Third Party Opinion: Multifaceted CSR Issues Related to Main Business

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I would like to express my gratitude for your valued opinions on the ADEKA Group’s CSR initiatives. We are striving to get each employee to deeply understand and focus on tackling work that helps to address social issues through our products. Your positive assessments of the contributions that are being made by our products will encourage us to further increase our efforts. We understand that our impact on society is increasing every passing day with the growth of our business and our changing business portfolio. We also must fully recognize that ecosystem changes due to global warming and declining biodiversity are impacting our economic activities and individual lives. The ADEKA Group’s business is deeply intertwined with social issues such as global-scale environmental pollution from plastics, food shortages, and food insecurity. The ADEKA Group must actively work to address these issues and will harness its science and technology to meet these challenges and provide solutions.

The ADEKA Group will continue to listen to its diverse stakeholders, while striving to increase corporate value and realize a sustainable society.

Setting Ambitious KPIs
This year, ADEKA started the process of selecting its CSR priority issues, which is a good sign. Designating the priority issues means that the Company has made a decision to prioritize its business resources toward those issues. External stakeholders will also want to know what the priority issues are. I hope that the Company will carefully select the priority issues in areas that have a large impact (both positive and negative) on the environment and society and set ambitious key performance indicators (KPIs) that will be acceptable to the public.

Tackling the Challenges of the 21st Century
Last year, ADEKA acquired Nihon Nohyaku Co., Ltd., which was originally the agrochemical wing of ADEKA, and made it into a Group company. This led to the addition of agrochemicals to ADEKA’s business portfolio. Agrochemicals that support stable food production are extremely important to feed a growing global population.

It is also true that agrochemicals continue to be surrounded by controversy. For example, a German researcher found that the biomass of flying insects had declined by 76% over a 27-year period of trapping insects from 1989 to 2016. Insects play a fundamental role in ecosystems as pollinators for plants and as a food source for birds, and their decline is a critical matter. While it isn’t known why insects are declining, intensive agriculture and agrochemicals are suspected to be the cause. Although honeybees and their hives can be moved by a beekeeper before spraying agrochemicals on fields, we need to be aware that wild bees cannot escape in the same way.

Agrochemicals are undeniably important to modern agriculture, but we can’t simply say that agrochemicals are good and help to increase food production as long as we comply with current regulations. Finding the right balance between ensuring a stable food supply and conserving our ecosystems might be the biggest challenge of the 21st century. As a specialist in agrochemicals, ADEKA could significantly increase its corporate value by directly tackling this difficult issue and coming up with a truly evidence-based solution.

Addressing the Plastics Problem
The feature article in this report describes a flame retardant that inhibits the release of toxic gases. This is a good example of a product solving an issue. At the same time, the issues of waste plastics and ocean plastics have been in the spotlight for the past year. One of ADEKA’s core businesses is polymer additives. Perhaps the time has come for ADEKA to outline its overall stance on the plastics problem by indicating the impact of the issue on ADEKA’s polymer additives business and what ADEKA can do to address the plastics problem.