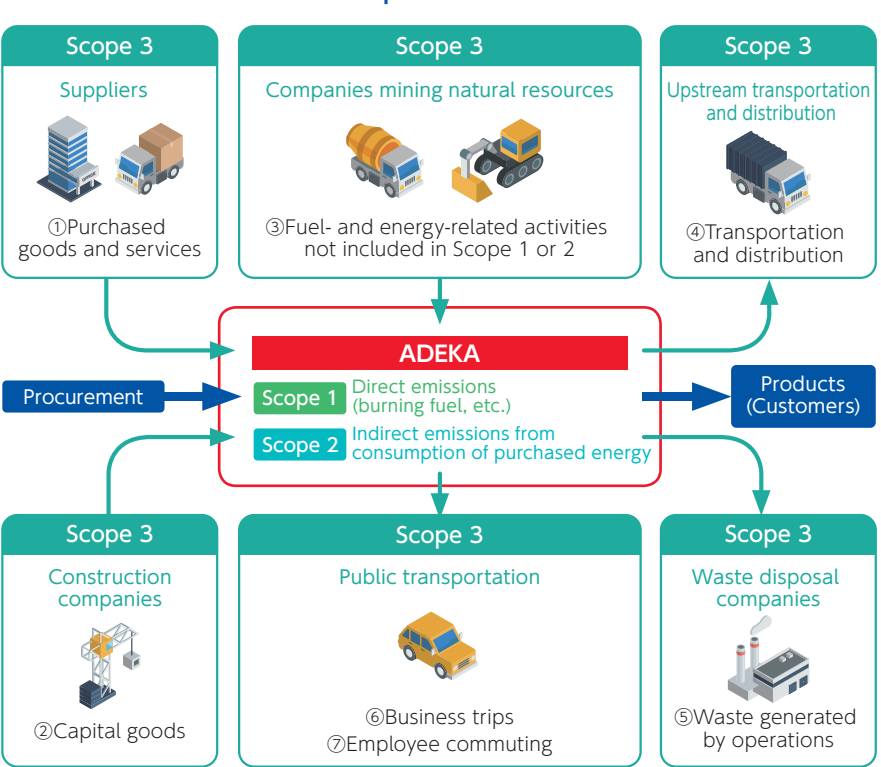
Breakdown of Energy Consumption



Breakdown of Greenhouse Gas Emissions



Flow Chart of ADEKA's Scope 3 Emissions



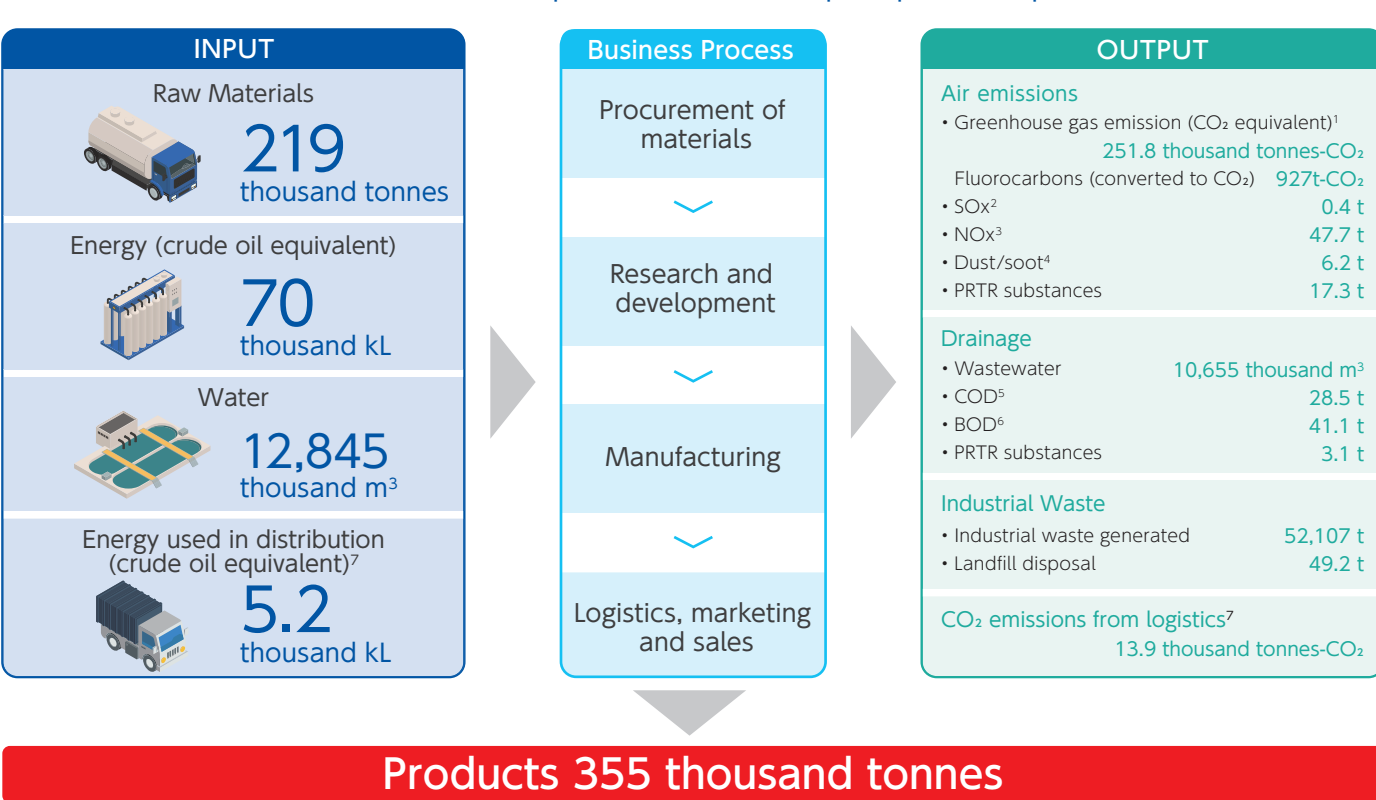
CO₂ Emissions and Scope 3 Breakdown (scope: ADEKA)

(Unit: thousand tonnes-CO₂)

Scope category	Emissions
Scope 1	53.4
Scope 2	89.6
Scope 3	590.1
Category① Purchased goods and services	502.3
Category② Capital goods	48.7
Category③ Fuel- and energy-related activities not included in Scope 1 or 2	7.7
Category④ Transportation and distribution	13.9
Category⑤ Waste generated by operations	16.6
Category⑥ Business trips	0.2
Category⑦ Employee commuting	0.6
Total	733.1 thousand tonnes-CO ₂

Material Flow

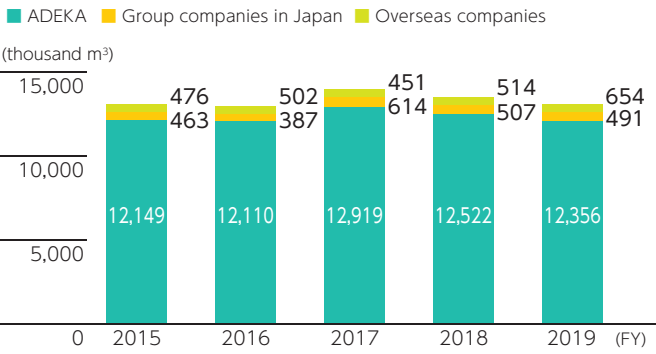
Material Flow in Business Activities (scope: ADEKA and 11 Group companies in Japan)



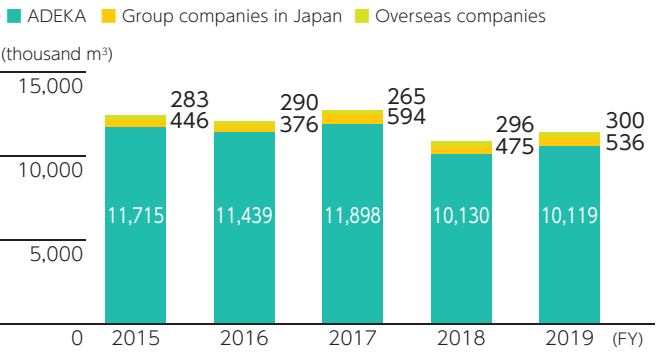
1. Total emissions arising from energy sources, non-energy sources, and processes.
2. Sulfur oxides generated during the use of fuels that contain sulfur.
3. Nitrogen oxide generated during combustion in plant boilers and incinerators.
4. Fine particles generated during the combustion of fuels and other materials.
5. Amount of oxygen consumed during the oxidation of organic substances.
6. Amount of oxygen required during the mineralization and gasification of contaminants in river water and industrial wastewater by microorganisms.
7. Scope: ADEKA

Preventing Water Pollution

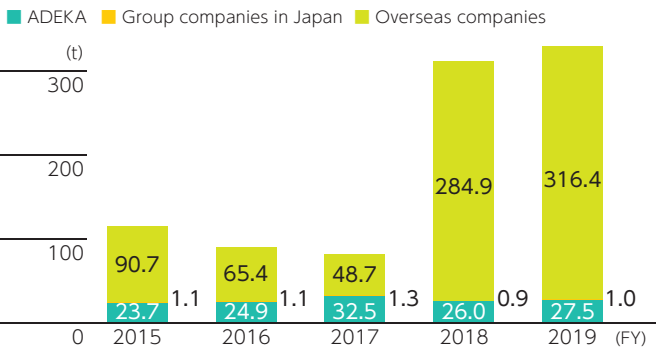
Usage of Water



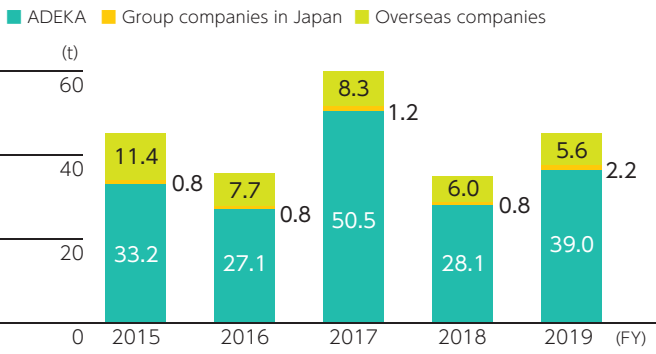
Water Discharge



Chemical Oxygen Demand Emissions

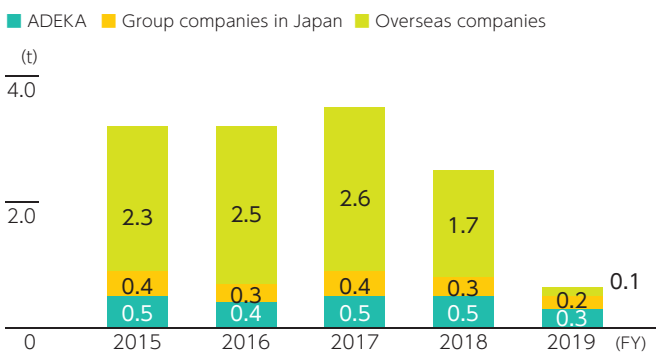


Biological Oxygen Demand Emissions

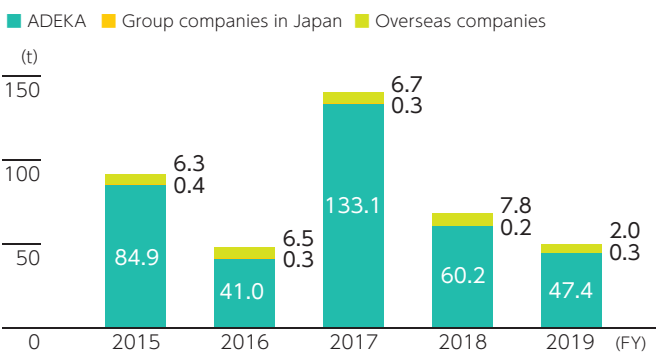


Preventing Air Pollution

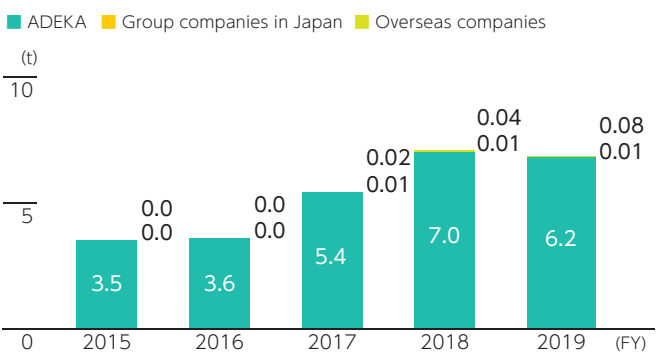
SOx Emissions



NOx Emissions

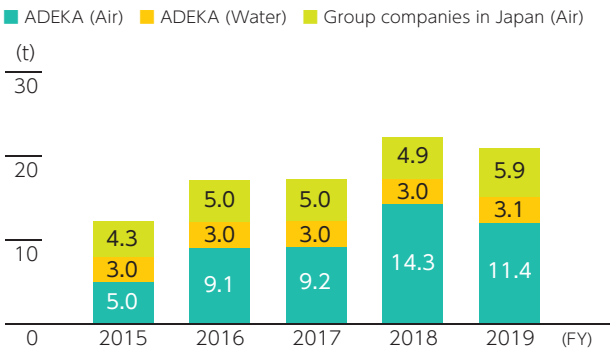


Soot/Dust Emissions

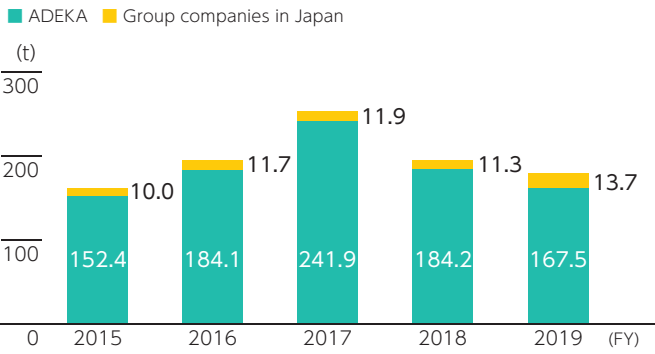


Appropriate Managing Chemical Substances

Discharge of PRTR Substances



Transfer of PRTR Substances



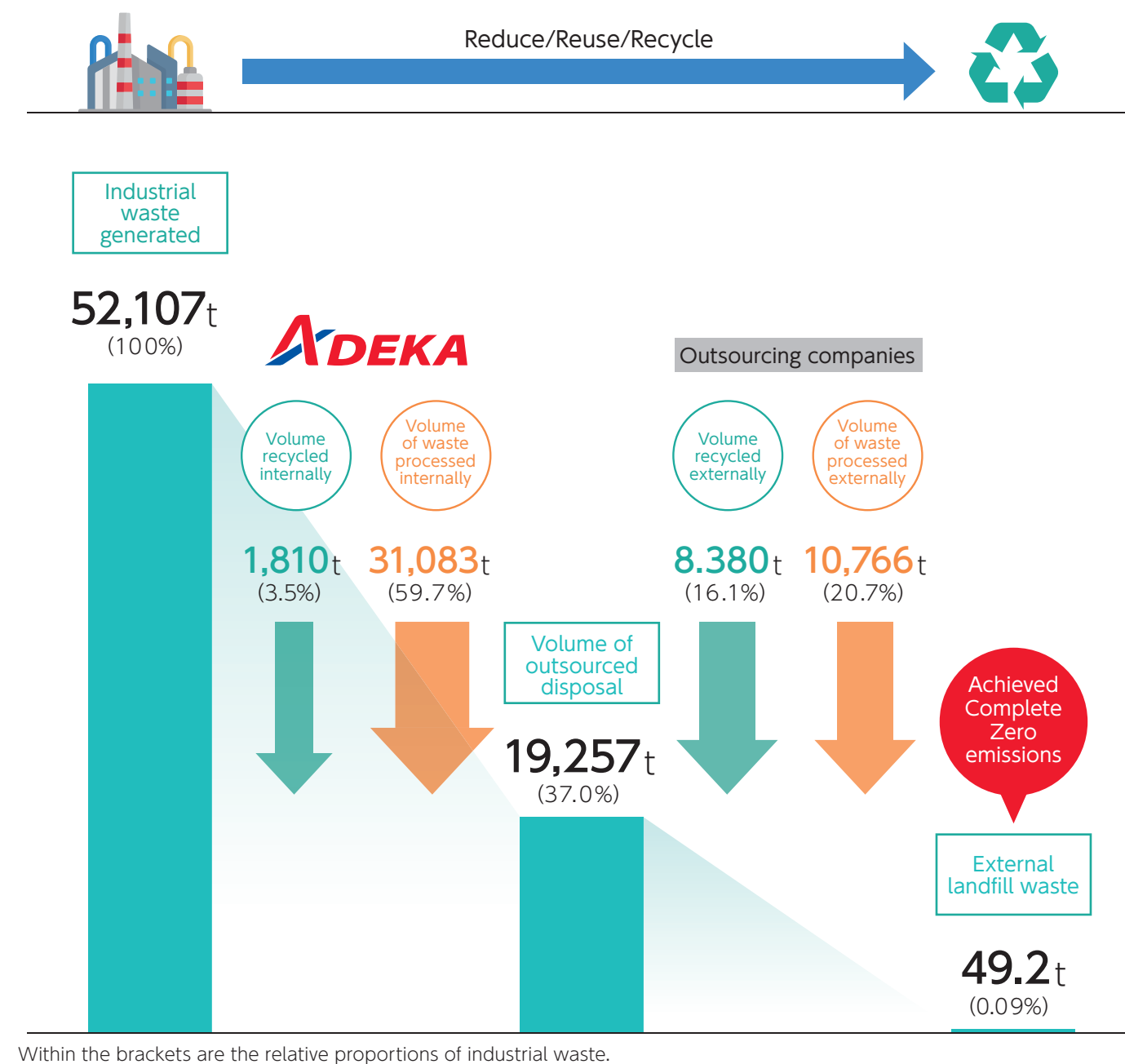
*There are no emissions into the waters of domestic Group companies.

Discharge and Transfer of Chemical Substances
(scope: ADEKA (production and research divisions), Oxirane Chemical CORP.)

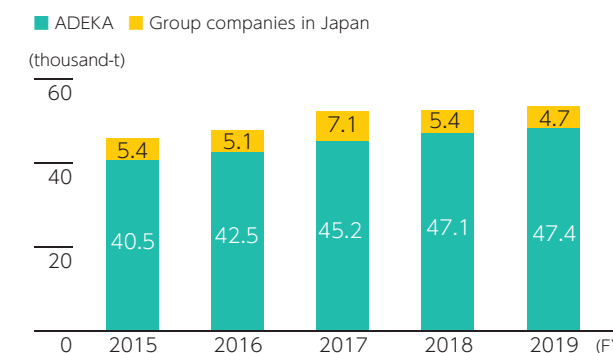
Ordinance designation number	Substance	Discharge				Transfer	
		Air	Public Waters	Soil	Landfill Waste	Sewage	External Transfer
53	Ethylbenzene	0.0	0.0	0.0	0.0	0.0	15.0
65	Epichlorohydrin	0.1	0.0	0.0	0.0	0.0	0.0
80	Xylene	0.0	0.0	0.0	0.0	0.0	15.1
125	Chlorobenzene	0.5	0.0	0.0	0.0	0.0	16.0
128	Chloromethane	0.2	0.0	0.0	0.0	0.0	0.0
157	1,2-Dichloroethane	1.7	0.0	0.0	0.0	0.0	70.0
186	Dichloromethane	0.5	0.0	0.0	0.0	0.0	11.0
207	Dibutylhydroxytoluene	0.0	0.0	0.0	0.0	0.0	0.9
232	N,N-dimethylformamide	0.0	0.0	0.0	0.0	0.0	0.3
257	Decyl alcohol	0.1	0.0	0.0	0.0	0.0	0.0
277	Triethylamine	0.0	0.2	0.0	0.0	0.0	10.0
300	Toluene	5.2	0.0	0.0	0.0	0.0	9.2
302	Naphthalene	0.0	0.0	0.0	0.0	0.0	0.2
318	Carbon disulfide	5.2	0.0	0.0	0.0	0.0	0.0
342	yridine	0.0	0.0	0.0	0.0	0.0	0.0
392	N-hexane	3.6	0.0	0.0	0.0	0.0	14.2
395	Water-soluble salts of eroxodisulfuric acid	0.0	2.8	0.0	0.0	0.0	1.9
453	Molybdenum and its compounds	0.1	0.0	0.0	0.0	0.0	0.9
458	TRIS (2-ETHYLHEXYL)	0.0	0.2	0.0	0.0	0.0	15.0
Sub-total		17.1	3.1	0.0	0.0	0.0	179.8
Other substances (51 types)		0.2	0.0	0.0	0.0	0.0	1.4
Total		17.3	3.1	0.0	0.0	0.0	181.1

Appropriate Managing the Disposal of Industrial Waste

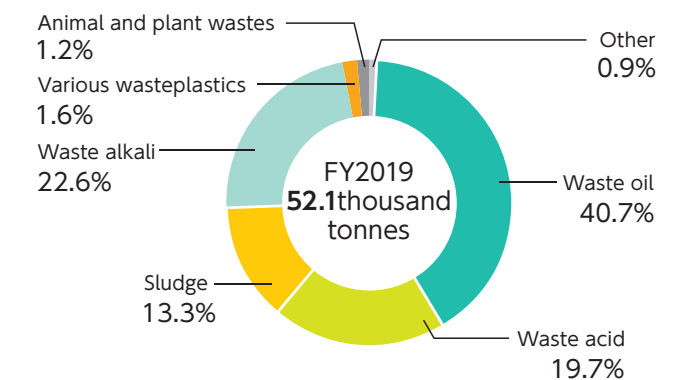
The Entire Flow of Recycling and Disposal of Industrial Waste
(scope: ADEKA and Group companies in Japan)



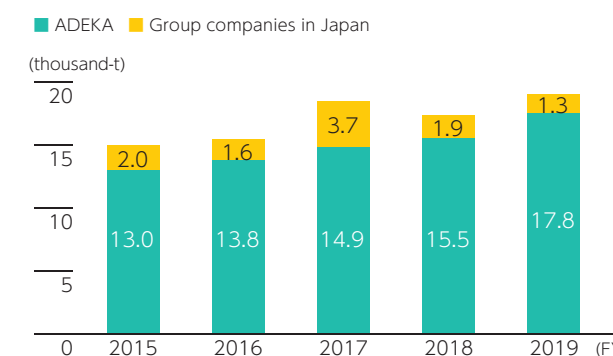
Industrial Waste Generated



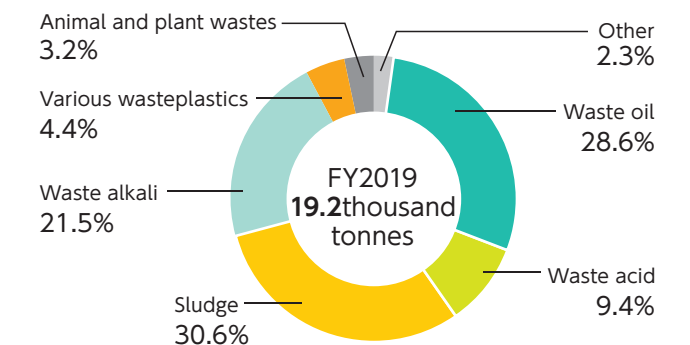
Breakdown of Industrial Waste



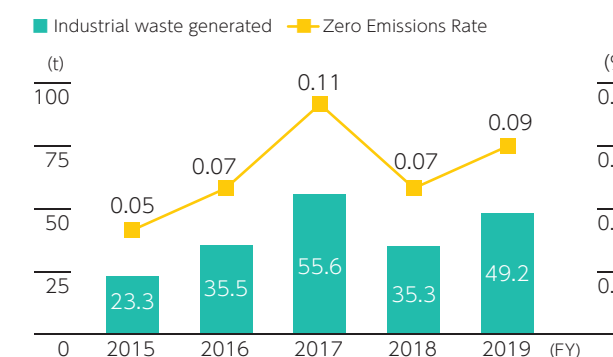
Outsourced Disposal of Industrial Waste



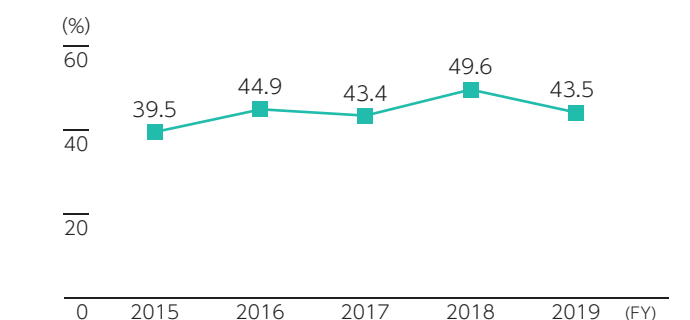
Breakdown of the Total Volume of Waste Treated by External Contractors



Zero Emissions Rate for Landfill Disposal of Industrial Waste (scope: ADEKA and Group companies in Japan)



Recycling Rate (scope: ADEKA and Group companies in Japan)



Human Resources Data

Item		FY2017	FY2018	FY2019
Number of consolidated employees		3,551	5,154	5,189
Number of nonconsolidated employees	Overall	1,639	1,702	1,771
	Male	1,415	1,459	1,509
	Female	224	243	262
Employee average age	Overall	38.8 Years	38.5 Years	38.3 Years
	Male	39.0 Years	38.7 Years	38.5 Years
	Female	37.6 Years	37.5 Years	37.0 Years
Employee turnover rate	Overall	2.8%	2.6%	2.5%
	Male	2.7%	2.7%	2.4%
	Female	3.4%	1.6%	3.3%
Ratio of female employees		13.7%	14.3%	14.8%
Ratio of female managers		2.4%	2.9%	2.8%
Rate of employment of people with disabilities		1.89%	1.80%	2.13%
Rate of employment of retiree*		67%	75%	100%
Number of employees working shortened hours	Male	1	0	0
	Female	25	27	29
Childcare leave utilization rate	Male	7.1%	11.3%	17.6%
	Female	100%	100%	100%
Number of employees taking childcare leave	Male	5	7	9
	Female	4	13	13
Number of employees taking nursing care leave		0	0	1
Percentage returning to workplace after childcare leave	Male	100%	100%	100%
	Female	100%	100%	100%
Job retention rate after childcare leave	Male	100%	100%	100%
	Female	100%	100%	100%
Percentage taking annual paid leave		65.3%	69.2%	72.6%
Number of new graduates hired	Overall	75	91	100
	Male	62	73	77
	Female	13	18	23
Average length of employment	Overall	15.7 Years	15.5 Years	15.2 Years
	Male	15.9 Years	15.7 Years	15.5 Years
	Female	14.6 Years	14.3 Years	13.6 Years
Average hours of annual training/education per employee		141.1 Min	115.0 Min	143.6 Min
Percentage taking refreshment leave		82%	85%	82%
Percentage receiving health check-up		100%	100%	100%
Repeat health check-up rate		99.9%	79.3%	73.0%
Average monthly wage		378,017 yen	373,678 yen	376,577 yen
New graduate starting salary (university graduates, includes housing allowance)		227,590 yen	228,090 yen	238,290 yen
Non-prescribed work time		16.0 hours	15.1 hours	14.6 hours

*Including transfers of employees to posts at affiliated companies

Diversity

Action Plan Based on the Act on Promotion of Women's Participation and Advancement in the Workplace (scope: ADEKA)

Period: April 1, 2016 to March 31, 2021

Goal: Raise the ratio of women in management positions to 5% by 2021.

Measures:

1. Enhance operational skills and nurture awareness about women's involvement in business operations
April 2016: Promote job rotation that supports the career development of employees, encourage female employees to participate in external training programs, and enhance the quality of training for those who are in a semi-management position.
April 2017: Evaluate the effectiveness of the measures.
April 2019: Identify issues that need to be addressed and strengthen efforts or implement new measures.
2. Raise the ratio of female employees
April 2016: Career development seminar of women, conducted by senior female staff.
April 2017: Evaluate the outcome of the measure.
April 2018: Identify issues that need to be addressed and strengthen efforts or implement new measures.
3. Promote initiatives for work-life balance
April 2016: Start deliberations on the introduction of a half-day unit for nursing care leave and a multiple-period system for nursing care leave of absence.
January 2017: Start a multiple-period system for nursing care leave of absence.
April 2018: Revise brochures on childcare leave and nursing care leave.

Promoting a Work-Life Balance

General Employer Action Plan Based on the Act for Measures to Support the Development of the Next Generation (scope: ADEKA)

Period: April 1, 2018 to March 31, 2021

Goals:

1. Increase the number of male employees who take childcare leave to five or more and raise the ratio of female employees who take childcare leave to 80% or more during the plan period
 2. Create a corporate culture environment that encourages men to become more involved in child-rearing
 3. Continue measures for reducing overtime working hours
 4. Reduce the number of employees who take paid leaves fewer than five days per year to zero
- Measures:
1. Revise in-house leaflets about childbirth and childrearing, and distribute them among eligible employees
 2. Through training programs, nurture a culture of encouraging employees to take childcare leave
 3. Enhance the “no overtime day” initiative
 4. Introduce IC cards into each branch so that they can objectively monitor working hours
 5. Share information about annual paid leaves between the employer and the labor union, and provide encouragement for departments or individuals not utilizing the program
 6. Revise the working hour management system toward visualizing the status of paid leaves taken

Childcare and Nursing Care Support Programs (scope: ADEKA)

Underline indicates provisions that exceed minimum regulatory requirements.

Program	Details	Number of employees who used the program
Maternity leave	6 weeks before birth (14 weeks in the case of twins) and 8 weeks after birth	12
Spousal maternity leave	<u>3 days or less</u> in cases where the spouse has given birth or less in cases where the spouse has given birth	52
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.)	22 (including 9 male employees) (percentage of employees who returned to work: 100%)
Childcare nursing leave	For employees raising children below <u>grade 4 of elementary school</u> , it is possible to take up to 10 days of leave per year, regardless of the number of children, 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.)	91
Nursing care leave of absence	A total of <u>up to 365</u> days for each person requiring care	1
Nursing care leave	A total of <u>up to 20 days per year</u> for each person needing care	2
short working hour system	Childcare: Until the end of the child's 4th year in elementary school Nursing care: A total of up to 365 days, combined with nursing care leave of absence (Both may be reduced up to a maximum of 2 hours in <u>15-minute units</u> .)	29

Cultivating Human Resources

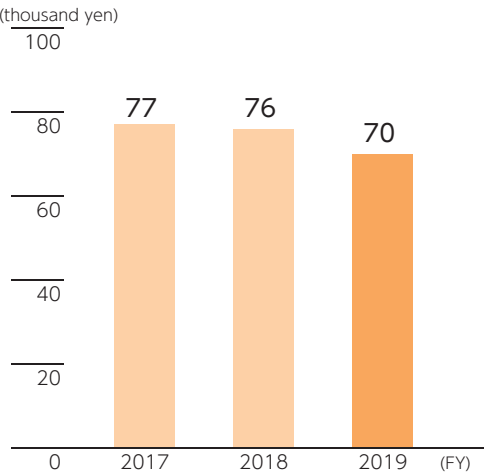
ADEKA Human Resources Principles

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

Global Human Resources Development Programs

Ongoing initiatives	Description
Cultivating global human resources through selected employees	Aimed at developing personnel who can perform superbly outside Japan, the initiative provides selected young employees with opportunities to acquire marketing skills, finance and accounting knowledge, language skills, etc.
Overseas training program	For the purpose of developing core global human resources, selected employees in their 20s and 30s receive language training at a language school and business training at an overseas Group company for about six months.
Language study program	Language lessons are held by native teachers at ADEKA's worksites. Tuition support for a language school, presecondment language training, and other flexible programs are also available.
Accept employees from overseas Group companies	Local employees at overseas Group companies are dispatched to Japan to experience work in the ADEKA Group and life in Japan.
Developing management level employees at international locations	For developing managerial personnel for overseas Group companies, candidate employees receive OJT at production sites in Japan and deepen their understanding about their job and the ADEKA Group's management philosophy and values.

Training Costs per Employee (scope: ADEKA)



Occupational Health and Safety

Frequency Rates of Accidents Resulting in Lost Workdays*1

FY	2015	2016	2017	2018	2019
ADEKA and its domestic manufacturing sites	0.95	0.74	0.18	0.75	0.75
Overseas sites	1.05	2.43	1.78	4.83	4.83
Average among chemical plants*2	0.81	0.88	0.81	0.90	0.90

*1 Rates calculated by dividing the number of employees involved in an accident resulting in lost workdays with the total working hours (one million hours).
*2 Source: Survey on Industrial Accidents by the Ministry of Health, Labor and Welfare of Japan; frequency rates are by calendar year.

Communication with employees

ADEKA has union shop agreements with the ADEKA Labor Union. The union membership rate for general employees is 100%. In addition to monthly labor-management meetings, the Company and labor union pursue dialogue through dedicated committees and collective bargaining to improve personnel provisions, establish better working hours and conditions, and secure the physical and mental health of employees.

Respect for Human Rights

The ADEKA Group conducts its operations with respect for each person’s character, human rights and individuality, as set forth in “Respect for Human Rights” in the ADEKA Group Code of Conduct.

Respect for Human Rights and Fair Treatment

The ADEKA Group is committed to the eradication of unfair discrimination on the basis of sex, nationality, age, ethnicity, race, religion, creed, physical disability, etc., and the elimination of bullying and sexual harassment. We strive to treat people fairly, respecting their individual aptitudes and skills.
The ADEKA Group strives to eliminate all violations of human rights, such as child labor and forced labor, not only from all ADEKA Group companies but also from the entire ADEKA Group supply chain in Japan and around the world.

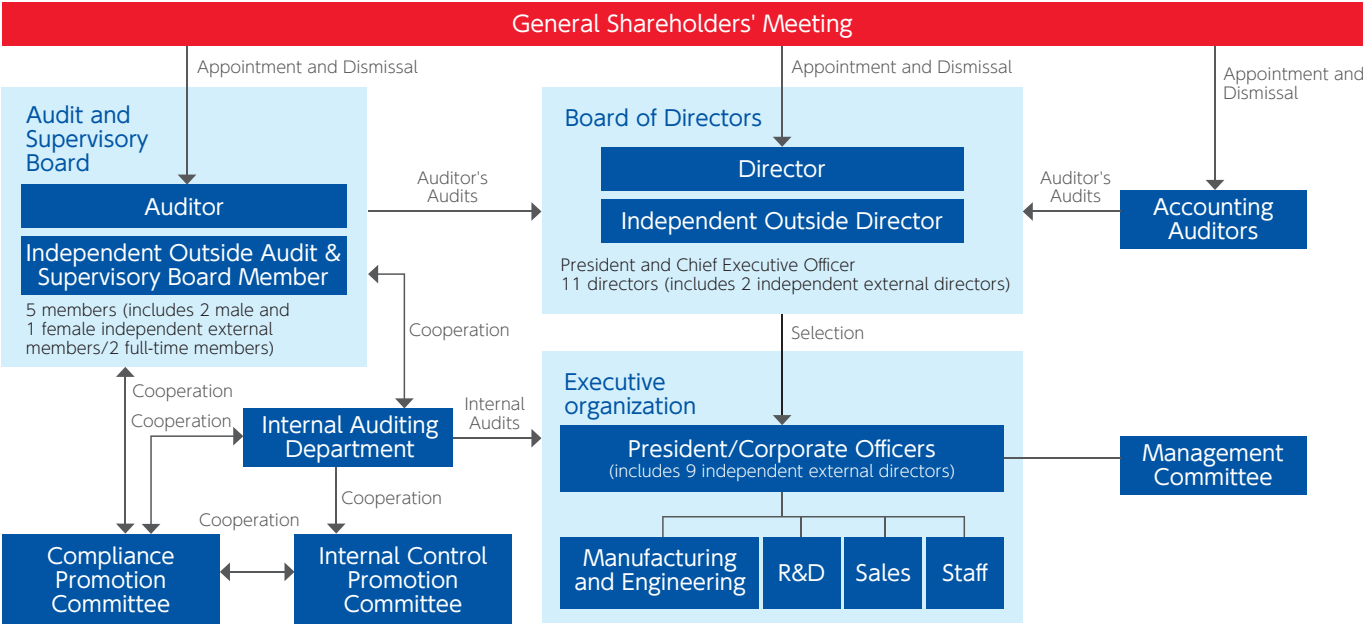
Overview of the Educational System (scope: ADEKA)

	Training relevant to “nurture human resources who lead reforms (Basic Philosophy)”									Training relevant to “nurture human resources who can be trusted (Basic Philosophy)”			
Position category	Level	Position-specific training	Selective training			Overseas training	Optional training			In-house OJT	Activities for local communities	Compliance education	
							Correspondence courses	Language training	Cafeteria				
Management positions	Department managers						All job positions	All job positions	All job positions	All job positions	All job positions	All job positions	
	Deputy department mangers	Training for new deputy department managers											
	Section/ Group managers(Class 1)			Enrollment in a business school									
	Section/ Group managers(Class 2)	Training for newly appointed section managers		2nd position levels									
General staff	Assistant managers	Training for new assistant managers	Mentor training	Enrollment in a business school	Training for global human resources	Overseas training program (for staff in their 20s and 30s)	All job positions	All job positions	All job positions	All job positions	Encouraging proactive participation in volunteer activities such as a cleaning project outside the premises of the office building	All job positions	
	Chief	Training for new chief		1st position levels									
	Class 1	Training for new Class 1 employees											
	Class 2	Training for new employees											
	Class 3												

Governance

Corporate Governance

Overview of Corporate Governance as of June 30, 2020

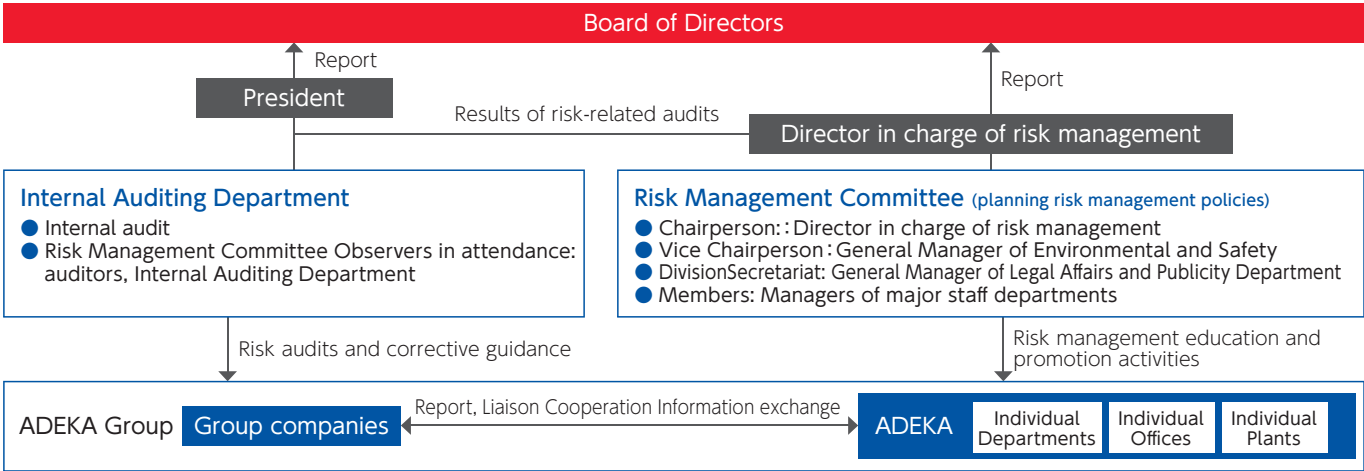


Corporate Governance Overview as of June 30, 2020

Item	ADEKA
Governance structure	Company with company auditors
Chairman of the board of directors	President and Chief Executive Officer
No. of directors	11
Of which are independent external directors	2
Of which are female	1
Terms of directors (year)	1
No. of executive officers	17
Of which are also directors	9
No. of company auditors	5
Of which are independent external auditors	3
Of which are female	1

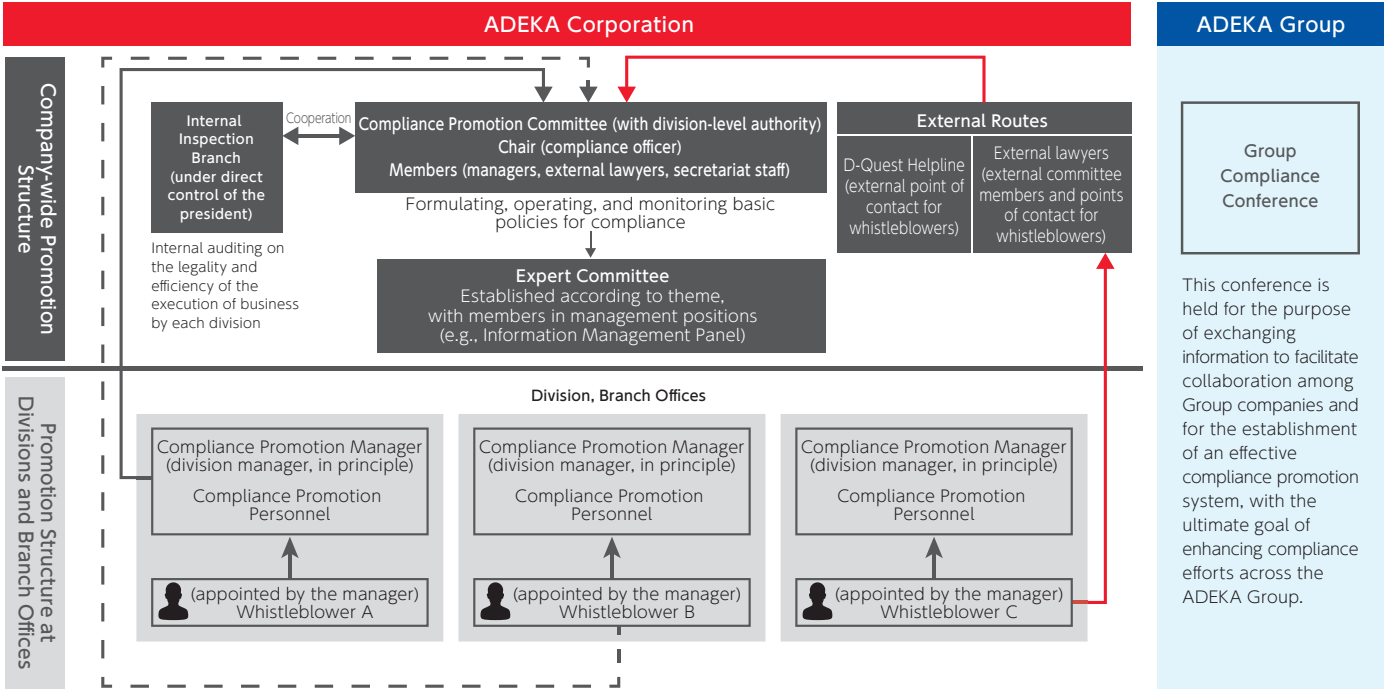
Risk Management

Overview of Risk Management



Compliance

Compliance Structure



Compliance Training as of June 30, 2020

Type of Training	Course title	Period	Number of participants
Training	Compliance seminars (Training on compliance regarding information management)	December 11, 2019	228
e-learning	GDPR e-learning for people responsible for or in charge of information management in each division	December 17 to February 18, 2019	199
e-learning	Training on information security for people responsible for or in charge of information management in each division	July to September, 2019	401
e-learning	Promotion of measures to prevent bribery	November 2019 to February 2020	20
e-learning	Education on security export control (cargo)	November 2019 to March 31, 2020	724
e-learning	Compliance training (harassment) at ADEKA Clean Aid Corporation	November to December, 2019	156
e-learning	The Safety Quartet	February to March 31, 2020	1,429
e-learning	Basic knowledge of contracts	April 2019 to March 31, 2020	1,033
e-learning	How to read confidentiality agreements	April 2019 to March 31, 2020	988

Number of Internal Reports

FY	2015	2016	2017	2018	2019
Reports	4	9	9	8	6

Compliance

Dates of Convening of the Compliance Promotion Committee and Content (four times in fiscal 2019)

Ordinal number	Date	Content
60 th	April 17, 2019	FY2018 Compliance Promotion Committee activity report and other reports (bribery risk assessment results, etc.)
61 st	July 19, 2019	Compliance training provided in fiscal 2019, FY2018 compliance activity reports of each division and FY2019 operational issues
62 nd	October 30, 2019	Planning and essentials of FY2019 compliance seminars (proposed), interim report on FY2019 compliance awareness survey Compliance Promotion Committee FY2019 interim activity report
63 rd	January 16, 2020	Final report on FY2019 compliance awareness survey, FY2020 basic policy on compliance Operation status report on "Basic Policy on Establishment of Systems, etc. to Secure Appropriate Operations (Internal Control Systems)"

Basic e-learning Courses

Course title	Period	Number of participants (completion rate)
Training on information security for people responsible for or in charge of information management in each division	July to September, 2019	401 (100.0%)
Promotion of measure to prevent bribery	November 2019 to February, 2020	20 (100.0%)
Education on security export control (cargo)	November 2019 to March 31, 2020	724 (51.7%) (includes optional classes)
Compliance training (harassment) at ADEKA Clean Aid Corporation	November to December, 2019	156 (99.3%)
The Safety Quartet	February to March 31, 2020	1,429 (76.7%)
Basic knowledge of contracts	April 2019 to March 31, 2020	1,033 (52.6%)
How to read confidentiality agreements	April 2019 to March 31, 2020	988 (50.3%)

Acquisition of Management System Certification

- ISO 22301 (BCM: Business continuity management)

Head Office relevant departments, Soma Plant and ADEKA LOGISTICS CORP. (Nov. 2013)
 - ISO 9001 (Quality Management Systems)

Mie Plant (Jun. 1993)
Kashima Plant, Kashima Plant-West (Apr. 1996)
Fuji Plant (Jan. 1997)
Chiba Plant (Jul. 1997)
ADEKA POLYMER ADDITIVES EUROPE SAS (Jul. 1997)
OXIRANE CHEMICAL CORP. (Oct. 1997)
Soma Plant (Aug. 1998)
ADEKA CLEAN AID CORP. (Oct. 1999)
ADEKA KOREA CORP. (Jan. 2000)
AMFINE CHEMCAL CORP. (Oct. 2001)
ADEKA ENGINEERING & CONSTRUCTION CORP. (Mar. 2002)
KUKDO CHEMICAL (KUNSHAN) CO., LTD. (Mar. 2004)
ADEKA FINE CHEMICAL (SHANGHAI) CO., LTD. (May 2005)
ADEKA FINE CHEMICAL (CHANGSHU) CO., LTD. (May. 2005)
TOKYO ENVIRONMENTAL MEASUREMENT CENTER CO., LTD. (Aug. 2005)
UEHARA FOODS INDUSTRY CO., LTD. (Nov. 2005)
ADEKA (SINGAPORE) PTE.LTD. (Apr. 2006)
ADEKA FINE CHEMICAL TAIWAN CORP. (Jul. 2006)
ADEKA FINE CHEMICAL (THAILAND) CO.,LTD. (Dec. 2006)
ADEKA AL GHURAIR ADDITIVES LLC (Aug. 2012)
AM STABILIZERS CORP. (Mar. 2013)
ADEKA AL OTAIBA MIDDLE EAST LLC (Sep. 2018)
 - ISO 14001 (Environmental Management Systems)

Mie Plant (Dec. 1996)
Kashima Plant, Kashima Plant-West (Mar. 1998)
Fuji Plant (Apr. 2000)
Chiba Plant (May. 2000)
Soma Plant (Aug. 2000)
Akashi Plant (Mar. 2001)
OXIRANE CHEMICAL CORP. (Mar. 2001)
TOKYO ENVIRONMENTAL MEASUREMENT CENTER CO., LTD. (Feb. 2003)
ADEKA KOREA CORP. (Jan. 2006)
ADEKA FINE CHEMICAL (CHANGSHU) CO., LTD. (Jul. 2006)
ADEKA FINE CHEMICAL TAIWAN CORP. (Feb. 2007)
AMFINE CHEMCAL CORP. (Sep. 2007)
ADEKA FINE CHEMICAL (SHANGHAI) CO., LTD. (Jan. 2009)
ADEKA FOODS (CHANGSHU) CO., LTD. (Aug. 2009)
ADEKA FINE CHEMICAL (THAILAND) CO.,LTD. (Jan. 2010)
ADEKA POLYMER ADDITIVES EUROPE SAS (Aug. 2010)
- IMS (Integrated Management System)

Soma Plant (Dec. 2004)
Kashima Plant, Kashima Plant-West (Nov. 2008)
Fuji Plant (Dec. 2009)
Chiba Plant (Aug. 2011)
 - FSSC 22000 (Food Safety System Certification)

Kashima Plant-West (Dec. 2011)
Kashima Plant (Dec. 2014)
Akashi Plant (Mar. 2015)
ADEKA FINE FOODS CORP. (Apr. 2016)
ADEKA (SINGAPORE) PTE.LTD. (May. 2016)
ADEKA FOODS (CHANGSHU) CO.,LTD. (Sep. 2016)
ADEKA FOODS (ASIA) SDN.BHD. (Oct. 2017)
 - HACCP (Hazard Analysis and Critical Control Point)

Kashima Plant (Mar. 2002)
ADEKA (SINGAPORE) PTE.LTD. (Aug. 2004)
ADEKA FOODS (ASIA) SDN.BHD. (Apr. 2015)
 - TPM (Received Total Productive Maintenance)

Chiba Plant: 1994 Excellence Award
Mie Plant: 1995 Excellence Award
OXIRANE CHEMICAL CORP.: 1995 Excellence Award
Akashi Plant: 2000 Excellence Award
Kashima Plant, Kashima Plant-West: 2007 Excellence Award
—Special Award for TPM Achievement
Fuji Plant: Award for TPM Excellence, Category A (2010)
 - OHSAS 18001 (Occupational Health and Safety Management Systems) (To be switched to ISO 45001 from April 2021)

Mie Plant (Sep. 2000)
Kashima Plant, Kashima Plant-West (Nov. 2002)
Soma Plant (Dec. 2002)
Akashi Plant (Mar. 2003)
Chiba Plant (Oct. 2003)
Fuji Plant (Dec. 2003)
ADEKA FINE CHEMICAL TAIWAN CORP. (Jun. 2007)
ADEKA FINE CHEMICAL (CHANGSHU) CO., LTD. (Jul. 2009)
ADEKA FOODS (CHANGSHU) CO., LTD. (Aug. 2009)
ADEKA KOREA CORP. (Apr. 2010)
ADEKA POLYMER ADDITIVES EUROPE SAS (Dec. 2013)
ADEKA AL OTAIBA MIDDLE EAST LLC (Sep. 2018)



ADEKA CORPORATION

7-2-35 Higashi-ogu, Arakawa-ku, Tokyo
<https://www.adeka.co.jp/en/index.html>

contact information

Legal Affairs & Publicity Department
TEL: +81-3-4455-2802 FAX: +81-3-3809-8210
e-mail: somu@adeka.co.jp