

A decorative border composed of various red and blue geometric shapes, including circles, triangles, squares, and rectangles, arranged in a scattered pattern around the edges of the page.

# Integrated Report **ADEKA** report 2024



## ADEKA Group 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

## The ADEKA Group Code of Conduct

1. Contribute to the creation of a sustainable and prosperous Society through our core business
2. Abide by laws and regulations in all corporate activities and conduct fair business in an ethical manner
3. Foster corporate transparency by truthfully and accurately disclosing information regarding our business activities
4. Be serious about preserving the environment
5. Supply safe and high-quality products and services
6. Maintain a safe and healthy working environment for our employees
7. Open and friendly communication and activities to serve the interest of society and stakeholders and to maintain their trust
8. Strive to achieve sustainable growth and success for the benefit of our employees, shareholders and society
9. Not tolerate anti-social forces or behavior
10. Thorough risk management
11. For the betterment of society

For further details, please take a look the website. ▶ <https://www.adeka.co.jp/en/company/philosophy.html>

## ADEKA Group Corporate Slogan



### The Wish that Underlies Our Slogan



Add Goodness is intended to represent our business and our attitude.

The slogan is intended to give our stakeholders, including each one of you in the ADEKA Group, to better understand ADEKA.

We want to contribute to a sustainable society by providing assets that contribute to the affluent lifestyles of people around the world.

That is our desire.

We designed wooden blocks in corporate color to express how we are MAKING LIFE BETTER by adding the SOZAI (our Excellent Value; products, technologies and services) we handle to various parts of our life.

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### Editorial Policy

This report is compiled as an integrated report to serve as a communication tool to inform shareholders, investors, and other stakeholders of our efforts to enhance corporate value over the medium to long term.

Going forward, through the publication of this report, we will continue to deepen our business activities and provide our stakeholders with a deeper understanding of the Group.

### 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

Guidance for Collaborative Value Creation 2.0, Ministry of Economy, Trade and Industry

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### Published

October 2024

### Scope of This Report

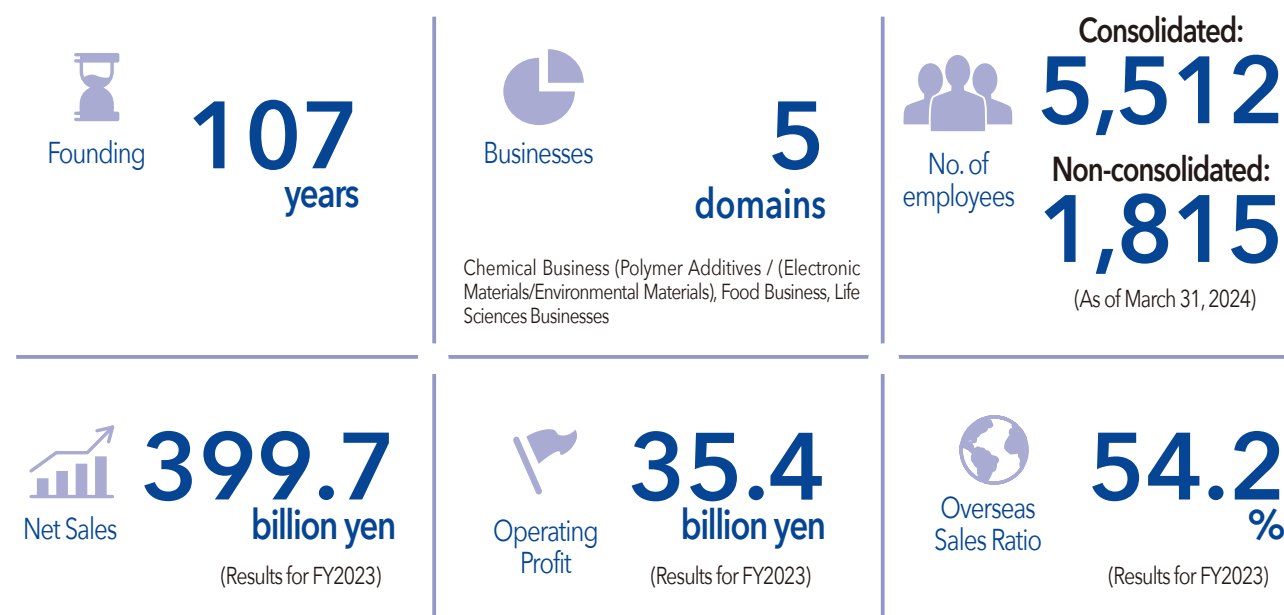
Unless otherwise specified, all statements in this report refer to the entire ADEKA Group.

### Period Covered by This Report

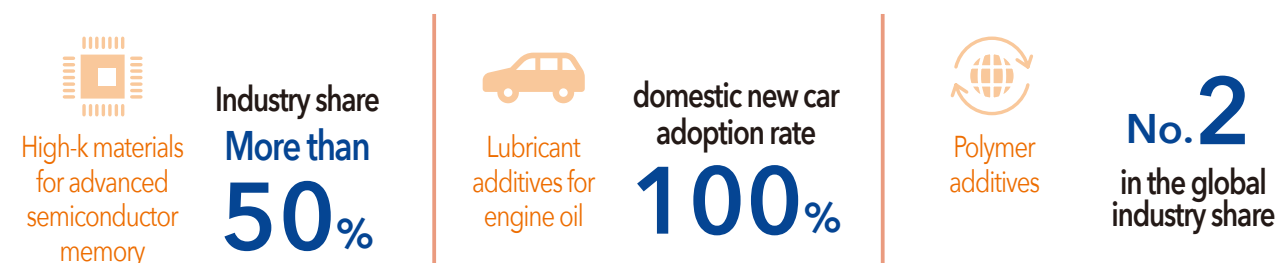
Fiscal 2023 (April 1, 2023 to March 31, 2024)

Some parts of this report refer to recent activities taking place in fiscal 2024.

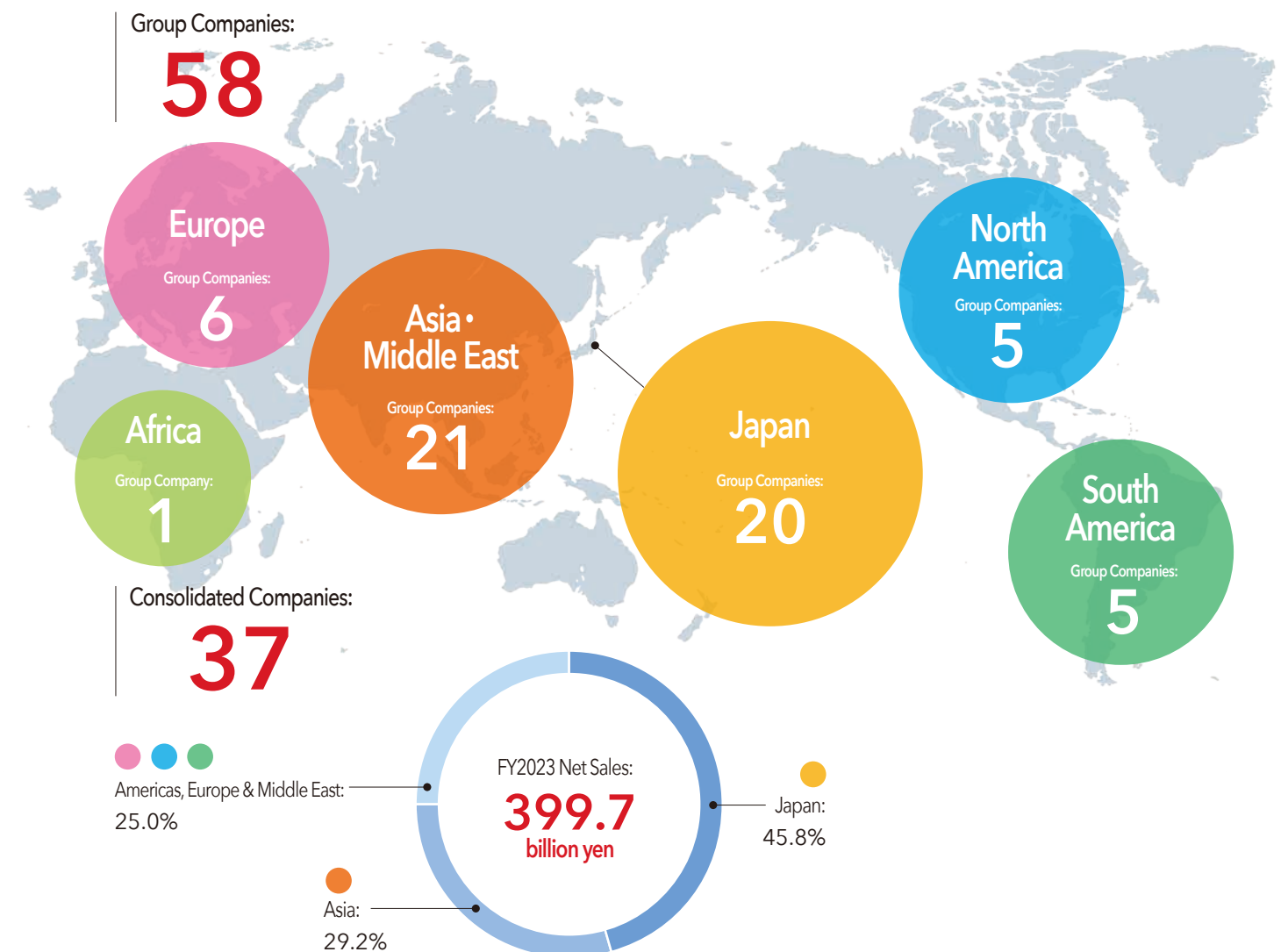
## At a Glance ADEKA in Figures



## ADEKA, Supporting People's Lifestyles



## ADEKA Global Network expanding with the circle of people around the world



## Recognition by Society

### Major External Evaluations

- ◆ CDP2023 "B" for both Climate Change and Water Security
- ◆ "Bronze" rating in the EcoVadis sustainability assessment
- ◆ 2024 Certified Health & Productivity Management Outstanding Organizations Recognition Program

\*Health Management® is a trademark of the Nonprofit Organization KenkoKeiei



### Status of Inclusion in Indexes

- ◆ 2024 SOMPO Sustainability Index

2024



- ◆ Nikkei Semiconductor Index

We were selected as a component of the "Nikkei Semiconductor Stock Index," which began to be calculated and published in March 2024.

## Participation in Initiatives

### UN Global Compact

The ADEKA Group endorses the Ten Principles of the UN Global Compact on human rights, labor, environment, and anti-corruption, and was registered as a participating company as of April 6, 2021. We will clearly state our commitment to sustainability, conduct our business in compliance with accepted norms, and at the same time, enhance our corporate value by meeting the ever-changing expectations of our stakeholders and contributing to a sustainable society through our core business.



### Task Force on Climate-related Financial Disclosures (TCFD)

In February 2022, the ADEKA Group expressed its agreement with the TCFD. By preparing for both climate change risks and opportunities, we will enhance the resilience of our business against climate change.



### Sedex

ADEKA joined Sedex in August 2019. We will continue to promote the creation of a sustainable supply chain while ensuring ethical business practices.





# Message from the President

## We are progressing with further transformation toward achieving “Our Vision”

### ■ Recognition of Issues for Our Business and a Summary of the Previous Mid-Term Management Plan “ADX 2023”

In my six years as president, the business environment before and after COVID-19 has changed dramatically. The magnitude of this drastic change was felt again over the past year.

The ADEKA Group is extensively and deeply involved in the supply chains of a variety of industries. In particular, product lines located upstream in the supply chain faced a phase of adjustment of distributor's inventory that had accumulated during the continuing COVID-19 pandemic, which significantly impacted the profits and losses of the Group. In our business areas, we saw an expansion of regions that were somewhat challenged by the slowdown in the Chinese economy.

In this business environment, fiscal 2023 saw a slight decline in revenue, but we were able to continue to increase our operating profit and ordinary profit, setting new records. The main reason for the decline in revenue was polymer additives. The slowdown in the Chinese market and the buildup of distributor's inventory significantly impacted sales. Meanwhile, what helped to mitigate the decline in revenue were the Electronics and IT Materials (currently Electronic Materials) and Food Products businesses.

In Electronics and IT Materials, dielectric materials for advanced semiconductors and photoacid generators for advanced lithography performed well. Food Products performed well thanks to the functional margarine in the baking and confectionery markets being well received and the expansion of the souvenir confectionery market due to the revitalization of human traffic. Operating profit also suffered from polymer additives, but a v-shaped recovery in Food Products contributed significantly to the increase in profit.

We believe that Food Products achieved this v-shaped recovery thanks to a variety of measures to improve profitability. These measures

included customers' recognition of the value of functional oils and fats, improved profitability through product consolidation and elimination, and widespread implementation of price increases.

Fiscal 2023 was the final year of the previous Mid-Term Management Plan, “ADX 2023.” Amid a challenging business environment, including the COVID-19 pandemic, we did not achieve our operating profit target of 42.0 billion yen, which was revised upward in August 2022, and our final fiscal year ROE of 8.4% fell short of our target of 9%. On the other hand, the capital investment target was 55.7 billion yen against a plan of 50.0 billion yen, and the payout ratio, which was targeted to be maintained at 30% or above, was also maintained at 40% or above.

Among our key strategies, in the area of “transforming the earnings structure,” sales expansion of strategic products and Eco-friendly products progressed almost as planned. Progress was also made in streamlining manufacturing processes. In Electronics and IT Materials, the core of our future earnings, we were able to avoid an extreme downturn in performance thanks to the enhancement of products for advanced semiconductors. ADEKA also has a commodity product line for semiconductors, and we are increasing the proportion of products for advanced semiconductors every year. We recognize that this change in our portfolio has been an extremely significant achievement, as it has prevented us from suffering a major decline even as semiconductor manufacturers have made major adjustments to their manufacturing operations. Food Products have brought about a major transformation of consciousness over the past few years. I attribute the positive results to a strong sense of crisis on the part of everyone, from management to on-site employees, doing what needed to be done, when it needed to be done, by the right people.

In the second key strategy, in the area of “Achieving sustainable growth



President and Chief Executive Officer,  
Representative Director

**Hidetaka  
Shirozume**





with new domains,” we worked to promote commercialization in the Life Sciences, Environment, Energy, and Next-generation ICT fields. We made progress in the creation and development of new products, including progress in demonstration tests of SPAN, which is expected to be used as a material for next-generation rechargeable batteries. In addition, we acquired shares in a start-up company dealing in graphene and other nanocarbon materials. Furthermore, we devoted ourselves to expanding and optimizing our portfolio of Chemicals, Food Products, and Life Sciences Businesses, and proceeded with the reorganization of our subsidiaries. In the third key strategy, in the area of “Reinforcing Group management

foundation,” we promoted “transformation” to adapt to changes in the new environment, including strengthening ADEKA Group governance, reforming workstyles, strengthening our financial foundation, and promoting digitalization.

We must reflect on the fact that we fell short of our upwardly revised numerical targets. However, I feel that the ADEKA Group is in good hands for the future, as we were able to increase net sales by 72.7 billion yen and operating profit by 6.5 billion yen over the past three years, amid a difficult business environment, including seeing steady progress of the key strategies, by promoting business transformation.

## Thoughts on the New Mid-Term Management Plan

Starting fiscal 2024, the ADEKA Group launched a new Mid-Term Management Plan. The new Mid-Term Management Plan “ADX 2026” is the second stage toward the attainment of “ADEKA VISION 2030” for the year 2030. We have positioned this period as “three-year period for implementing further changes” toward the attainment of “Our Vision.” The new Mid-Term Management Plan, like the previous Medium-term Plan, is based on expanding operating profit. During the previous Mid-Term Management Plan period, we considered what kind of business expansion would lead to an increase in operating profit in each of our businesses, and compiled a list of various ideas. The main point of the new Mid-Term Management Plan is to ensure that the strategies set forth by each business are successfully implemented. One of the key

points of the new medium-term plan is to establish business management that is aware of operating profit margin and capital efficiency, including an awareness of ROIC by individual businesses. In addition, the new Mid-Term Management Plan has the important theme of promoting sustainability as a growth strategy. First and foremost, we aim to build a resilient management foundation that is capable of responding flexibly even in times of uncertainty. On top of that, by implementing a growth strategy that views the resolution of social issues as a business opportunity and by strengthening our earnings power, we aim to achieve an increase in corporate value through the enhancement of social value and sustainable growth.

The three key strategies are as follows:

### Key strategy 1: Transition to a high profitability structure

#### ① Chemical Business

In Electronic Materials, we are seeing a solid response to our products for advanced semiconductors, and we will continue to make aggressive capital investments in semiconductor materials in the new Mid-Term Management Plan as well. As for semiconductors, we have been focusing on the memory area, but under the new Mid-Term Management Plan, in addition to this area, we will expand our business into the area of logic ICs. In terms of semiconductor processes, we have been focusing on front-end processes, but in the new Mid-Term Management Plan, we will expand the scope to back-end processes. While the target areas remain largely unchanged, we will place particular emphasis on Taiwan in the future. Also, we will actively develop and expand photoresist-related materials as well as photoacid generators for EUVs.

To strengthen our R&D capabilities in the Electronic Materials field, we are constructing a new research building in the Kuki R&D center. The new research building will serve as a core laboratory for the development of cutting-edge semiconductor materials. It will play a central role in R&D for the further expansion of our business, such as promoting R&D in potential materials areas, including materials research related to semiconductor back-end processes. In addition, we will also focus on expanding our market share of High-k materials (ALD materials) and strengthening our technologies development by utilizing the ADEKA Korea R&D Center, which we transferred to and expanded in March 2024.

Polymer additives will be expanded to include markets such as recycled resins, agriculture, and environmental contributions products, in addition to the conventional domains. Specifically, we will introduce additives with flame retardant properties for EVs, additives for recycled polymers, and Bio-based polymeric plasticizer. With regard to recycling in particular, we are of the opinion that the formation of a platform with each company in the supply chain will be an important point.

In Environmental Materials, the target market will be expanded to include mobility, electronics, and GX, in addition to conventional markets. While continuing to expand sales of conventional products, such as ADEKA Sakura-Lube, a lubricant additive for engine oil that reduces our environmental load, water borne resins that contribute to VOC reduction, and reactive emulsifiers, we will also accelerate the commercialization of SPAN, an active material for next-generation rechargeable batteries that will make the world's lightest batteries possible.

#### ② Food Business

We will expand our sales channels to the food service industry, such as hotels, restaurants, and cafes, in addition to traditional target markets, with a focus on plant-based foods and functional margarines. By leveraging the newly established organization dedicated to overseas market development in April 2024, we will focus on stimulating demand in Europe, North America, India, and the Middle East, in addition to the existing target areas of Japan, China, and Southeast Asia.

#### ③ Life Sciences Business

The agrochemical business, which is the core pillar of our revenue, will focus on insecticides for paddy rice in the Asia-Pacific region and develop sales in line with demand for agrochemicals in Central and South America. We will also deepen our contribution to smart agriculture and promote the marketing of animal healthcare products for pets. In addition, we will further utilize our newly established multi-purpose plant in India for the production of active ingredients. By enhancing our earning power and shifting to a highly profitable structure in each business, the plan is to improve company-wide ROIC to 10.5% in the new Mid-Term Management Plan. In Electronic Materials, we will continue to maintain a high level of ROIC while making aggressive investments. Meanwhile, in Polymer Additives, Environmental Materials, Food Products, and Life Sciences Businesses, we will steadily increase profitability and improve ROIC. As a company-wide initiative, we will also carry out proper cash management, including strengthening asset management related to business activities and justifying cross-held shares.

### Key strategy 2: Increase Eco-friendly products and reduce of GHG emissions through business structure transformation

We will review the “2030 KPIs” as our sustainability priority issue and make every effort to achieve the KPI targets for environment, society, and governance over the three years of the new Mid-Term Management Plan. In increasing Eco-friendly products, we will grow net sales from 76.8 billion yen in fiscal 2023 to 115.0 billion yen in fiscal 2026, and to 201.4 billion yen in fiscal 2030. In terms of reducing GHG



emissions to achieve carbon neutrality in 2050, we aim to reduce GHG emissions by 13% in fiscal 2026 compared with fiscal 2013. In addition, the entire ADEKA Group will work on “expanding opportunities for utilizing human resource,” which will contribute to the growth of the Company through initiatives to reduce human rights risks and by promoting DE&I to embrace diversity and ensure fairness in the exercise of talent. We carry out efforts for sustainability and implement growth strategies to capture opportunities for solving social issues.

### Key strategy 3: Establish a resilient management foundation

Establish a resilient management foundation to take swift actions in a highly uncertain environment.

In the area of “strengthening supply chains,” we will establish a risk management system in preparation for emergencies and promote the securing of procurement routes for specific raw materials in order to ensure business continuity in the event of a drastic change in the external environment.

## During the three years of “ADX 2026,” we will focus on improving “earning power” and “sustainability” while building strong management foundation

### ■ Committed to Growth That is Unique to the ADEKA Group

The thinking underlying our business activities toward the attainment of ADEKA VISION 2030 is, needless to say, our management policy. When faced with unexpected management issues or difficult business decisions, it is necessary to return to our management policy. The phrase “Creating a better future for the people of the world” in the ADEKA Group's management policy expresses our basic approach to localizing our business as we continue to aggressively expand overseas. In addition to the Group's growing presence in the world, this phrase also includes the nuance of “living together with the people of the world.” We will continue to value the approach of growing together with the support of people in the community, rather than carrying out all activities by ourselves.

In our management policy, we also state that we will “continue our keen attitude towards the new changing tide,” but we have yet to make a concerted effort to do so. It is critical to understand the customer's

In the area of “initiatives to enhance human capital,” we will thoroughly implement job- and role-focused human resource management and develop global human resources. As a measure to increase employees' “sense of participation in management and motivation and morale to improve the share price and business performance,” we introduced an incentive plan for employees of Group companies that utilizes the stock system (the Company shares). By strengthening investment in and engagement with human resources, we will promote the allocation and development of our greatest management resource, our human resources, to ensure the sustainable growth of the Group.

In the area of “DX Promotion,” the newly introduced core system will be used in the advancement of business management, improving the efficiency of business processes, strengthening digital governance, developing human resources, and strengthening organizational power. We will accelerate the company-wide digital strategy and promote business transformation.

timeline and align with their sense of speed. For this reason, we will continue to persevere in our efforts to raise awareness.

For ADEKA Group, which is engaged in a wide variety of businesses, how to demonstrate the “conglomerate premium” is also an important keyword for us to continue to grow in a way that is unique to the ADEKA Group. This is not a difficult approach and I believe that the premium can be achieved in a variety of situations other than the pursuit of synergies among our businesses. Over the past few years, major breakthroughs have occurred in the Food Business, and the profit environment for this business has changed dramatically. These breakthroughs have been a great stimulus for other businesses in the ADEKA Group, which have learned from this example and we are seeing a movement to make use of them in their own businesses. In the future, the ADEKA Group intends to maximize our “conglomerate premium” as a group by continuously building on these movements.

## Achieving growth that is unique to the Group, while always returning to management policy

### Message to Our Stakeholders

The ADEKA Group still has low name recognition and we have yet to dispel our image of being “known by those in the know.” Until now, we have been listening only to the feedback of those who view ADEKA Group in a favorable light, and this has heightened my awareness of the crisis.

As we have already mentioned, through “ADX 2026,” the Group aims to both enhance our social value and achieve sustainable growth through the promotion of sustainability. In order to realize this plan, I believe that our many stakeholders need to take a close look at the Group's business activities and future growth story, and that we need to receive a significant amount of critical feedback. I am fully aware of that it is extremely important to receiving encouragement and constructive criticism from our stakeholders and translate that into solid growth.

We are incorporating feedback from of our stakeholders into our management, and look forward to your continued support of our initiatives to achieve growth unique to the ADEKA Group.

President and Chief Executive Officer,  
Representative Director

**Hidetaka Shirozume**



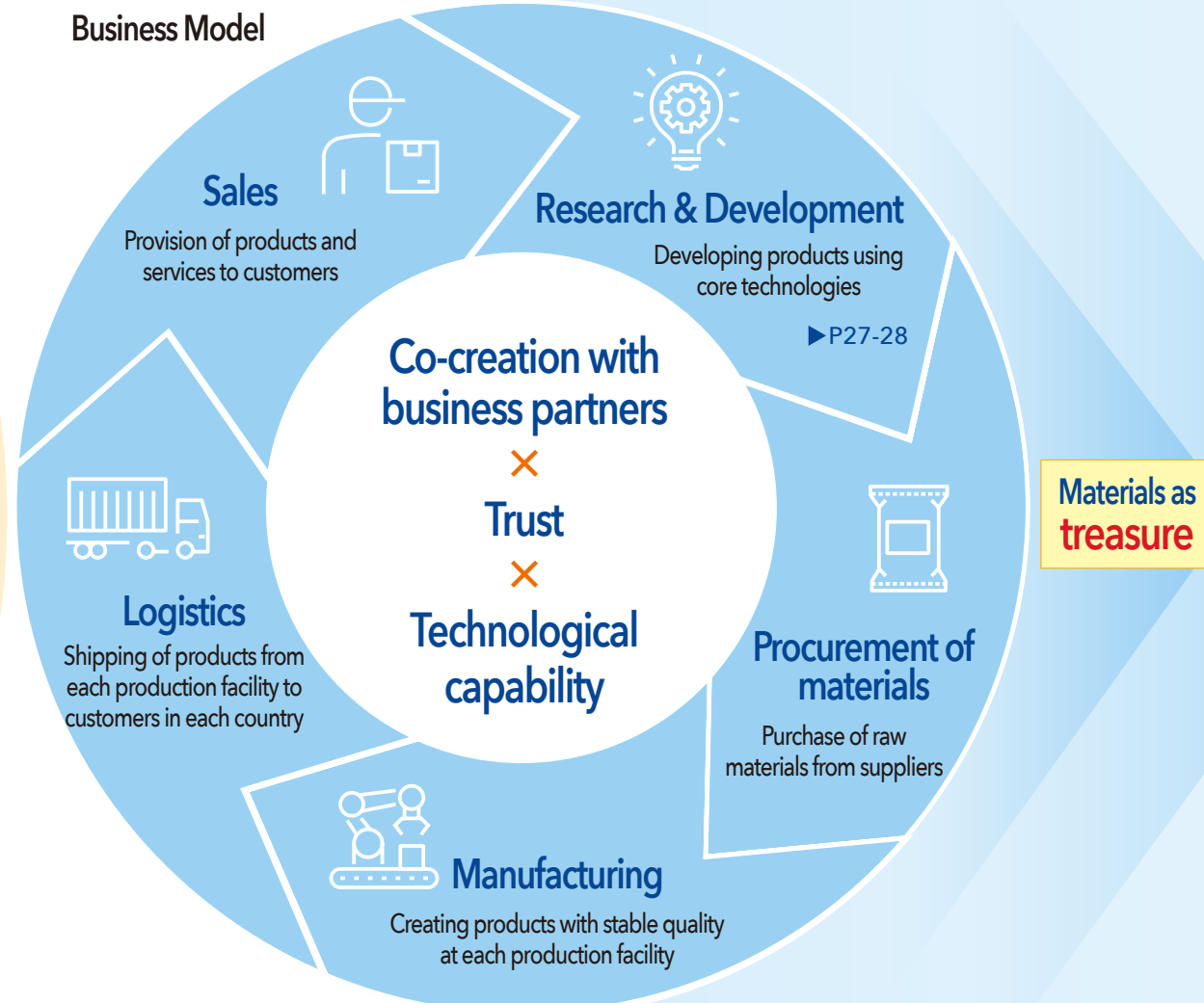


# ADEKA's Value Creation Story

We can add further functionality to materials. We can add durability and environmental friendliness. In doing so, we change the world through “materials as treasure”. We will create new value together with our customers by providing advanced materials as treasure and solutions.

## Business Model and Growth Strategy

### Business Model



### Growth strategy

Responses to sustainability priority issues ▶ P17-18

Mid-Term Management Plan, “ADX 2026” ▶ P19-22

### Important Management Resources (the 6 Capitals) ▶ P13-14

Financial Capital	Human Capital	Intellectual Capital	Manufactured Capital	Social and Relationship Capital	Natural Capital
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## Business Activities and Outputs

### Chemicals ▶ P62-64

#### Target markets

Automotive / Semiconductors / Displays / Next-generation ICT / Environment

#### Polymer Additives

Lead the sustainable growth of polymer industry by additives

Evolution of mobility

#### Electronic Materials

Continuously provide materials essential to ICT innovation

Evolution of ICT

Conserving the global environment

#### Environmental Materials

Contribute to a sustainable society using people- and environmental friendly materials as treasure

Promotion of the Circular Economy

### Food Products ▶ P65-66

#### Target markets

Bakery & confectionery / Plant-based foods

Globally contribute to high quality diets in addition to tastiness

Solving Global food crisis

Improving healthcare

### Life Science ▶ P67-68

#### Target markets

Agrochemicals / Pharmaceuticals

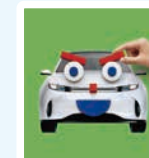
Ensure stable food supply and protect high-quality life and the environment through technical innovation

Development of regional communities

## Value Provided (Outcomes)

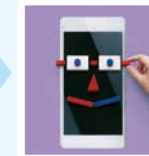
Provide a wide range of “materials as treasure” for affluent lifestyles

Reduce the weight of vehicles



**Achieving ADEKA VISION 2030**  
- An Innovative Company  
Contributing to a Sustainable Future and Affluent Lifestyles -

Make smartphones compatible with 5G



### Earnings power

FY2026 Financial indicators

Operating Profit **53.0** billion yen  
ROE **11.0%**  
ROIC **10.5%**

Safety and security of people's lives



Make the bread delicious



### Sustainability

Contributing to a sustainable society (SDGs) through business activities

Stable supply of food



Capitalize on **residual profit** for further value creation

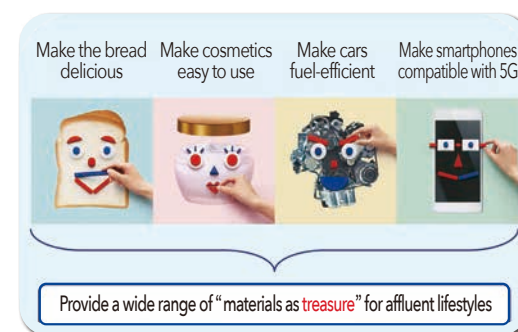
# Important Management Resources

Introducing the Important Management Resources that support the sustainable growth of the ADEKA Group.

## Intellectual Capital

### Relationship to Value Creation

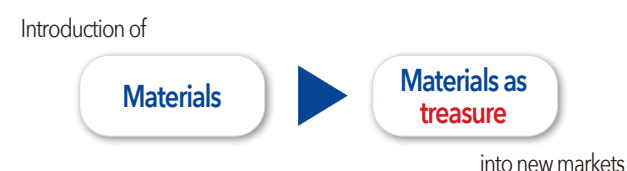
Shifting to a “materials as treasure.” That is the mission of the R&D divisions. Researchers, who account for approximately one-third of ADEKA's total workforce aim to expand existing businesses across a wide range of business activities and create new ventures in frontier domains driven by the corporate slogan “Add Goodness,” and are engaged in diverse research themes. Based on core technologies, they are taking on the challenge of creating new products and solutions through collaboration in the R&D divisions and co-creation with related companies in the supply chain as well as with universities in Japan and overseas.



### Features

In order to create innovative technical capabilities, it is necessary to proactively incorporate new ideas. Our company provides “materials as treasure” that enrich people's lives in an extensive range of fields, and we share information and technologies obtained from these products across our laboratories. From that broad domain of research and development, we will also create new innovative technologies. This is precisely what makes our company's intellectual capital unique.

And that's where we can...  
leverage our **knowledge, technologies, information, and know-how** to reach new markets.



## Human Capital

### Relationship to Value Creation

The ADEKA Group has set “Expanding Opportunities for Utilizing Human Resources” as one of the Sustainability priority issues under the ADEKA VISION 2030, and is working for sustainable growth and medium- to long-term enhancement of corporate value by utilizing the perspectives and values of our diverse human capital. Based on the belief that securing and strengthening diversity in human resources will create a flexible and strong management foundation that is resilient to changes in the environment and lead to the sustainable growth of the

ADEKA Group, we have created working environments where each individual, regardless of gender, age, or nationality, can make the most of his or her individuality and demonstrate their abilities. We are proactive in hiring diverse human resources, including women, non-Japanese, mid-career hires, the elderly, and people with disabilities. For more information on the Group's vision and Mid-Term Management Plan, please refer to our website “ADEKA VISION 2030/Mid-Term Management Plan” (<https://www.adeka.co.jp/en/ir/strategy.html>).

## Natural Capital

### Relationship to Value Creation

We recognize the importance of reducing our environmental load in terms of amount of energy, water, and chemicals use, as well as GHG emissions.

We have set a target to reduce GHG emissions by 46% by fiscal 2030, using fiscal 2013 as the reference year, and are actively working towards this reduction goal.

In particular, at the Soma Plant, we have achieved virtually 100% renewable energy for electricity consumption at the plant by

introducing FIT Non-Fossil Certificates equivalent to the amount of electricity used in fiscal 2023.

The ADEKA Sakura-Lube series of lubricant additives manufactured at the Soma Plant are widely used in automobile engine oils and other products, contributing to improved fuel efficiency. The ADEKA Group is committed to reducing GHG emissions associated with our business activities and our entire supply chain.



## Financial Capital

### Relationship to Value Creation

Financial capital is indispensable for business operations. Our capital adequacy ratio is stable at over 50%, ensuring sufficient financial stability. Regarding our cash flow, it is relatively stable, and we will continue to allocate it to investments and shareholder returns.

### Future Initiatives

- We have introduced ROIC as a new financial indicator and are promoting initiatives to improve capital efficiency.
- As part of our shareholder return policy, we are committed to a “dividend payout ratio maintained at 40% or more,” but we also emphasize not only the dividend payout ratio but also the dividend amount, and work to continuously raise the dividend through improved performance.



## Social and Relationship Capital

### Relationship to Value Creation

At the ADEKA Group, we believe that building strong relationships of trust with its diverse stakeholders is important social capital for the Group.

The ADEKA Group conducts global operations in an extensive range of business domains, with 58 companies in 21 countries and regions (20 in Japan and 38 overseas).



## Manufactured Capital

### Relationship to Value Creation

Our mission is to maintain top-level productivity and quality, and to provide a stable supply of materials as treasure to various industries. Improvements in security capabilities based on the Safety Quartet, process improvements aimed at enhancing productivity and quality,

and optimization of the number of personnel and minimization of manufacturing costs through the Humanization and Smart plant\* continue to support the growth of the ADEKA Group.

\* Humanization: Activation of human resources: Reviewing manual work and having people do even more high-value work through smarter plants (automation, robotization, use of AI, etc.) (i.e., utilizing human resources to generate significant added value).  
\* Smart plant: A plant where various factory production facilities, such as production lines and manufacturing machinery, are connected via a network to optimize production activities and improve the efficiency of information management.

## Column

### About the Meister System

Senior Operating Officer  
General Manager, Production Div.  
**Shin Takahashi**



The ADEKA Group's manufacturing technology capabilities have been fostered by the maintenance skills of on-site operators and the development capabilities of our technical staff, who work closely at sites. We will continue to build safety systems at production sites to prevent major accidents and disasters, conduct repeated testing to produce existing and new products more cost-effectively and quickly, and search for more efficient production methods using digital transformation and IT systems. In addition, the ADEKA Group will further hone its production technology capabilities through the Meister System described above, and produce and provide materials as treasure that will contribute to the happiness of people around the world.

### Meister Introduction

In the Mie Plant's Section -2, Production Department, to which I belong, I am the person in charge of the wastewater treatment facilities and have been working to develop a system that will ensure absolutely no polluted water is discharged from plant. I will continue to make further improvements, pass on the skills I have acquired so far, and will strive to ensure the safe operation of the plant to earn the trust of local residents.

Section -2, Production Department,  
Mie Plant

**Naoki Maekawa**

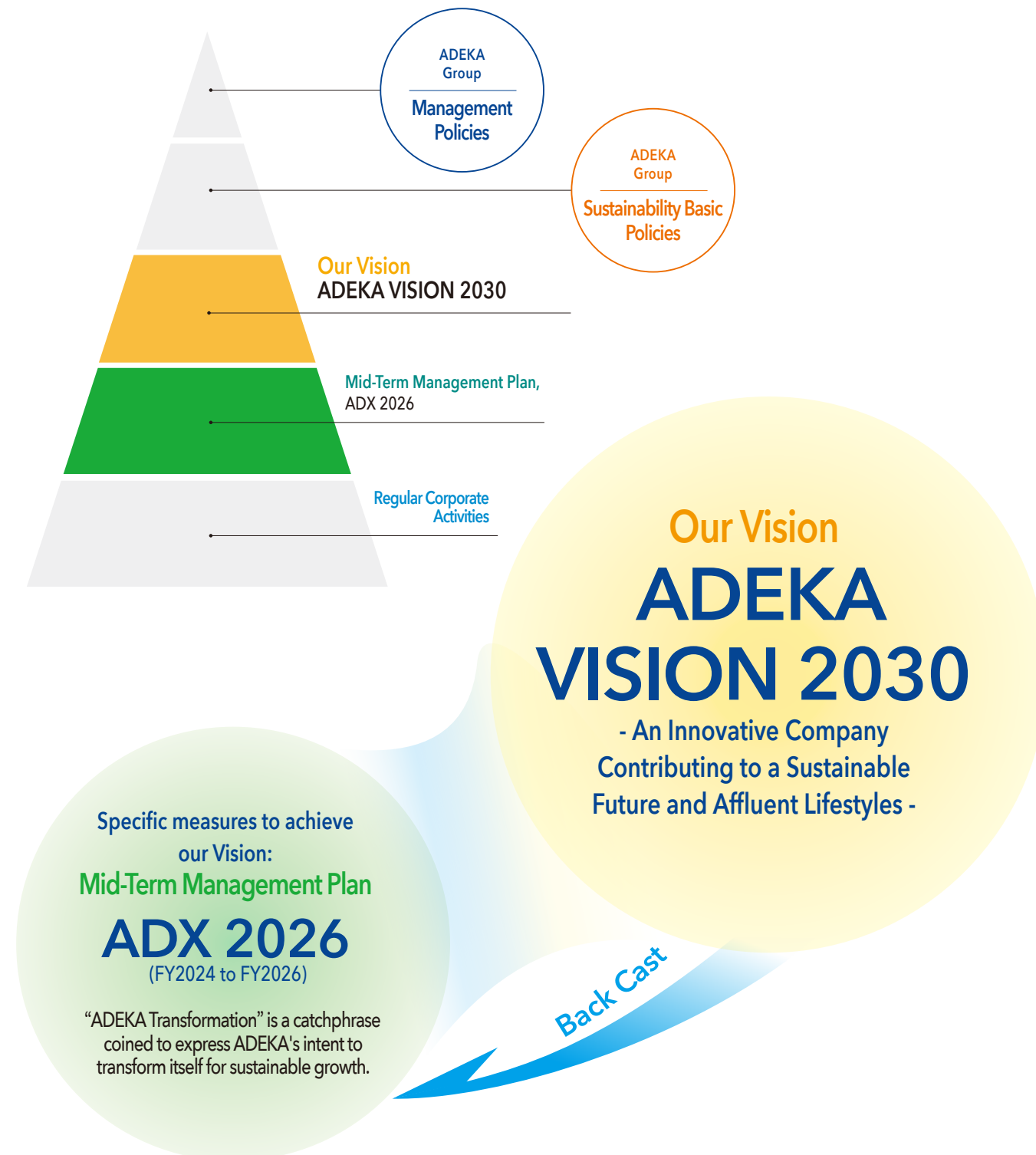




# ADEKA VISION 2030

To realize the ADEKA Group Management Policies in 2030, we have established “ADEKA VISION 2030 - An Innovative Company Contributing to a Sustainable Future and Affluent Lifestyles -.” The year 2030 is the year in which we aim to resolve the Sustainable Development Goals (SDGs). The ADEKA Group aims to be a company that contributes to a sustainable society and affluent lifestyles by developing a wide range of businesses around the world and leading the world with innovative Technologies toward the achievement of the SDGs. Our three-year Mid-Term Management Plan, ADX 2026, which runs from fiscal 2024 to 2026, is positioned as the second stage toward realizing this vision.

## ADEKA Group Management System



## ADEKA Group Management Policies

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

We aim to become a competitive and advanced company by developing businesses with technological capabilities through our technologically superior product lines

We are keenly aware of changes in the environment, including the global economy, markets, changes in customer requirements, and advances in technology. While we respond to new issues imposed on chemical and food product manufacturers, such as environmental and energy issues, health, food safety and hygiene, and more, we will proactively utilize advanced technologies to create value for society before other companies. We will continue to strive to be a company that is needed by society by contributing to society through our core business.

**Creating a better future for the people of the world**

We will accelerate global businesses

We will conduct sound management that takes into consideration the interests of our many stakeholders around the world, including our business partners, such as customers and other business partners. By building cooperative relationships with stakeholders and providing products and services that help solve social issues, we aim to contribute to the sustainable development of international and regional communities and to coexist harmoniously with society.



## ADEKA Group Sustainability Basic Policies

**The ADEKA Group contributes to the creation of a sustainable society by  
meeting stakeholders' expectations with technologies and reliability  
through fair and transparent corporate activities.**

Decision-Making Process for Sustainability Issues

Determined to achieve sustainable growth as a good corporate citizen, the ADEKA Group recognizes the importance of addressing social issues through its business activities and contributing to the advancement of society.

To share this commitment Group-wide and execute these efforts as a team, the ADEKA Group has identified a series of Sustainability priority issues. The Sustainability priority issues were selected in light of their importance to internal and external stakeholders as well as to the Group’s business.



Sustainability Priority Issues and KPIs

The Group identified seven sustainability priority issues in four priority domains and specified a series of key performance indicators (KPIs) for realizing ADEKA VISION 2030.

	Priority Domains	Sustainability Priority Issues	2030 goals	2030 KPIs
E	Environment	Conserving the global environment	We are minimizing the environmental impact of business operations of the ADEKA Group and making a significant contribution to our customers' reduction of environmental impact through Eco-friendly products	Gather ideas from all members of ADEKA to achieve carbon neutrality by 2050 [2030: 46% reduction from 2013 (Scope1+2)]
		Supply of Eco-friendly products		Net sales of Eco-friendly products: Increase to triple*1 the level of 2019
S	Better Living Conditions and Communication	Creating value that meets society's expectations	Create and share products that contribute to “affluent lifestyles” globally through safe, stable business activities	Number of ADEKA Innovative Value (AIV) certifications: twice the number*2 in 2019
		Dialogue with stakeholders		Maintain and improve sound relationships with stakeholders
	Human rights and human resources	Respect for human rights	Respect the human rights of individuals throughout the supply chain and enable all Group employees to work actively	Upgrade human rights initiatives (promote human rights due diligence / establish and operate grievance mechanisms / promote human rights education and awareness-raising activities)
		Expand opportunities for utilizing human resources		Increase Employee Engagement Positive overall satisfaction response percentage: 75% or more (ADEKA non-consolidated) Promote Diversity, Equity and Inclusion (DE&I) Promote diversity of personnel in management positions Female manager percentage of 10% (non-consolidated) Percentage of foreign nationals/mid-career hire managers: Equal to the respective employee ratios (same as above) Promote Health Management: Obtain certification for Health & Productivity Management Outstanding Organization (White 500) (ADEKA Group (in Japan))
G	Governance	Strengthening Group governance and risk management	A Group governance system is in place, and Group as a whole has established and operates a risk management system for both periods of calm and for emergencies	Spreading awareness of the ADEKA Group Code of Conduct globally Establishing and operating ADEKA Group's overall risk management system for both in periods of calm and for emergencies

\*1: Net sales of “Eco-friendly products” in FY2019, which serves as the denominator, will be updated from an initial “31.3 billion yen” to “45.2 billion yen,” including newly certified and excluded products (as of April 1, 2024)

\*2: Basic unit is unified to “product”

AIV (ADEKA Innovative Value) Products

ADEKA certifies its products whose value is recognized by the public both in name and practice based on recommendations from external parties, net sales, profitability, etc.

Currently 37 products

Eco-friendly Products

The Sustainability Committee has selected from among products and technologies that contribute to any of the three areas of “responding to climate change,” “reduction of environmental impact,” and “effective use of resources.”

Currently 17 product lines

ADX 2026 Eco-friendly products	
Lead-free stabilizers Nucleating agents for automobiles Intumescent-type flame retardant Environment-friendly polymer additives (additives for recycled resins, etc.) [NEW]	Polymer Additives
UV curable materials Recycled materials for circuit production process ALD precursors for Semiconductor [NEW] Semiconductor-related materials [NEW]	Electronic Materials (Electronics & IT materials)
Water-based coating materials Bonding materials Lubricants for the reduction of friction Materials for the reduction of SOx	Environmental Materials (Functional Chemicals)
Products with RSPO and other certifications Products for the reduction of food waste Plant-based foods	Food Products
Nursery box application agents for paddy rice [NEW]	Life Science
Battery materials	Other



# Mid-Term Management Plan, “ADX 2026”

## Message from the Officer in Charge

The environment surrounding us, including climate change, is undergoing rapid change. With the aim of achieving a sustainable society, the ADEKA Group has launched a new Mid-Term Management Plan, “ADX 2026.”

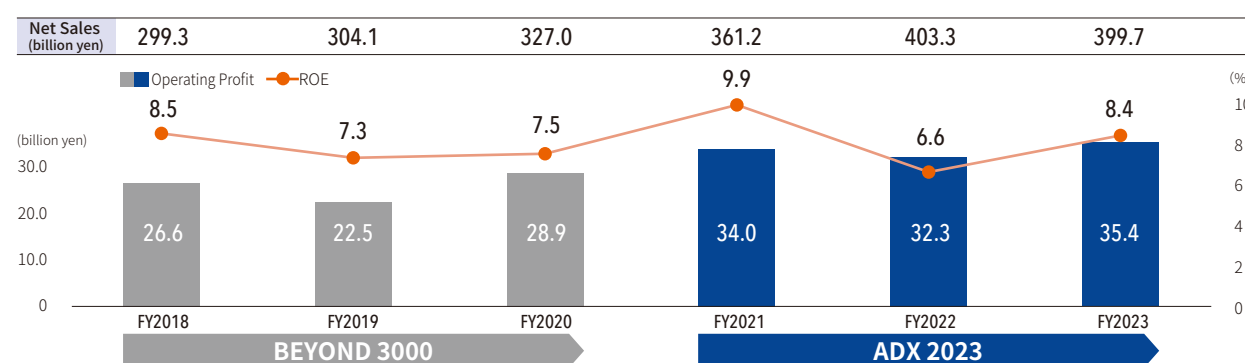
“ADX 2026” is a plan designed to achieve “a stronger Group management foundation for further growth” and “business transformation with an eye to the future” through management that places emphasis on sustainability. The ADEKA Group will pursue further “earnings power” and also promote transformation to increase our corporate value. ADEKA will improve our corporate value by pursuing “earnings power.”

Director and Operating Officer  
**Kiyoshi Masamune**



## Review of the previous Mid-Term Management Plan, “ADX 2023”

### Review of the Results



### Progress of Key Strategy and Results

#### Transforming the earnings structure

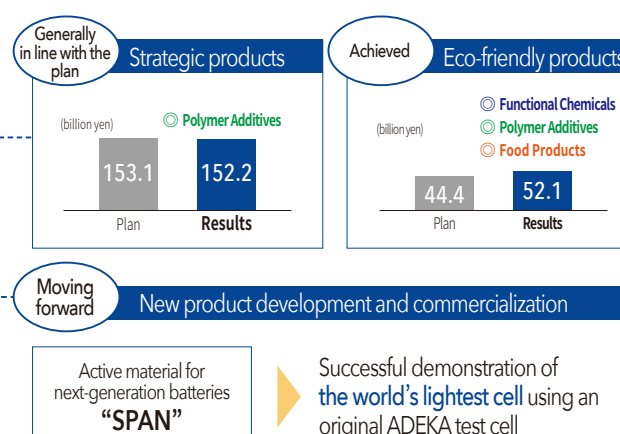
- Sales expansion of strategic product lines and Eco-friendly products
- Introduction of six automation technologies to improve manufacturing efficiency

#### Achieved sustainable growth with new domains

- Strengthening of business through alliances and restructuring of subsidiaries (streamlining and improving efficiency)

#### Reinforced Group management

- Implementing measures under the slogan of “Transformation” to adapt to the new social environment



## New Mid-Term Management Plan, “ADX 2026”

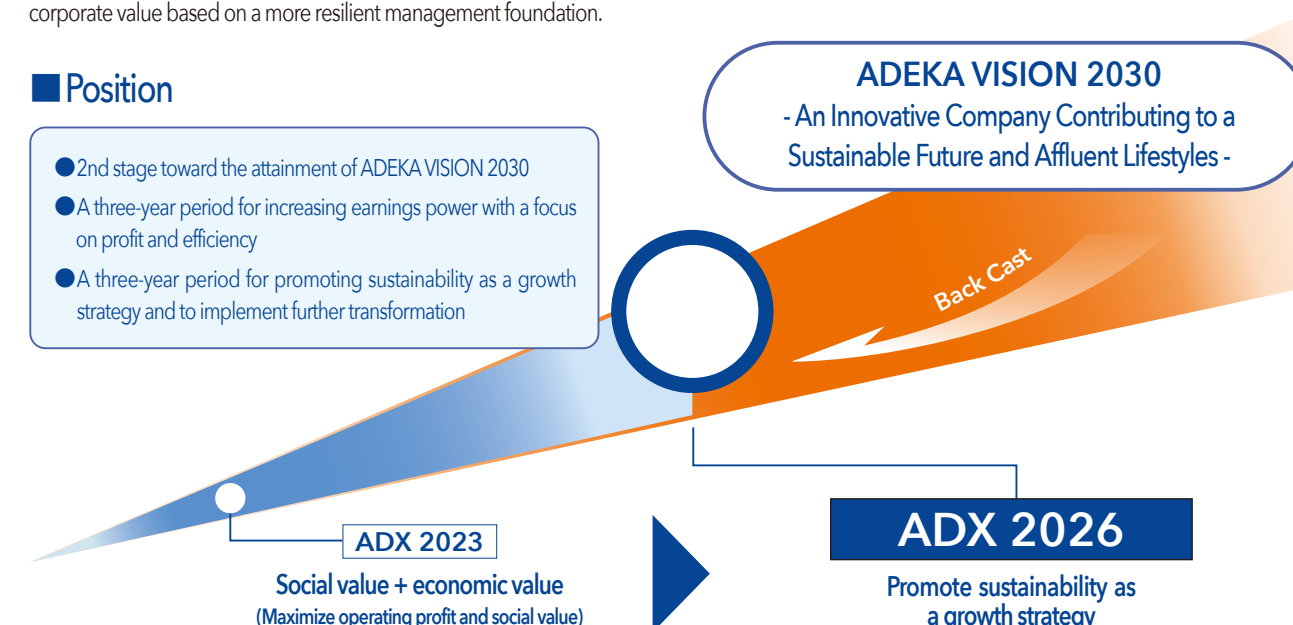
ADX 2026 is positioned as the three-year period during which the ADEKA Group will continue to transform itself in order to achieve “ADEKA VISION 2030 - An Innovative Company Contributing to a Sustainable Future and Affluent Lifestyles -” as a growth strategy to promote sustainability. ADEKA will promote sustainability as a growth strategy and strengthen its earnings power through the creation of social value.

In addition, we will strive to promote the reduction of GHG emissions to expand Eco-friendly products and achieve carbon neutrality, and further improve corporate value based on a more resilient management foundation.

### Position

- 2nd stage toward the attainment of ADEKA VISION 2030
- A three-year period for increasing earnings power with a focus on profit and efficiency
- A three-year period for promoting sustainability as a growth strategy and to implement further transformation

**ADEKA VISION 2030**  
- An Innovative Company Contributing to a Sustainable Future and Affluent Lifestyles -



### Fundamental Policy

**Improving social value and achieving sustainable growth through the promotion of sustainability**  
- Earnings power, sustainability, and a resilient management foundation -

- Enhancing earnings power to achieve continued growth with a focus on profit.
- Carry out efforts for sustainability and implement growth strategies to capture opportunities for solving social issues.
- Establish a resilient management foundation to take swift actions in a highly uncertain environment.

### Management Indicators

Financial indicators (FY2026)	Operating Profit	53 billion yen (Net sales: 500 billion)
	ROE	11.0%
	ROIC	10.5%
Sustainability indicators*1 (FY2026)	Net sales of Eco-friendly products	115 billion yen (2.5 fold the FY2019 level)
	GHG emissions	199 thousand t-CO <sub>2</sub> e*2 (13% reduction from the FY2013 level)
	Ratio of Female Managers	6 % or more (non-consolidated)
Capital Investment		75 billion yen (3 years)
Dividend policy (Dividend payout ratio)		40% or more*3

\*1 Indicators associated with the ADEKA Group Sustainability Priority Issues

\*2 A unit for indicating different GHG emissions in a uniform manner by converting them into CO<sub>2</sub> equivalent amounts.

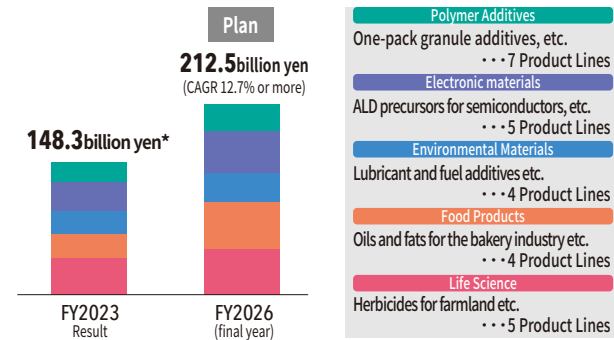
\*3 Based on our comprehensive consideration of appropriate shareholder returns, we have a policy of maintaining stable dividends

# Mid-Term Management Plan, “ADX 2026”

In line with our fundamental policy of “Enhancing social value and achieving sustainable growth through the promotion of sustainability,” we have established three Key Strategies: “Transition to a high profitability structure,” “Increase Eco-friendly products and reduce of GHG emissions through business structure transformation,” and “Establish a resilient management foundation.”

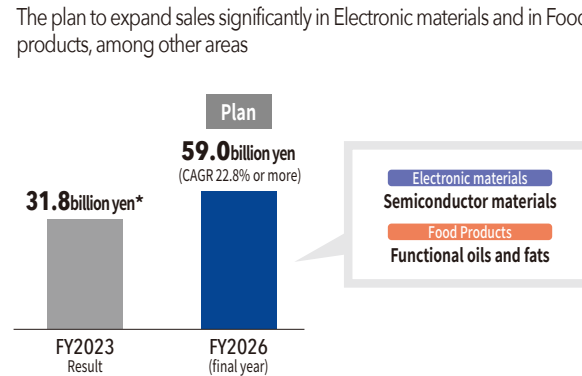
## Key strategies ① “Transition to a high profitability structure”

### Net Sales of Strategic Products (25 Product lines)



\* The result for FY2023 represents the figure after revision for both strategic products and new products.  
\* Figures are expressed in units of 100 million yen.

### Net Sales of New Products

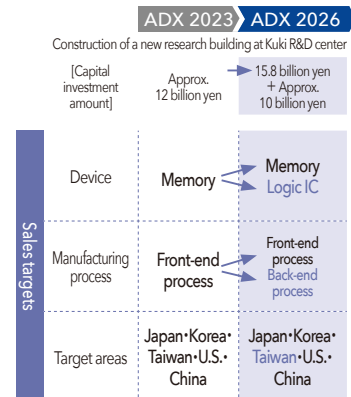


The plan to expand sales significantly in Electronic materials and in Food products, among other areas

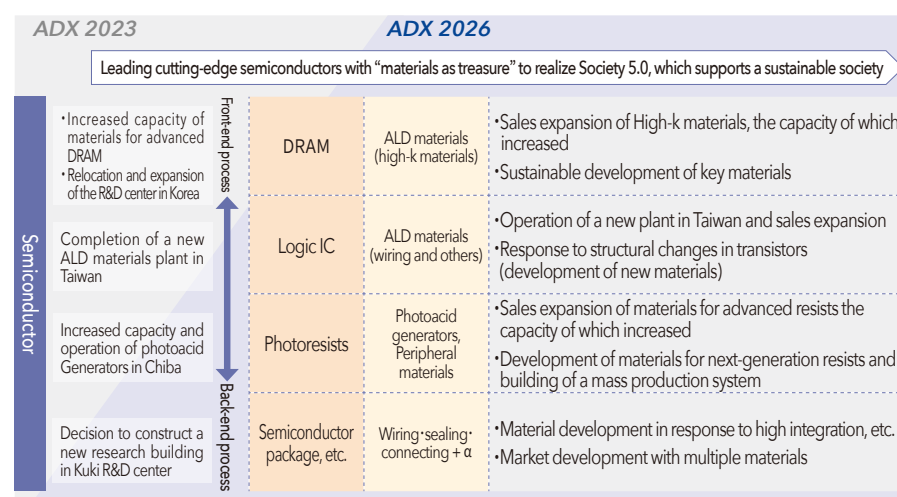
## Expansion of Electronics and IT Materials

### Domain expansion

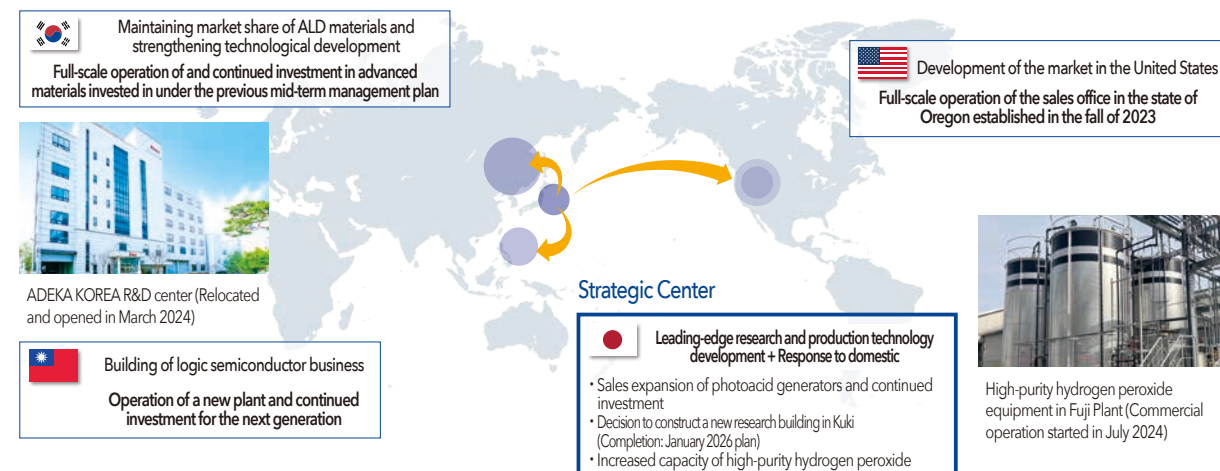
Plan to focus on semiconductor materials and aggressively invest in facilities, including the construction of a new research building in Kuki R&D center.



### Strategic products

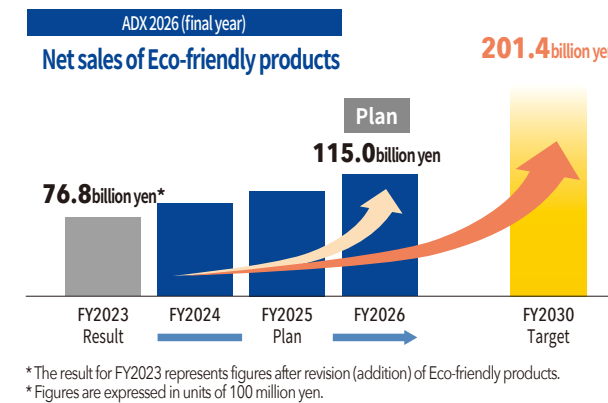


## Area Strategy and Measures



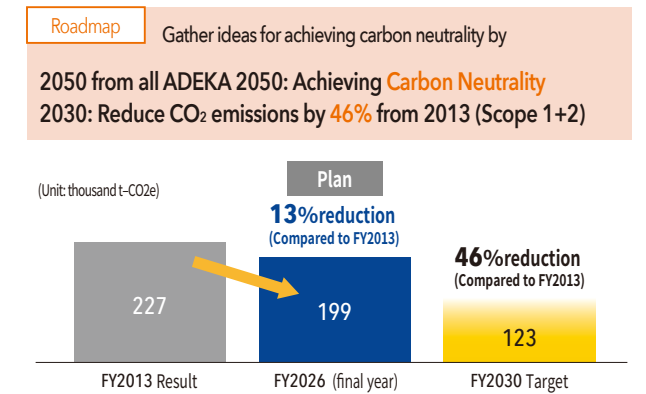
## Key strategies ② “Increase Eco-friendly products and reduce GHG emissions through business structure transformation”

### Expand and Create Eco-friendly Products



\* The result for FY2023 represents figures after revision (addition) of Eco-friendly products.  
\* Figures are expressed in units of 100 million yen.

### Reduce GHG Emissions with a View Towards Carbon Neutrality



## Address ADEKA Group’s Priority Sustainability Issues

### Respect for human rights

Work to reduce human rights risks across the Group and respect human rights in the supply chain

### Promote DE&I

We will embrace diversity and ensure fairness in the exercise of talent, thereby contributing to the growth of the company

### Corporate Governance

Establish effective corporate governance, and make swift and decisive decisions based on a strong management foundation

## Key strategies ③ “Establish a resilient management foundation”

### Initiatives for Enhance Human Capital

Promoting the allocation and development of human resources, our greatest management resource, leading to the sustainable growth of the Group

#### Achieving the right people at the right time and in the right place

- Thorough implementation of job-and role-focused human resource management, including for the elderly
- Utilization of a talent management system and consideration of implementing an open recruitment system

#### Strengthening of the global human resources development system

- Definition of requirements for global human resources and implementation of training programs

#### Increased investment in human resources and strengthening of engagement

- Introduction of a new incentive plan for the Group employees
- Implementation of engagement surveys and setting and improvement of KPIs
- Promotion of health and productivity management (in cooperation with health insurance society)

### Strengthen Supply Chains

Ensuring business continuity even in the face of drastic changes in the external environment, and creating a resilient supply chain

#### Research and procurement of carbon-free raw materials in line with business strategies

- Identification and procurement of key raw materials for the Strategic products lines
- Response to supply chain disruption

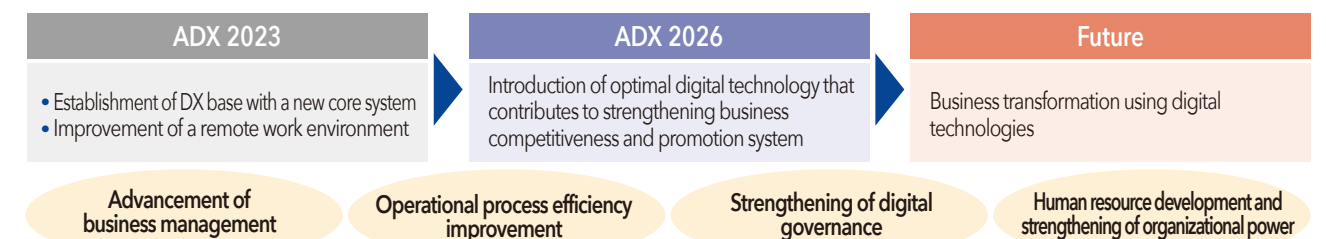
#### Establishing a risk management system

- Establishing a risk management system in anticipation of emergencies

#### Response to industry reorganization starting from carbon neutral

- Information gathering to domestic industrial complexes and its reflection on businesses’ strategies
- Response to regulations and industry standards through CFP calculation, including the Group companies in Japan and overseas

## Promote DX Accelerate company-wide digital strategy and promote continuous business transformation using a new core system



Advancement of business management

Operational process efficiency improvement

Strengthening of digital governance

Human resource development and strengthening of organizational power

Manage and execute digital investment themes at stage gates to promote company-wide DX



Financial and Capital Policy

Message from the Officer in Charge



We aim for sustainable growth and an improvement corporate value through aggressive investment in growth fields and capital efficiency.

Director and Operating Officer  
Youji Shiga

Review of the Mid-Term Management Plan, “ADX 2023”

Under our Mid-Term Management Plan, “ADX 2023” started in April 2021, the KPIs for the final year are “operating profit of 35.0 billion yen,” “ROE of 9%,” “capital investment of 50.0 billion yen (three-year total),” and a “dividend payout ratio maintained at 30% or more.” Subsequently, in August 2022, based on the fiscal 2021 financial results, we revised the forecast upward to “operating profit 42.0 billion yen” and have been implementing measures.

Operating profit was 34.0 billion yen in fiscal 2021 (the first year of the Mid-Term Management Plan), which was a good start. However, due to the impact of reduced automobile production, reduced production of display panels, and soaring raw material and service prices, operating profit was 32.3 billion yen in fiscal 2022 (the second year of the Mid-Term Management Plan), which was a severe result. In fiscal 2023, the final year of the plan, some segments exceeded the plan, but the overall result was 35.4 billion yen, which was more than the initially planned (35.0 billion yen) but lower than the upwardly revised plan

(42.0 billion yen) due to a decrease in sales volumes, an increase in fixed costs, etc.

ROE was 9.9%, clearing the final year plan, in fiscal 2021, but it remained low at 6.6% in fiscal 2022 due to a decline in operating profit and an impairment loss on fixed assets in the Food Business. Fiscal 2023 recovered to 8.4%, but was 0.6 percentage points below the plan.

Capital investment was 14.6 billion yen in fiscal 2021, 20.4 billion yen in fiscal 2022, and 20.6 billion yen in fiscal 2023, for a total of 55.7 billion yen over the three-year period, and we invested more aggressively than planned. Capital investments in “ADX 2023” accounted for a higher proportion of the Electronic Materials segment.

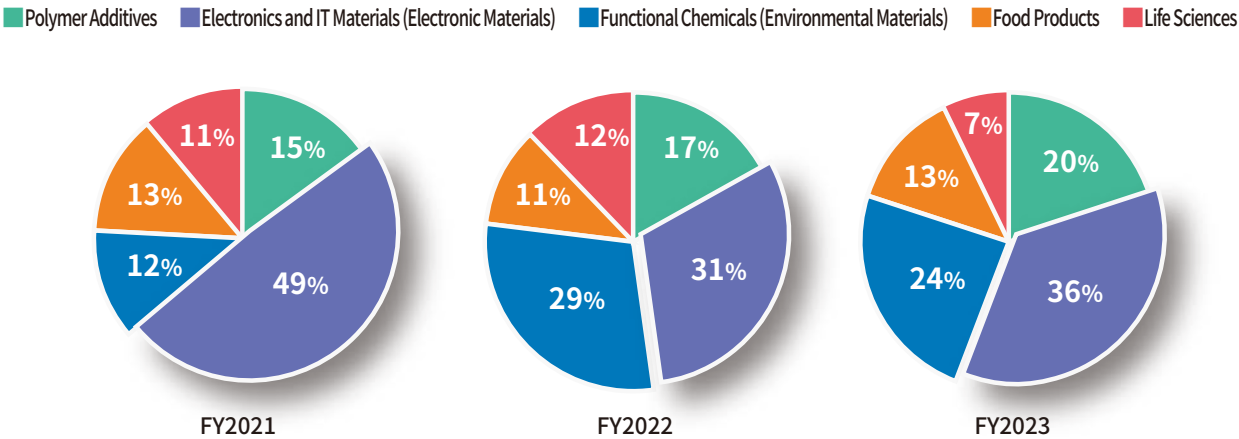
The payout ratio was 30.5% (70 yen per share) in fiscal 2021 and 42.9% (70 yen per share) in fiscal 2022. In fiscal 2023, the company paid a dividend of 90 yen per share, an increase of 20 yen over the previous fiscal year, for a payout ratio of 40.0%.

Results of “ADX 2023”

	Results for FY2021	Results for FY2022	Results for FY2023	ADX 2023 planned values
Operating Profit	34.0billion yen	32.3billion yen	35.4billion yen	42.0billion yen (initial plan: 35.0 billion yen)
ROE	9.9%	6.6%	8.4%	9%
Capital Investment	14.6billion yen/year	20.4billion yen/year	20.6billion yen/year	50.0billion yen／3years
Payout Ratio (annual dividend)	30.5% (70 yen/share)	42.9% (70 yen/share)	40.0% (90 yen/share)	Maintained at 30% or more

Note 1: Amounts are rounded down to the nearest 100 million yen  
Note 2: Figures for FY2021 are retroactively applied due to a change in accounting policy  
Note 3: The Mid-Term Management Plan “ADX 2023” management indicators were revised upward on August 10, 2022

FY2021-FY2023 Capital Investment Segment Ratio



New Mid-Term Management Plan, “ADX 2026” Policy

Financial Indicators (FY2026)	Operating Profit	53.0 billion yen (Net sales: 500.0 billion yen)
	ROE	11.0%
	ROIC	10.5%
Capital Investment		75.0 billion yen (3 years)
Dividend Policy (Dividend payout ratio)		40% or more*

\* Based on our comprehensive consideration of appropriate shareholder returns, we have a policy of maintaining stable dividends

From “ADX 2026,” the company has adopted Return on Invested Capital (ROIC) as a financial indicator.

The KPIs of the Mid-Term Management Plan “ADX 2026,” which started in April 2024, are shown in the table on the left.

To achieve these KPIs, we will pursue three key strategies (“Transition to a high profitability structure,” “Increase Eco-friendly products and reduce of GHG emissions through business structure transformation,” and “Establish a resilient management foundation.”

# Financial and Capital Policy

## Improvement of Capital Efficiency

Until now, ADEKA has been practicing P/L-oriented management, but in order to transform to capital efficiency-oriented management, we introduced ROIC as a new financial indicator from “ADX 2026”.

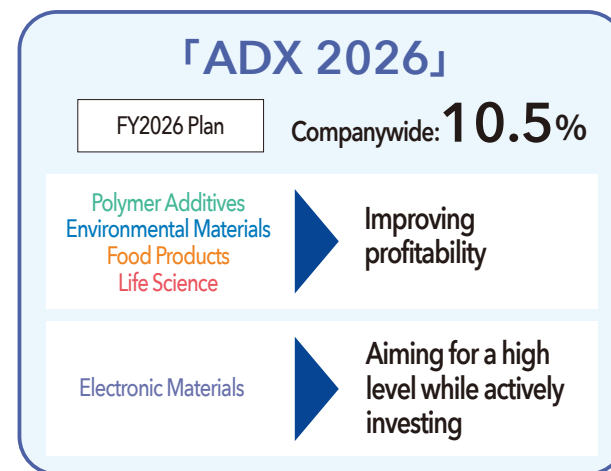
In addition to strengthening the management of fixed assets, we will

also work to reduce interest-bearing liabilities by using cash on hand to improve capital efficiency within the ADEKA Group.

The ROIC for the entire company was 8.3% in fiscal 2023, and we aim to raise it to 10.5% in fiscal 2026, the final year of the plan.

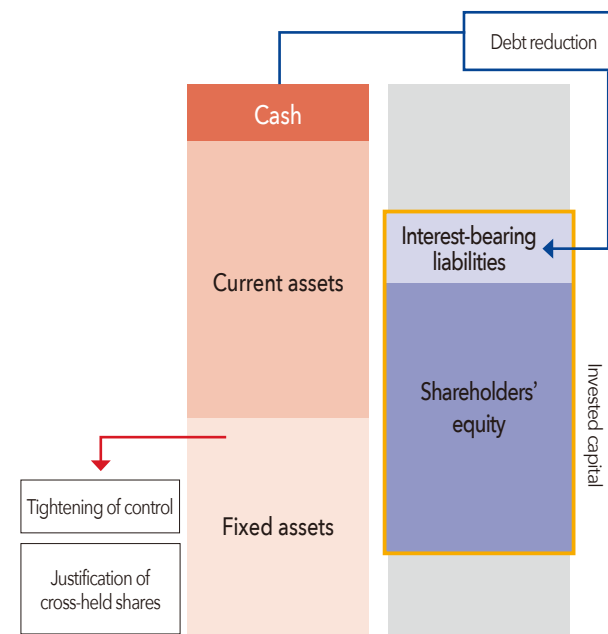
### ROIC (return on invested capital)

FY2023					Companywide: 8.3% *
Polymer Additives	Electronic Materials	Environmental Materials	Food Products	Life Science	
6%	13%	6%	5%	3%	



\*ROIC (return on invested capital): operating profit x (1 - effective tax rate) / invested capital (Average at beginning & end of period)

### Strengthening asset management related to business activities, and promoting initiatives to improve capital efficiency



## Status of the reduction of cross-held shares

The number of policy shareholdings reduced so far in response to the Corporate Governance Code and the amount of reduction are shown in the table below: 27 completely sold-off stocks, 3.40 billion yen in total sales (based

on the amount recorded in the fiscal 2014 BS), and a 16% reduction rate. We will continue to review the significance of our holdings and reduce them as appropriate.

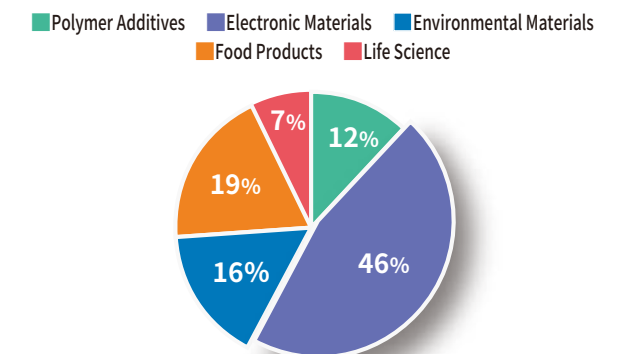
FY	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total	Rate of decline
Completely sold off (stocks)	6	4	1	2	1	1	3	1	8	27	
Partially sold off (stocks)	1	0	2	0	1	0	2	5	1	12	
Total amount sold off (based on the amount recorded in the fiscal 2014 BS): billion yen	0.06	0.27	0.07	0.01	1.66	0.05	0.16	0.67	0.46	3.40	16%
Balance of stocks held (stocks)	113	107	108	106	105	104	101	101	94		

## Policy on Capital Investment

In “ADX 2026”, we plan to invest 75 billion yen over the next three years. In this Mid-Term Management Plan as well, we will continue to make aggressive investments in the Electronic Materials segment, which we expect to be the most promising growth driver.

In Japan, investment in the maintenance and upgrading of aging plant facilities is also needed. By firmly measuring the effectiveness of capital investment and implementing the PDCA cycle, our policy is to accelerate the recovery of funds from new and increased capacity capital investment, increase the accumulation of funds after recovery, and use them as a source of funds for maintenance and upgrading investment.

### FY2024-FY2026 (3 years) Capital Investment plan Ratio by segment



## Dividend Policy

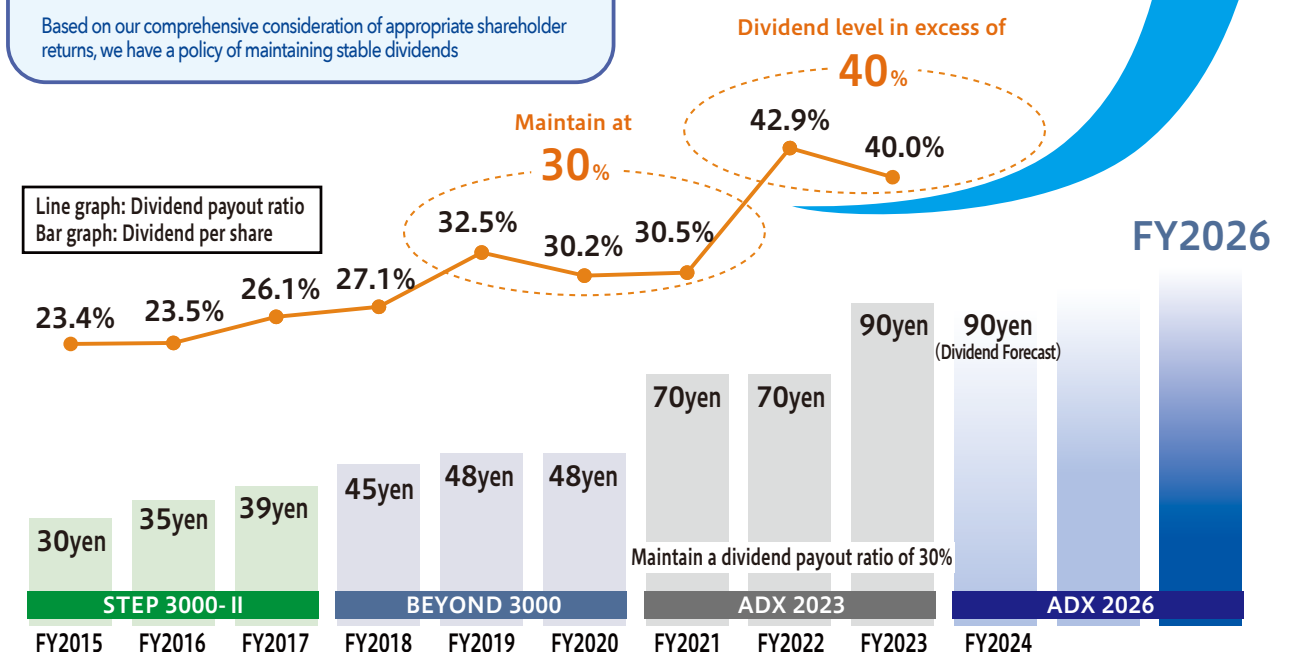
Our Company recognizes that returning profits to shareholders is one of the most important management issues. Under our Mid-Term Management Plan, “ADX 2026”, we set a goal of achieving a dividend payout ratio of 40% or more, and in fiscal 2024, we

plan to pay 90yen per share per year (a dividend payout ratio of 40%). The Group is emphasizing not only the rate (dividend payout ratio) but also the amount (dividend payments), striving for continuous dividend increases driven by improved performance.

### “ADX 2026” dividend policy

**Maintain a dividend payout ratio of 40% or more**

Based on our comprehensive consideration of appropriate shareholder returns, we have a policy of maintaining stable dividends





# Innovative Technological Capabilities (R&D)



Operating Officer, General Manager,  
R&D Planning Department  
Yukio Tatsumi

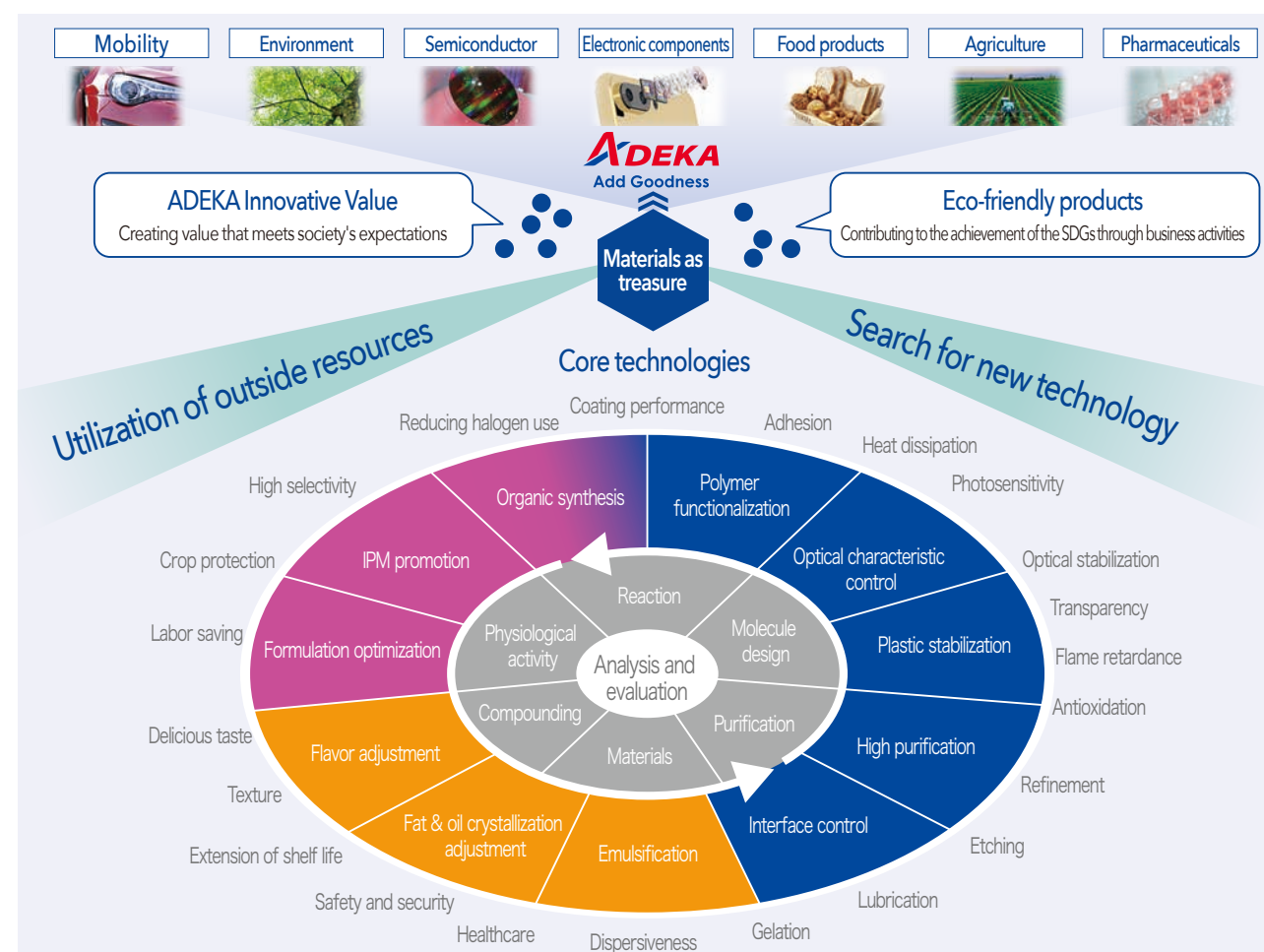
## Add Goodness Shifting to a “Materials as Treasure”

The ADEKA Group is a materials manufacturer. We perceive the materials we handle to be much more than mere materials. To us, they are treasure. By adding more functionality, durability, and environmental performance to existing materials, we will continue to enhance the value propositions of materials as treasure and provide them to the world, thereby contributing to a sustainable society and to people's affluent lives. In order for the company to “supply Eco-friendly products” and “create value that meets society's expectations,” which is what we are focusing on, we will continue to keenly understand changes in the market environment and needs, and deliver needed “materials as treasure” together with “solutions” to our customers in a timely manner. We will also work on R&D to achieve carbon neutrality in cooperation with companies that form our supply chain, with the aim of creating a sustainable society.

## R&D Vision: “Blazing a trail for the future of humanity through materials as treasure.”

ADEKA's R&D division has set forth its vision for 2030 of “contributing to a sustainable society and the enrichment of people's lives by continually developing and providing innovative materials as treasure and solutions.” By fusing technologies developed over the Company's more than a century of history, and by actively adopting technologies it lacks from outside resources, ADEKA delivers products offering ADEKA

Innovative Value (AIV), bringing comfort, convenience and affluence to people around the world. In the same way, ADEKA creates a wide range of Eco-friendly products, contributing to the protection of the Earth's environment. Through these efforts, ADEKA's R&D Division seeks to fulfill its vision of the future of R&D: “Blazing a trail for the future of humanity through materials as treasure.”



## Research and Development Policy

- ① We are working to promote research and development that contributes to the enhancement of social value and economic value.
- ② We focus on market development and new product development, especially in strategy product lines and Eco-friendly products.
- ③ We are contributing to sustainability by creating new businesses to solve social issues.
- ④ To achieve carbon neutrality, we will engage in research and development.

### Technical collaboration among R&D divisions

In order to promote timely product development based on an acute awareness of changes in the market environment and user needs, we promote collaboration with group companies and internal cooperation.



We are promoting initiatives to invigorate technological exchange across our laboratories, such as theme-specific discussion meetings focusing on industry and technology themes, and the promotion of “Young Researchers' Group” meetings aimed at R&D through interactions among young researchers and interdepartmental collaboration. In addition, a new research building is being constructed in the Kuki Area R&D laboratory in order to establish a system for innovative new product development. We will work to create new value by deepening and integrating our chemical R&D technologies.

### Promotion of open innovation

We actively promote dialogue and joint research with universities, research institutes, and companies in Japan and around the world, using open innovation to accelerate the creation of novel businesses.



In the joint research course with Shiga University of Medical Science, we are engaged in R&D on multiple themes in addition to our research and development of new functional polymer materials, leading to the creation of new products.

We also actively undertake external collaboration efforts, including information gathering, such as participation in various consortiums, corporate exchange in the supply chain, and information sharing with other companies in the same industry.

### Intellectual property strategy

We have enhanced our IP (Intellectual Property) landscaping through such measures as the training of IP analysts and the establishment of expert groups. We promote research theme selection, new business creation, and value co-creation through analysis that incorporates IP information, technology trends, and market information through IP landscaping.



With regard to the inventions we create, we identify and delve deeper into the inventions in the flow from creation to commercialization, and continuously and multilaterally file and obtain patents with a clear vision as to the final result, thereby forming a patent portfolio that contributes to value co-creation.

### Toward a carbon-neutral society

We are promoting various research and development activities that will enable us to reduce GHG emissions with an eye to the realization of a carbon-neutral society by 2050. A dedicated team for research and development and exploratory studies focuses on carbon neutral research themes, and is accelerating efforts to synthesize functional materials using CO<sub>2</sub> to create new research themes.



In addition, we promote collaboration with related companies and public organizations with the recognition that this is an important step in reducing GHG emissions throughout the entire supply chain.

### R&D Topics

- ADEKA KOREA R&D CENTER opened. We expanded and relocated to a facility with seven times the total floor space and strengthened the deposition and evaluation process system for cutting-edge semiconductors.
- We are participating in the “National Composites Center Japan, Plastic Recycling Technology R&D Consortium,” which aims to realize sustainable resource recycling in automobiles.
- We founded the “Sulfur Utilization on Lithium-ion Battery Knowledge Exchange Network” together with the National Institute of Advanced Industrial Science and Technology and others as a place for corporate co-creation with a view to creating a sulfur battery business.



# Responding to Climate Change

The ADEKA Group declared its support for Task Force on Climate-related Financial Disclosures recommendations in February 2022. Amid the worldwide acceleration of the pursuit of a decarbonized society, the ADEKA Group will actively promote “conserving the global environment (e.g. reducing GHG emissions)” and “supplying Eco-friendly products,” the Group’s sustainability priority issues. In this way, the Group will contribute to reducing the impact on the environment throughout its supply chain.

Governance	Risk Management
Important matters for resolution that include climate change issues are discussed and approved by the Sustainability Committee, chaired by the President, and are reported to the Board of Directors so that the Board’s supervision is properly ensured.	The assessment of material climate change-related risks and opportunities is discussed by the Sustainability Promotion Subcommittee, discussed and approved by the Sustainability Committee, and reported to the Board of Directors.

## Strategy

### Degree of Impact and Response Measures

In the scenario analysis, we have established a “less than 1.5°C/2°C scenario” in which the impacts in terms of transitional aspects become apparent, and a “4°C scenario” in which the impacts in terms of physical aspects become apparent. The target was all businesses in the ADEKA Group. The results are as follows:

#### Financial Impact Assessment (assumptions as of 2030)

Forecast of the ADEKA Group’s GHG emissions in 2030 (with emission reduction targets achieved and business growth taken into consideration)	123 thousand t-CO2e (Scope 1 + 2)
Projected additional cost burden due to carbon tax based on future forecasts* of carbon prices for the year 2030	2 billion yen

\* The carbon price as of 2030 under the external scenario “WEO2022 NZE Scenario” (developed countries: 140\$/t-CO2, emerging countries: 90\$/t-CO2), converted to Japanese yen assuming 1\$=130 yen.

#### Key Risks and Opportunities, Impact, and Response Measures

[Target businesses] All businesses → “All,” Polymer Additives → “Additives,” Electronic Materials → “Electronic,” Environmental Materials → “Environment,” Food Products → “Food Products,” Life Science → “Life”

Category	Scenario	Key risks and opportunities	Target businesses	Overview	Timeline	Degree of impact*	Response measures
Transition risks	less than 1.5°C/2°C	Tightening of regulations	All	Introduction of carbon tax, rising carbon prices	Medium to long term	Large	Review the business portfolio Encourage suppliers to identify and reduce emissions Utilization of internal carbon pricing, etc.
		Soaring raw material prices	All	Rising prices caused by climate change Cost increases as a result of using certified sustainable raw materials	Medium to long term	Large	Diversification of procurement sources, research and development of alternative raw materials, etc.
		Decarbonization of raw materials and fuels	All	Additional costs incurred in renewable energy procurement	Short to Medium term	Medium	Consideration of renewable energy procurement, investment in energy conservation, etc.
		Reputation risks	All	Reputational damage due to delay in response to climate change	Short to Medium term	Small	Disclosure of information on initiatives, etc.
		Changing customer requirements	Additives Environment	Reduction in demand for internal combustion engine vehicles due to the shift to EVs	Medium to long term	Small	Promote the provision of next-generation mobility components Review product portfolio, etc.
Physical risks	4°C	Impact of extreme weather (Supply chain disruption/stagnation)	All	Stagnation of production activities and logistics due to severe wind and flood damage	Short to long term	Medium	Advance response strengthening (Review inventory levels, multiple purchasing, etc.) Research and development of alternative raw materials, etc.
		Impact of extreme weather (drought)	Additives Electronic	Lack of industrial water	Short to long term	Medium	Consideration of measures to secure industrial water for emergency use, water recycling, etc.
Opportunities	less than 1.5°C/2°C		All	Other than the above: Increase in demand for products that are adapted to the transition of society (e.g., Eco-friendly products)	Short to long term	Large	Develop new products, promote research and development, review product portfolio, etc.
			Additives	Increased demand for environmentally friendly polymers	Medium to long term	Medium	Increase production capacity and boost competitiveness to meet demand Development of material formulations that facilitate product recycling, etc.
			Additives Electronic	Increased demand for next-generation mobility products	Medium to long term	Medium	Promote the provision of next-generation mobility components Review product portfolio, etc.
			Food Products	Increased demand for plant-based foods	Medium to long term	Large	Develop new products and promote research and development Increase production capacity and boost competitiveness to meet demand, etc.
			Food Products	Increased demand for products used sustainable certified raw materials	Short to long term	Small	Strengthened procurement of certified raw materials in consideration of the environment and human rights, etc.
			Life	Increased demand for products used sustainable certified raw materials	long term	Medium	The field of crop protection materials, development of smart agriculture related products, etc.
		Improved external evaluation	All	Improved reputation for leadership in response to climate change	Short to Medium term	Small	Disclosure of information on initiatives, etc.

\* Degree of impact of risks and opportunities Large: Impact on profit is expected to be 2 billion yen or more. Medium: Impact on profit is expected to be 500 million yen or more but less than 2 billion yen. Small: Impact on profit is expected to be less than 500 million yen.

### Minimization of Risks

#### Introduction of internal carbon pricing

In fiscal 2023, ADEKA began a trial implementation of Internal Carbon Pricing (ICP). ICP is a mechanism for companies to put their own internal price on carbon (internal carbon price of 15,000 yen/t-CO2e) and use it to promote low-carbon investments and measures. We apply the ICP to the GHG emissions associated with eligible capital investment and use it as a reference for making investment decisions.

#### Introduction of electricity derived from renewable energy sources

We have achieved virtually 100% renewable energy for electricity consumption at 10 domestic locations that introduced FIT Non-Fossil Certificates\* in fiscal 2023. The reduction of GHG emissions thanks to the introduction of electricity derived from renewable energy at 12 locations in Japan, including these locations, is approximately 8,200 t-CO2e.

\*FIT Non-Fossil Certificates: Certificates for the environmental value of renewable energy purchased through the Feed-in Tariff.

### Maximization of Opportunities

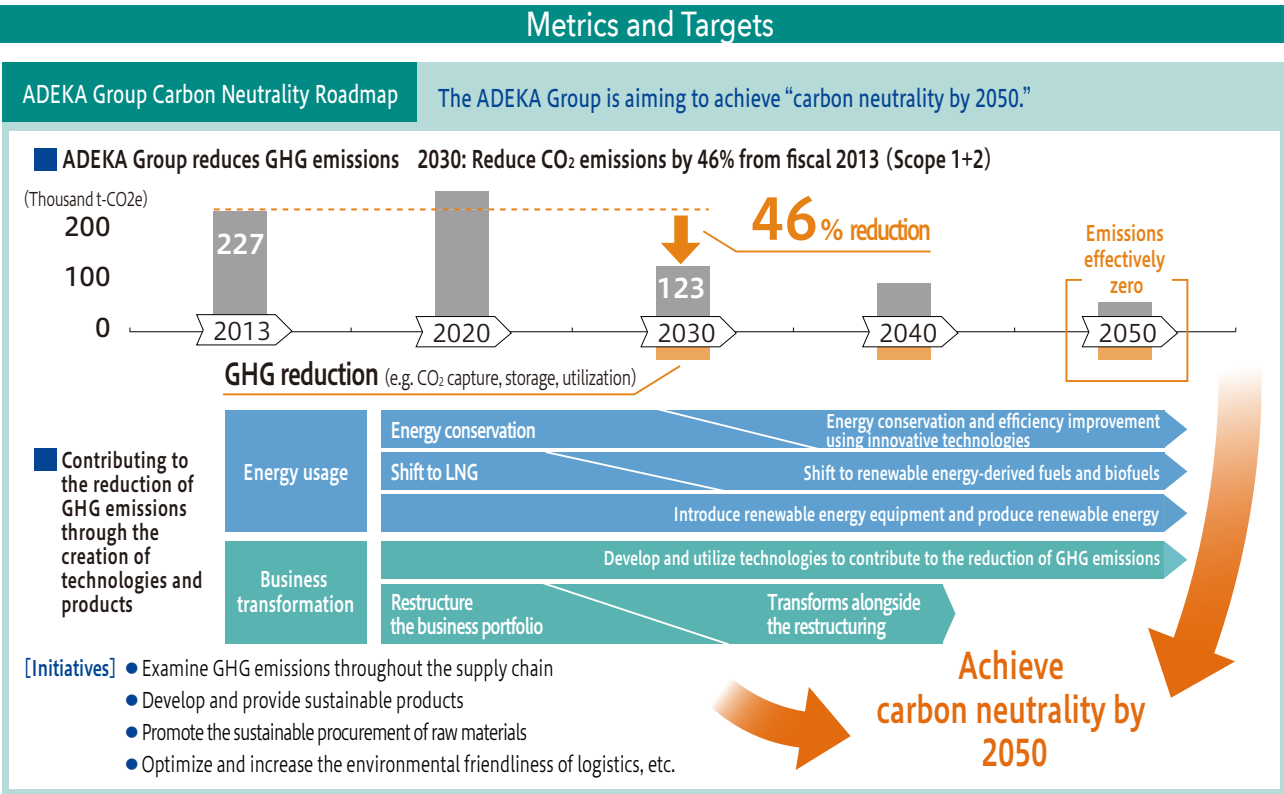
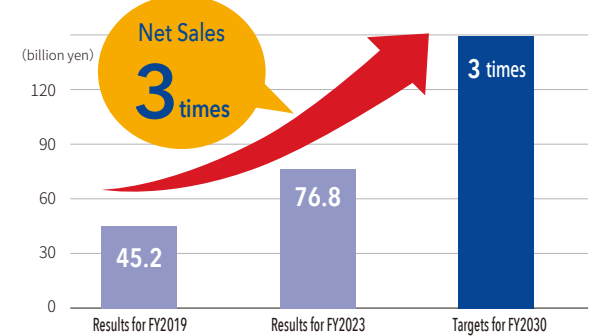
#### Acceleration of development and supply of “Eco-friendly products”

The 2030 KPIs for the sustainability priority issues of “supply of Eco-friendly products” are “Net sales of [Eco-friendly products]: Increase three times the level of fiscal 2019,” which is also an indicator of the ADEKA Group’s goal to expand business opportunities in the context of climate change.

By focusing on further expanding our Eco-friendly products, we aim to simultaneously pursue social value and economic value, and, at the same time, strengthen the resilience of our businesses to climate change.

(See page 18 for details of Eco-friendly products)

#### Eco-friendly Products



# The Safety Quartet

## About the Safety Quartet

The ADEKA Group is promoting “The Safety Quartet” based on the principle of “safety takes precedence over everything else.”

The Safety Quartet is a concept unique to the ADEKA Group. The term refers to harmoniously and organically interwoven safety activities in four categories of safety: occupational safety, environmental safety, product quality safety and equipment safety.

We promote the Safety Quartet based on basic principles that apply throughout the Group. Through continuous improvement using the PDCA (Plan-Do-Check-Act) cycle, we aim to continue safe and efficient corporate activities and provide safety and security to our stakeholders.



The Safety Quartet symbol mark

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

## Establishment of the Safety Quartet



## Definition of the Safety Quartet

Occupational safety	There are no unacceptable risks to the employee's wellbeing in the work environment, both physically and mentally.
Environmental safety	The business environment and the global environment are considered as one and the same, and there are no unacceptable risks for the continuation of our business activities.
Product quality safety	Quality assurance and product safety are considered as one and the same, and there are no unacceptable risks in the entire supply chain when our customers use our products.
Equipment safety	There are no unacceptable risks associated with equipment for the continuation of our business activities.

## Activities in fiscal 2023

Plan

Do

Check

Action

### Formulation of the Environmental and Safety Division Policy for fiscal 2023

- Promote the Safety Quartet (labor, environmental, product quality, and equipment safety) on a global basis with the aim of achieving “zero\*” with respect to the Safety Quartet for the entire Group.
- Contribute to the enhancement of corporate value and sustainable corporate management through the Safety Quartet.

\* Zero work-related accidents, zero environmental accidents, zero product quality complaints and product accidents and zero major equipment failures

### Key activities at each individual department

- Occupational safety
  - Thorough implementation of measures to prevent recurrence and horizontal deployment within and among workplaces
- Environmental safety
  - The proactive promotion of reducing GHG emissions and energy conservation measures
  - Improvement of energy intensity by 1% or more compared to the previous year
  - Reduction of environmental impact
- Product quality safety
  - Development and strengthening support for product quality defect information on a global scale
  - Implementation of measures to avoid a recurrence of product defects information (complaints and claims) and to prevent them from occurring in the first place
- Equipment safety
  - From reactive maintenance to preventive maintenance
  - Sharing of equipment maintenance information

### Safety Quartet audits and sharing of improvement case studies

- Audits on Safety Culture (Audits by the Environmental and Safety Division)**

The audit confirmed such things as the thoughts of senior management at each workplace on the Safety Quartet, organizational culture, efforts to explain the thoughts of senior management to people at each workplace, and 5S at each workplace, and comprehensively evaluated the Safety Quartet at each workplace.
- Audits of Foundations of Safety (PL Audit, Trade Management Audit, RSPO Audit / October to December)**

We checked the status of compliance with rules and regulations on quality safety based on the Safety Quartet Check Sheet.
- Presentations of Improvement Case Studies on the Safety Quartet (December)**

15 teams (8 domestic and 7 overseas teams) participated, sharing exemplary examples of Safety Quartet activities throughout the entire Group.

### Formulation of divisional policy and measures for the next fiscal year based on results from each workplace

- Safety Quartet Review Meeting (February)**

We shared information on the Safety Quartet initiatives that have been taking place around the world in each division of ADEKA (plants, research, sales, and staff divisions). We prepared divisional policies and measures, taking into account the content of implementation for the next fiscal year at Group companies in Japan.
- Safety Quartet Group Company Liaison Meeting (February)**

We shared our global promotion of the Safety Quartet with 12 Group companies in Japan.

# The Safety Quartet

## Occupational 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 45001 occupational health and safety management systems and is conducting activities via the Health and Safety Committees and the Zero Accidents Committees in each workplace.

● **Maintaining Employee Health**

The company strives to maintain a 100% health checkup rate and to follow up on the results of health checkups. If an employee suffers health issues, it could lead to a partial suspension of business activities, etc. As ADEKA considers its employees as human capital, their health is an important element.

● **Enhancing Risk Assessment**

The occurrence of a major accident could result in the suspension of business operations. In particular, because of the high potential for accidents to occur during non-routine operations, risk assessment in non-routine operations is being enhanced.

● **Thorough Implementation of Measures to Prevent Recurrence and Horizontal Deployment Within and Among Workplaces**

In fiscal 2023, the number of ADEKA Group work-related accidents, resulting in absence and those not resulting in absence, was 18. This is a decrease of one case from fiscal 2022. The number of accidents at overseas workplaces and contractors increased due to many incidents of non-compliance with rules and insufficient hazard awareness. When

an accident occurs, information on the situation, causes, and measures to prevent recurrence is shared with domestic and overseas workplaces to prevent similar accidents from occurring. Regarding serious accidents, we have issued alerts to all workplaces and are working to prevent recurrence. Also, the Environment and Safety Division confirms via audits that measures to prevent recurrence are being implemented. We will continue to disseminate information on activities and share information, while also promoting the development of a safety culture, in order to achieve zero reports of work-related accidents.

● **Security and Disaster Prevention**

ADEKA Group manufacturing locations are plants that handle hazardous and toxic materials, so security and disaster prevention is an important responsibility. Aiming to be a company that can be trusted by the local community, 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 implementation of practical disaster-response training that envisions a wide range of disaster scenarios.

## Environmental Safety

Stakeholders are highly interested in GHG reduction and reduction of environmental impact in our business activities, and these are important initiatives for the company's target of becoming carbon neutral by 2050. GHG reduction targets have been set for each fiscal year and progress are being managed towards the interim target for fiscal 2030 (46% reduction compared to fiscal 2013). In addition, we are promoting the introduction of renewable energy at our workplaces in Japan and overseas.

● **Reduction of GHG Emissions**

In fiscal 2023, GHG emissions (Scope 1 and 2) were 220.6 kt, a decrease of 6.8 kt (3.0%) compared to fiscal 2013 (227.4 kt) and a reduction of 18.5 kt (7.8%) compared to fiscal 2022 (239.1 kt). Reduction was achieved through the promotion of energy conservation at domestic and overseas production sites, purchase of renewable energy-derived electricity and renewable energy certificates.

● **Reduction of Environmental Impact**

The ADEKA Group always considers the environment throughout its business activities, from procurement of raw materials such as chemical substances and palm oil to production and disposal. In the future, we will continue to promote initiatives toward realizing a sustainable society by supplying products that reduce environmental impact and by promoting energy conservation.

## Product Quality Safety

To improve the company's social credibility and corporate value, as well as to achieve smooth corporate management and businesses activities, by supplying safe and secure products and services, we will be able to enhance customer satisfaction. In addition, increasing trust in our products will lead to the retention of existing customers and the acquisition of new customers, contributing to our business expansion. An increase in product complaints and recalls could potentially undermine customer trust and lead to customer attrition, which could have a negative impact on our business. For this reason, we promptly share Information in response to customers' inquiries.

● **Global Sharing of Quality and Safety Information**

Product quality safety information from Individual offices is being shared to enable the entire ADEKA Group to share information on all Safety Quartet categories, including work-related accidents, environmental accidents, major equipment failures.

● **Implementation of Measures to Avoid a Recurrence of Product Defects (complaints, etc.) and to Prevent them from Occurring in the First Place**

The content of product defects occurring at workplaces, measures to avoid a recurrence of product defects, and the effectiveness of these countermeasures are horizontally disseminated to related departments through reports and Product Quality Safety Conferences, etc., and we are preventing similar incidents from occurring. In addition, trends in information on product defects that have occurred are analyzed to determine priority items for the next fiscal year and to control the occurrence of product defects.

● **Promoting Quality Improvement Efforts**

To ensure that customers can use its products with confidence, the ADEKA Group has acquired certification under the ISO 9001 quality management systems at 22 Group companies in Japan and overseas, and is continuously maintaining and improving its quality assurance system. In addition, our food production sites have obtained certification under the FSSC 22000 (seven locations), and we are committed to food product safety management and product quality assurance. In addition,

the “intentional tampering of inspection data, etc.” is confirmed through ISO internal audits (twice a year) at each workplace and PL audits by the head office department.

● **Control of Chemical Substances**

The ADEKA Group aims to sustainably manage and use chemical substances in consideration of people and the environment based on the Sustainable Development Goals (SDGs), which are international goals set for the period ending in 2030. With stricter regulations being adopted by countries around the world, the Group works to ensure that our customers can feel safe about using our products by addressing them promptly and providing detailed information about chemical substances, from raw materials to the use of the company's products.

● **Food Safety and Hygiene**

As a manufacturer that handles food ingredients, the ADEKA Group is committed to providing safe and security products, as well as hygiene management and compliance. Seven food production sites in the Group have all obtained certification under the FSSC 22000 food-safety management system and we are implementing hygiene and process management. We also hold Product Quality Safety Conference twice a year, attended by all ADEKA Group plants and food-related departments, to share information and exchange opinions on food safety and to improve the level of food safety in the Group.

## Equipment Safety

If equipment malfunctions, business activities could potentially be suspended. ADEKA has been working to establish a system to manage spare parts and speed up recovery time, in light of the fact that the Soma Plant was damaged by the 2022 earthquake off the coast of Fukushima Prefecture and operations were temporarily suspended.

● **Ensuring Stable Manufacturing**

The ADEKA Group established a definition for “major equipment failure” in December 2018. Facility management systems at each workplace are confirmed through Environment and Safety Division audits and Equipment Safety Conferences, which work to ensure and confirm stable production.

● **Sharing of Workplace Management Information**

We implemented the sharing of information on maintenance methods and equipment problems at Equipment Safety Conferences, and surveyed the status of spare parts management at each plant.



# Environment

## Addressing the Environment

The ADEKA Group always considers the environment throughout its business activities, from procurement of raw materials such as chemical substances and palm oil to production and disposal. Recognizing global trends related to climate change and the global environment, such as the Paris Agreement and the SDGs, we are promoting ongoing initiatives to achieve a sustainable society by providing products that mitigate environmental burdens, promoting energy conservation, reducing waste, and conserving fossil resources, etc.

## Conserving Biodiversity

The ADEKA Group, as a beneficiary of ecosystem services, develops products and conducts activities that take biodiversity into consideration in order to protect biodiversity, which is the foundation of the Earth's sustainability. As an example, we have participated in the environmental monitoring of surfactants in urban river water conducted by the Japan

Soap and Detergent Association since 1998 to assess the environmental risk of surfactants to the ecosystem in rivers around cities where household wastewater is expected to enter. As a result, previous studies have consistently shown that the risk of these surfactants to aquatic organisms is low.

### “ADEKA Group Biodiversity Policy”

- 1 Consider biodiversity when procuring naturally derived raw materials
- 2 Promote activities for conserving biodiversity at our business premises
- 3 Strive to develop biodiversity-oriented products
- 4 Work in collaboration with local communities

## Environmental Management

### Management of water resources

The ADEKA Group uses large quantities of high-quality fresh water as a raw material for food products and chemical products, as cleaning and cooling water for production facilities, and as a source of steam generated by boilers, which makes water resources indispensable for the Group. For this reason, the Aqeduct Water Risk Atlas is used to identify water stress at our production facility locations (Japan, China, Taiwan, Malaysia, Singapore, United Arab Emirates, South Korea, France, and the United States).

In addition, ADEKA Group only purchase tap water that meets the legal and regulatory water quality standards.

As a company with plants that manufacture chemical products, we strictly control chemical substances.

Chemical substances contained in raw materials and packaging materials are identified by a SDS (safety data sheet) obtained from our suppliers. Through risk assessments, we quantitatively analyze and evaluate the impact and risk of our products and manufacturing processes on human health and the environment, such as rivers and streams.

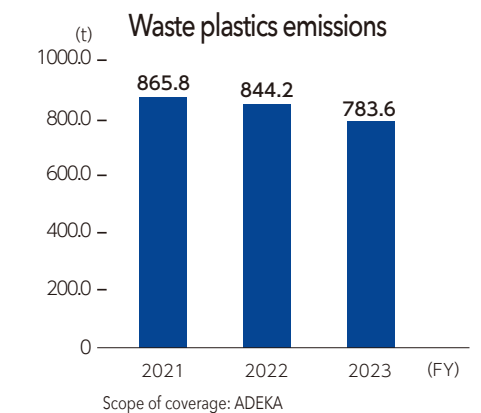
If the risk is high, we take both hard and soft measures to reduce it to an acceptable risk level as defined by our internal standards.

With respect to outsourced manufacturers, we have established an item on the supplier environmental audit checklist, to check the status of compliance with environmental regulations. We also monitor the status of conformity through periodically conducting audits using two companies and check that there are no discrepancies with our own policies.

### Resource recycling

#### Activities to reduce waste plastics emissions

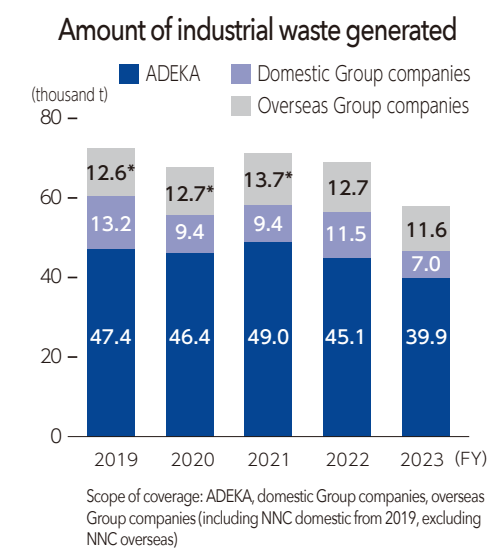
ADEKA is working to calculate and reduce the amount of waste plastics generated by the use of containers and packaging materials in the manufacturing process. Our reduction target (1.0% reduction from the previous year) has been maintained.



#### Initiatives to reduce the amount of industrial waste generated

The ADEKA Group is working to reduce the final disposal volume of industrial waste generated as a result of its business activities. In fiscal 2023, in addition to controlling the amount generated, the amount of waste generated was reduced due to a decrease in production volume, etc.

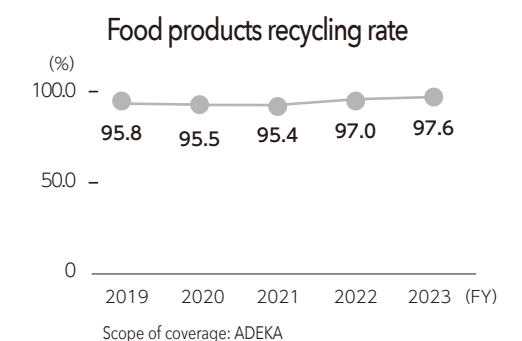
\*Due to an error in the calculation of the amount of industrial waste generated at one of our overseas subsidiaries, we have revised the figures retrospectively for previous years. (Fiscal 2019: Before revision: 12.1, After revision: 12.6, Fiscal 2020: Before revision: 12.2, After revision: 12.7, Fiscal 2021: Before revision: 13.0, After revision: 13.7)



### Recycling of cyclical food resources

ADEKA is working to recycle food resources. In fiscal 2023, our food products recycling rate was 97.6%.

Since 2019, it has been more than 95.0%.



### Appropriate control of chemical substances

The company strictly controls the emission of chemical substances that must be released. We strive to reduce chemical emissions into the environment by establishing appropriate operating conditions for our production and hazard removal facilities.

In addition, in accordance with the Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof<sup>\*1</sup> PRTR Law<sup>\*2</sup>,

we annually report to the government the emissions and transferred amounts (waste) of the chemical substances we use to the environment.

\*1: “Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof”

\*2: A system for reporting of chemical substance emissions discharged into the environment and the amount moved outside the business site based on the Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof

# Society

## Message from the Officer in Charge

We strive to enhance the value of our human resources to achieve our management targets and for sustainable growth.

Representative Director and Senior Managing Executive Officer  
**Haruhiko Tomiyasu**



## Strategies for Enhancing Human Resource Capital

### ■ Human capital strategy for improving corporate value

The ADEKA Group strives to improve our sustainable corporate value by leveraging the perspectives and values of its diverse human resources. In an effort to improve our corporate value, in the Mid-Term Management Plan “ADX 2026” we set forth “strengthening our management foundation” as one of the key strategies contributing to the co-creation of social value and profit. We have put forth our commitment to promote the allocation and development of human resource in accordance with the growth stage of each business. We will promote various measures based on the three axes of “Achieving the right people at the right time and in the right place,” “Strengthening of the global human resources development system” and “investing in human resource and increasing engagement” thereby contributing to improving corporate value of the ADEKA Group.

### ■ Investing in human resources

The ADEKA Group, based on its basic philosophy that “human resources are ‘human assets,’” actively and multilaterally invests in human resources.

In addition to the development of a working environment and human resource system that allows diverse human resources to demonstrate their abilities and skills, we are implementing various initiatives related to human capital. These include career training by age group and periodic career interviews to contribute to the career development of each employee, managing various projects and implementing measures to promote DE&I, and promoting health and productivity management. We will continue to invest in a wide range of human capital goods, not only through direct investment in human resource development, but also by creating a workplace environment in which everyone can work with vigor.

### ■ ADEKA Group's future human resource vision

In today's rapidly changing social and market environment, we believe that human capital capable of adapting to change and creating value even in challenging situations is essential for the ADEKA Group's sustainable growth. Through various investments in human resources, talent management, and the development of a climate that embraces diverse values, we will work to strengthen the ADEKA Group's human capital so that we can produce as many people as possible who are motivated, autonomous, and capable of tackling issues and co-creating value.

# Respect for Human Rights

## ADEKA's Basic Approach to [Human Rights]

The ADEKA Group has established the ADEKA Group Human Rights Policy as its basic approach to human rights based on international norms such as the Universal Declaration of Human Rights and the United Nations Global Compact, as well as the ADEKA Group Code of

Conduct. Based on this policy, the ADEKA Group will respect the human rights of all people involved in all aspects of its corporate activities, fulfill its responsibilities as a company, and contribute to the realization of a sustainable society.

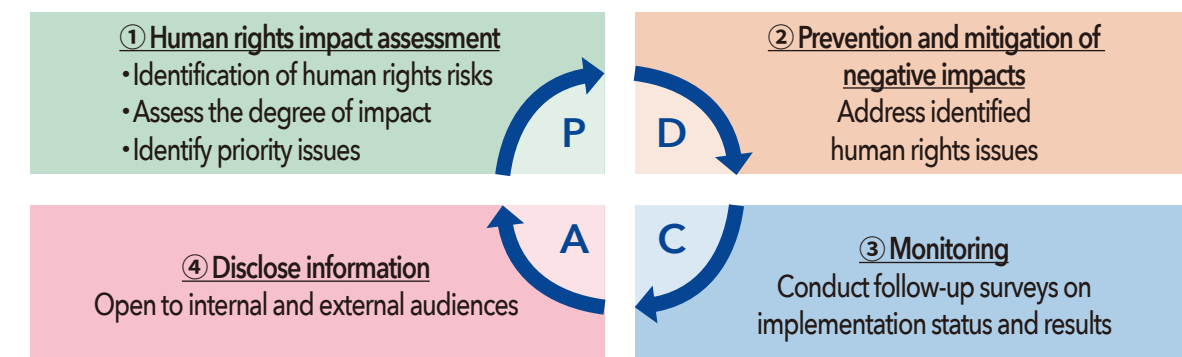
### ADEKA Group Human Rights Policy

The ADEKA Group's management policies consist of two phrases that express our desire to respect each other's diverse values and develop together: “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.” Based on these policies, we will fulfill our social responsibility to respect the human rights of all stakeholders in all aspects of our corporate activities, and contribute to the realization of a sustainable society that is fair, just, and free from discrimination and prejudice.

## Human Rights Due Diligence

The ADEKA Group positions [Respect for human rights] as one of its sustainability priority Issues and promotes efforts to address it. Currently, a Human Rights Subcommittee (Members: Legal Affairs & Publicity Department, Purchasing & Distribution Department, Human Resources Department, Administrative Office: Corporate Planning Div.) has been formed to build a human rights due diligence mechanism based on the UN Guiding Principles on Business and Human Rights.

The ADEKA Group Human Rights Policy was formulated in 2022, and in 2024, the ADEKA Group initiated the human rights due diligence ① human rights impact assessment. We will identify business areas with high human rights risks throughout the ADEKA Group, identify potential and actual human rights risks, and take appropriate measures to mitigate these risks. We will continue to actively disclose the progress of our activities.



## Complaint Handling Mechanism

### Employee hotline

The ADEKA Group has established the “ADEKA Hotline,” an internal reporting system that accepts reports from employees through internal and external contact points.

### Complaint handling system for all domestic and overseas stakeholders

The ADEKA Group is a member of the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER), which provides a non-judicial complaint handling platform in accordance with the UN Guiding Principles on Business and Human Rights. The ADEKA Group

has established a system to receive complaints from all stakeholders of the ADEKA Group, both domestic and overseas, through JaCER, and respond to them appropriately. Available in Japanese, English, and Chinese, and anonymous reporting is accepted.

> Complaint Form | JaCER Japan Center for Engagement and Remedy on Business and Human Rights

- ▶ Japanese (JP) <https://jacer-bhr.org/application/form.html>
- ▶ English (EN) <https://jacer-bhr.org/en/application/form.html>
- ▶ Chinese (CN) <https://jacer-bhr.org/cn/application/form.html>

# Human Capital

## Basic Policies on Human Capital Investment

ADEKA's basic policies on human capital investment are as follows: Based on these policies, we are working on various measures related to human capital.

Respect for diversity and personal qualities	<ul style="list-style-type: none"><li>Hiring human resources with diverse values, careers, and backgrounds</li><li>Implementation of various training measures to enable all employees to maximize their abilities and individuality</li></ul>
Realize a work-life balance	<ul style="list-style-type: none"><li>Implementation of a system that allows for flexible work styles that meet the needs of each individual [In operation] A flextime system, a specialized/planned discretionary labor system, and a teleworking system [Being tested] An interoffice interval system</li></ul>
Provision of personalized career development and training	<ul style="list-style-type: none"><li>Introduction and deployment of a talent management system</li><li>Implementation of career training, DE&amp;I (Diversity, Equity &amp; Inclusion) training, etc.</li></ul>

## Human Capital

### 1 Implementation of talent management and engagement surveys

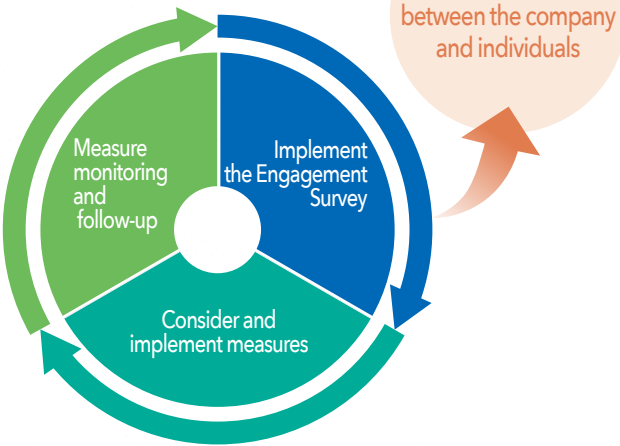
In order for ADEKA Group to continue to create and supply value, we believe that it is essential to understand the experience, abilities, and aptitude of each ADEKA Group employee, and we manage our human resources using a talent management system. In addition, in fiscal 2023, we implemented the “Engagement Survey” to measure each individual's sense of growth and the strength of their satisfaction with and connection to the company.

We will continue to periodically implement the Engagement Survey to verify changes in the indicators and utilize the results in various measures to contribute to revitalizing the organization and human resource and, ultimately, to improving corporate value.

#### Engagement Survey findings and targets

Percentage of positive responses in “degree of overall satisfaction” (Fiscal 2023 actual results)	Future targets (Fiscal 2030 KPI)
67%	75% or more

#### Image for enhancing employee engagement



### 2 Ensuring diversity

Based on the belief that securing and strengthening diversity in human resources will create a flexible and strong management foundation that is resilient to changes in the environment and lead to the sustainable growth of ADEKA Group, we have created working environments where each individual, regardless of gender, age, or nationality, can make the most of his or her individuality and demonstrate their abilities.

The details of “Basic policies on human capital investment” and “Ensuring diversity” are published in the Corporate Governance Report.

Corporate Governance Report in the IR Library on the company's website  
<https://www.adeka.co.jp/en/ir/library/>

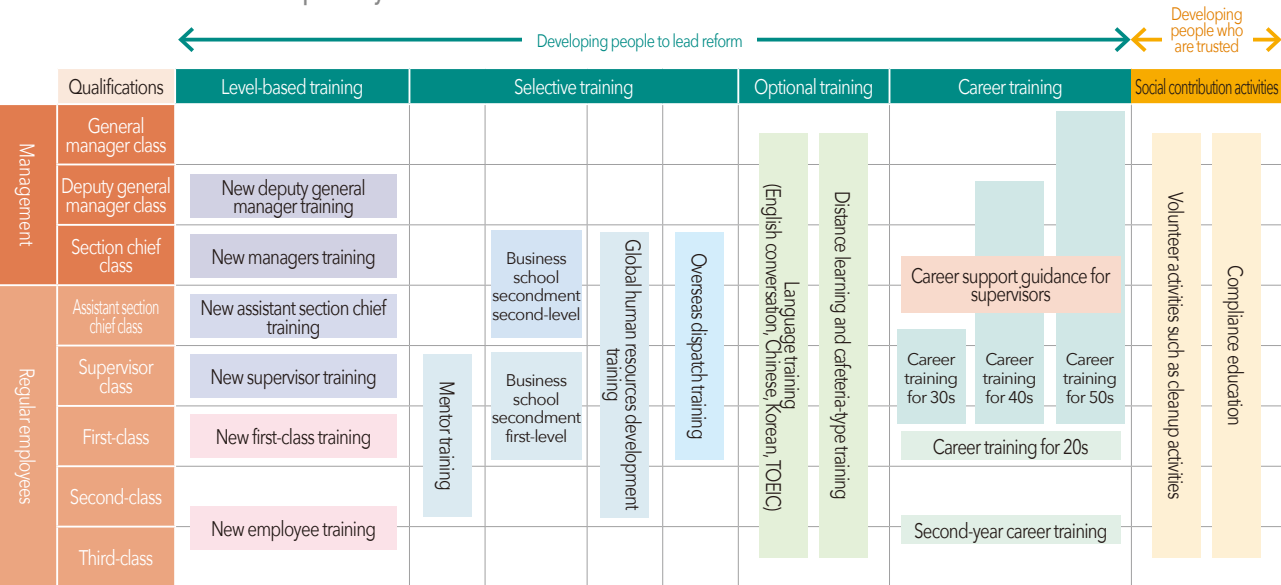


### 3 Investing in human resources

#### Human Resource Development

Guided by the recognition that employees are a key management resource, we consider “human resources” to be “human assets” and are working to develop a climate in which all employees think, act, and challenge themselves, and to create an environment in which all human resources can be active. We will continue to invest in human capital to “further develop global human resources and secure diverse human resources.”

#### ADEKA Human Resource Development System

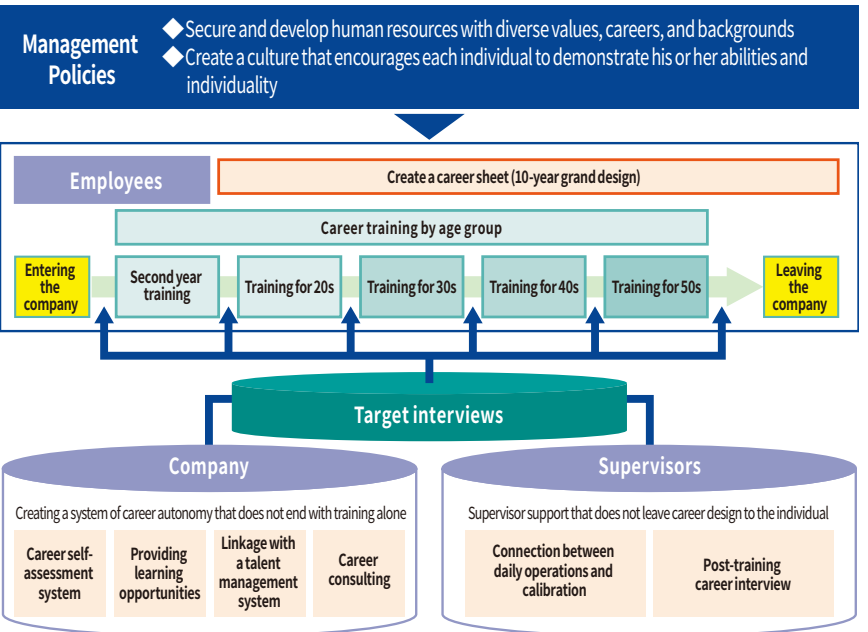


#### Career Training System

In response to the diversification of values and careers, in fiscal 2023 we introduced a “Career Training System” with the aim of raising employees' awareness of skill acquisition for autonomous career development.

In fiscal 2023, the first year of introduction, career training by age group was held for all employees, with 1,650 employees receiving training. Furthermore, managerial positions that support the career development of their subordinates participated in Career Support Guidance for Supervisors.

We plan to continue to conduct career training by age group in which employees will consider career design as their own personal matter and to raise awareness of the importance of working on their ideal state in a few years' time.



#### Individual Recognition System

We established the “Individual Recognition Award” system in fiscal 2021 to recognize the actions and achievements of employees who have made significant contributions to improve corporate value. In fiscal 2023, the scope was expanded to include ADEKA Group Companies, with one “President's Award” and eight “Special Awards” being presented to the winners.



# Human Capital

## 4 Health Management

### ● Promote Health Management:

Determined to achieve sustainable growth as a good corporate citizen, ADEKA recognizes it is important to proactively contribute to the advancement of society by addressing social issues through its business activities.

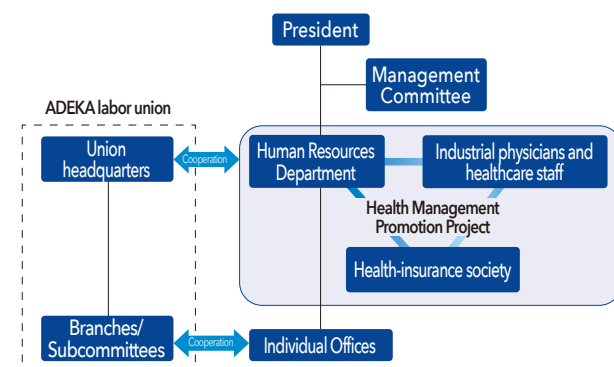
As Initiatives for “expanding opportunities for utilizing human resource activity,” one of our sustainability priority issues, we are focusing on maintaining and improving the health of our employees, who are our “Human Capital” and the foundation for their lively work, and on creating a healthy work environment.

### ■ ADEKA Group Health Management Declaration

The ADEKA Group believes that each and every employee is an important asset to the company, and is committed to creating a workplace environment where employees can maintain and improve their health and safely thrive in their work.

### ■ Health Management Promotion System

We have launched a project under the direct control of the president, in which the “Human Resources Department”, “industrial physicians and healthcare staff”, and the “health-insurance society” are working in unison with the labor union to promote health management.



### ■ External Evaluation

For the third consecutive year, the company was certified as a Health & Productivity Management Outstanding Organizations Recognition Program (large enterprise category).

\*Health Management® is a trademark of the Nonprofit Organization KenkoKeiei

### ● Investing in Health Management

Under the Health and Productivity Management Strategy Map, we are investing mainly in the two areas of “creating a workplace environment where employees can maintain and improve their health and safely thrive in their work” and “improving productivity through the constant performance of employees”.

Health management	<ul style="list-style-type: none"> <li>Conducting health check-ups twice a year</li> <li>Recommending examinations for those subject to follow-up examinations</li> <li>Recommending examinations for those who need a complete physical</li> </ul>
Health literacy education	<ul style="list-style-type: none"> <li>Holding seminars related to health</li> <li>Providing information on health through food in cafeterias, etc.</li> </ul>
Infectious disease prevention	<ul style="list-style-type: none"> <li>Administering various vaccines, etc.</li> </ul>
Smoking cessation program	<ul style="list-style-type: none"> <li>Smoking cessation programs (assistance with outpatient smoking cessation expenses), etc.</li> </ul>
Various recreational events	<ul style="list-style-type: none"> <li>Walking events</li> <li>Labor-management recreational events, etc. at workplaces</li> </ul>
Smart work promotion	<ul style="list-style-type: none"> <li>Reducing long working hours</li> <li>Implementing a “leave work at a set time” day</li> <li>Teleworking system</li> <li>An interoffice interval system (being tested), etc.</li> </ul>
Mental health measures	<ul style="list-style-type: none"> <li>Implementing stress checks</li> <li>Reducing absenteeism and presenteeism</li> <li>Conducting mental health training, etc.</li> </ul>



Please also refer to our website for information on Health Management initiatives.(Japanese only)  
[https://www.adeka.co.jp/csr/kenko\\_keiei.html](https://www.adeka.co.jp/csr/kenko_keiei.html)



## Promote DE&I (Diversity, Equity and Inclusion)

### ADEKA's basic approach to [DE&I]

In order for the ADEKA Group to sustainably grow, we aim to create a flexible and resilient organization that is capable of addressing changes. To this end, the promotion of DE&I is essential. We embrace diversity and ensure fairness in the exercise of talent, thereby contributing to the growth of the company.

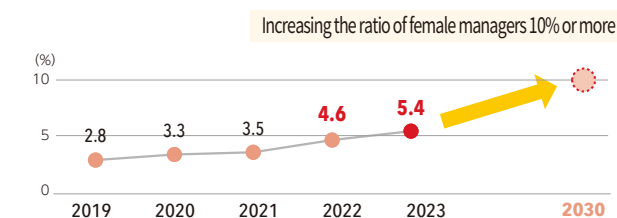
### DE&I initiatives

ADEKA has set “expanding opportunities for utilizing human resource activity” as one of our sustainability priority issues and is promoting DE&I. In 2022, the DE&I Project Team was established as a sub-organization of the Sustainability Committee to promote activities that target women first.

### Increasing the ratio of female managers

We developed measures to promote understanding and awareness-raising activities to reform our corporate culture and to support female advancement, worked to solve more issues specific to each job group have led to an increase in the ratio of female managers.

ADEKA's ratio of female managers (non-consolidated) has significantly increased from 3.5% in 2021, prior to the start of the DE&I project, to 5.4% in 2023. We will continue our proactive activities to encourage female management to play an active role in the company, aiming to achieve the 2030 KPI: ratio of female managers of 10% or more.



### Main activities (Target: ADEKA non-consolidated)

#### ● Understanding and Penetration Activities

A video of an interview with President Shirozume, conducted by a DE&I project member, has been distributed. The video in which President Shirozume spoke about his thoughts on DE&I and his future plans had an 81% view rate, and many positive comments were received from employees. Furthermore, we held DE&I briefings at our head office, factories and locations, and reported on the objectives of the project, the content of the DE&I project activities and its results. The participation rate was 72%\*, and many employees participated.



Scene of the interview with the top management

We will continue to regularly communicate the President's message, hold briefings, etc., and develop a climate that ensures diversity.

\*Participants: Participants attending in person, online participants, archive distribution viewers

#### ● Creating an Environment That Is Easy For Female Employees To Take on Challenges

We believe that an environment where female employees can ask for advice and receive support is important for them to be able to play an active role. With that in mind, we recruited those female employees who were interested and provided them with skill development training opportunities and follow-up support when they took promotion exams, and we saw an improvement in their motivation to play an active role. In addition, from the perspective of ensuring psychological safety in workplaces, we are also promoting initiatives to increase opportunities for communication between female employees and between superiors and subordinates, and to build good relationships.

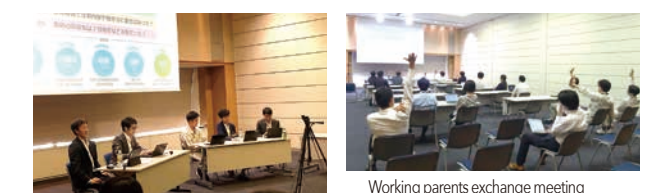
We will continue to develop measures that support female employees in taking an active role and create an environment in which it is easy for them to take on challenges.

#### ● Exchange Meetings and Communication

In fiscal 2023, we held two exchange meetings for all employees (working parents exchange meeting, career exchange meetings). More than 100 employees from the head office, factories and locations participated in the meetings, which were held both face-to-face and online.

We will continue to provide opportunities for exchange between diverse employees across organizations and generations, thereby building internal networks and creating a better working environment.

Exchange meeting	Theme	Participants
Working parents exchange meeting	Male childcare leave	124
Career exchange meeting	Get to know the management!	197



Working parents exchange meeting

### Future developments

Moving forward, while we continue to promote women's participation and advancement, we will also address other areas of diversity\* that need attention, ensure fairness in the ability to demonstrate skills, and consider expanding these efforts across the ADEKA Group.

\*Age, with or without a disability, nationality, LGBTQ, lifestyle, work format, values, education, experience, etc.

# DE&I Roundtable Discussion



ADEKA has set “expanding opportunities for utilizing human resource activity” as a priority issue for sustainability, and is promoting DE&I with the aim of becoming “an attractive organization where anyone can play an active role”. We launched the DE&I Project in 2022, which is made up of members from diverse backgrounds, and have been promoting initiatives related to the promotion of women's participation and advancement and climate development. Five project members who participated in the actual activities gathered to talk about their thoughts on DE&I.

## Overview of The DE&I Project, Status of Activities



**Tokuhashi:** The project team was established in June 2022, and we are now in the third year of the project. I am the sub-leader of the project as the general manager of the Corporate Planning & Strategy Division. We believe that promoting DE&I will lead to corporate growth by embracing

diversity and ensuring fairness in the exercise of talent. Among the DE&I initiatives, we are currently focusing most of our efforts on promoting women's participation and advancement. We have been working to support the advancement of women and developing a climate that supports work-life balance, with the aim of achieving a ratio of female managers of 10% or more by 2030. First and foremost, we believe that it is important for employees to have an understanding of the significance of DE&I promotion and the content of the activities, so we held briefings at the head office and domestic locations, with top management communicating the message that “DE&I promotion is essential for the growth of the ADEKA Group.” As a result, internal awareness of this project has increased, and there is now a better

understanding and empathy for the promotion of women's participation and advancement compared to before. Furthermore, through project activities, the motivation of female employees to play an active role is steadily increasing, and the number of female employees aiming to become managers is on the rise.



**Tasaki:** I am working in the Corporate Planning & Strategy Division and act as the project secretariat. Since I joined the project at a time when my lifestyle was changing after taking childcare leave, it was easy for me to approach it as my own personal issue, and it also

became an opportunity for me to reflect on myself. The project has mainly been working to provide opportunities for female employees to interact with each other and to support the promotion of career plans for female employees. Through these activities, I have witnessed a change in the attitudes of many female employees. As the secretariat, the challenge moving forward is that the company has a different sense of issues for each occupational group.\* I believe that we need to make proposals that allow us to discuss and cooperate with each other across occupational groups.

\*“R&D”, “Manufacturing”, “Sales”, “Staff” occupational categories



## Changes in Awareness and Consciousness Brought About Through Project Activities



**Sugaya:** I am currently working in the Global Business Development Department, Polymer Additives Sales Department. In the project, I am involved in “planning and managing internal exchange meetings with the aim of promoting DE&I”, and we have held four exchange

meetings. In order to further improve the exchange meetings, we have been considering holding a hybrid event combining real and remote participants, and themes of interest based on the opinions of participants. In this way, as the number of meetings increased, I was pleased to see that the number of participants and people who understood and empathized with this project also increased.

By participating in the project activities and hearing directly from many female employees about their own awareness and sense of issues, I think my own awareness of DE&I has changed. By sharing these experiences with the other employees, I hope to increase the number of people who understand and empathize with this project. I feel that it is important to continue to communicate the significance of DE&I, the progress of the project, and the results to our employees and to encourage a change in awareness.



**Okamoto:** Since joining the company, I have been working in the Mie Plant Administration section. In the project, I was engaged in “activities to increase opportunities for communication between female employees” and “activities to follow up on the promotion exams of female employees.” Female

employees who used these initiatives showed a high level of satisfaction, and it was possible to reduce their worries and anxieties about life at the company and improve their motivation to play an active role.

At ADEKA, as a manufacturer, the participation of women in our factories is still in the process of increasing, and we expect to see more female

employees and managers in the future. As one way of expanding opportunities for female employees to play an active role in our factories, we would like to actively encourage the use of the project's initiatives.

Through the project activities, I was greatly inspired by interacting with people from the research labs and the head office, people whom I don't usually have contact with, and I was able to gain experience in expressing my own opinions. Drawing on this experience, I would like to work to improve the quality of communication in the workplace and enhance the workplace environment.



**Mizutani:** I am currently working at the Food Products Development Laboratory, and in the project, I was involved in “activities to increase opportunities for skill development to realize careers.” In order to dispel the anxiety that many female employees have about their career development, when we surveyed

the skills that would lead to confidence among female employees, communication skills, the ability to express themselves, and planning skills were cited. When we planned and implemented projects focusing on these skills, we received feedback from participating female employees saying that “their motivation for work had increased” and that “they were now able to think more positively about their careers.” From now on, I would like to continue to help female employees to create positive career plans.

Through the project activities, I once again recognized the importance of a place where employees with different positions can gather and exchange opinions while respecting each other's opinions. It also helps to enhance the flexibility and the sense of speed as an organization, and I would like to apply this experience in my own workplace.



**Tokuhashi:** In order to achieve sustainable growth as a company, I believe that the “creation of an attractive organization where everyone can play an active role” through DE&I initiatives will lead to greater vitality among our employees. Let's continue to work together to actively promote DE&I.

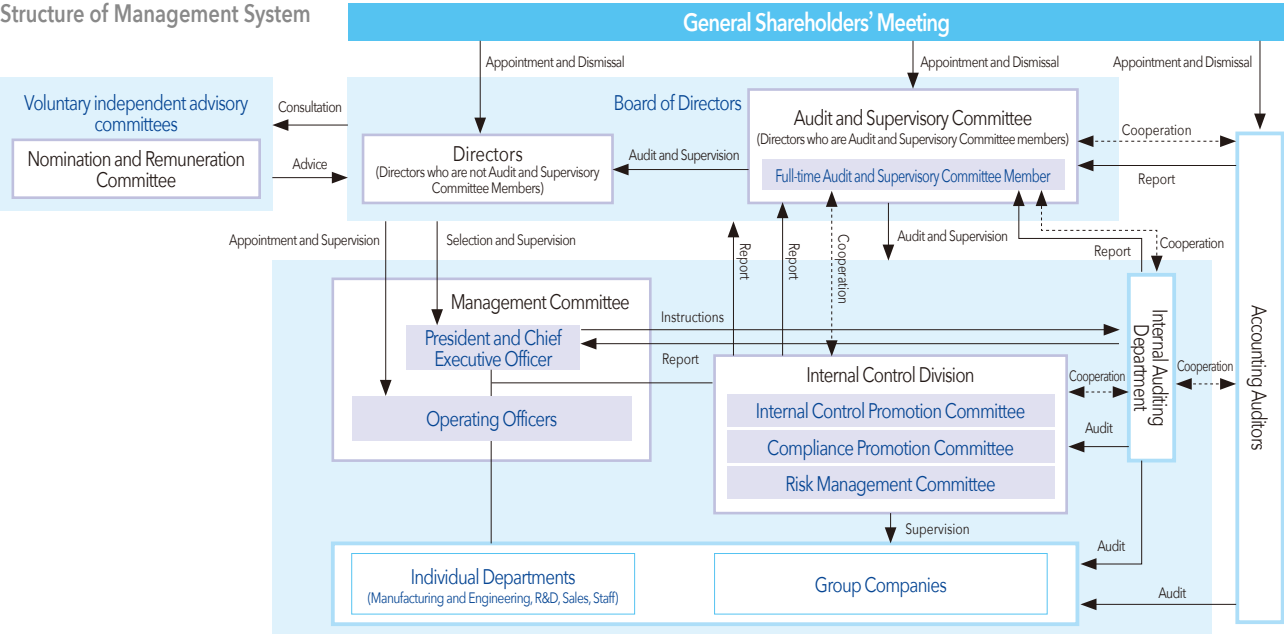


Governance

Corporate Governance Basic Stance on Corporate Governance

The ADEKA Group places top priority on the strengthening of corporate governance in order to realize its mission and management policies, as well as to achieve sustainable growth and enhance its mid-to-long-term corporate value. ADEKA has repeatedly implemented innovations in governance to enable timely management decision-making and clarify roles (responsibilities and authority) in the execution of operations. At the 161st Ordinary General Meeting of Shareholders held on June 23, 2023, the composition of the Board of Directors was revised to reduce the number of directors (from 16 to 10) and increase the ratio of independent external directors (5 out of 10 are external directors). In addition, following the resignation of Yoko Takemura, a female external director, Ikuko Hirasawa was appointed as a new female external director (the ratio of female Directors is 10%). Based on the ADEKA Group Corporate Governance Guidelines, going forward, ADEKA will continue to take committed action to reform its management structure and strengthen corporate governance by establishing a highly effective corporate governance system that allows the Board of Directors, Management Committee, voluntary advisory committees (Nomination and Remuneration Committee) and other bodies, as well as officers and employees, to fulfill their respective roles organically.

Structure of Management System



Changes in Corporate Governance Structure

	2006	2008	2015	2017	2020	2021	2022	2023	2024
Evolution of Governance		Review of the officer-remuneration system, including the abolition of the officer retirement benefit system							
			Establishment of Corporate Governance Guidelines						
				Introduction of a stock compensation plan using restricted stock compensation					
					Establishment of Nomination and Remuneration Committee				
						Transition to a Company with Audit and Supervisory Committee			
							Introduction of a delegated operating officer system		
Number of external directors/ directors (Ratio of external directors)	1/12 (8.3%)	1/10 (10.0%)	2/11 (18.2%)	2/11 (18.2%)	2/11 (18.2%)	6/17* (35.3%)	6/16* (37.5%)	5/10* (50.0%)	5/10* (50.0%)
						Directors 3/12 Director and Audit and Supervisory Committee Member 3/5	Directors 3/12 Director and Audit and Supervisory Committee Member 3/4	Directors 3/7 Director and Audit and Supervisory Committee Member 2/3	Directors 3/7 Director and Audit and Supervisory Committee Member 2/3

\*From 2021, includes directors, Audit and Supervisory Committee members.

Overview of Corporate Governance

ADEKA's decision-making follows a process of flexible and thorough scrutiny in combination with the deliberations of the ordinary meetings of the Board of Directors, held once a month; extraordinary meetings of the Board of Directors, convened as necessary; and the Management Committee, which gathers several times a month. In fiscal 2023, the Board of Directors conducted 12 ordinary meetings and five extraordinary meetings for a total of 17 meetings. To clarify executive responsibilities and powers and provide timely decision-making and efficient management, ADEKA has introduced an operating-officer system. Furthermore, in June 2023, we introduced a delegated executive officer system to further promote the separation of supervision and execution. Also, the Internal Control Promotion Committee, the Compliance Promotion Committee and the Risk Management Committee conduct deliberations

necessary for execution of operations, implementing company-wide measures for enhanced governance, compliance and risk management while striving for appropriate and rational management judgment.

Corporate Governance (as of June 30, 2024)

Item	Our Company
Governance structure	Company with Audit and Supervisory Committee
Chairman of the Board	President and Chief Executive Officer
Number of directors (of which: Audit and Supervisory Committee members)	10 ( 3 )
Ratio of independent external directors/numbers (of which: independent external directors and Audit and Supervisory Committee Member).	50%/ 5 ( 2 )
Ratio of female directors/numbers	10%/ 1
Terms of directors who are not Audit and Supervisory Committee Members	1 year
Terms of directors who are Audit and Supervisory Committee members	2 years
Number of operating officers (of which, also serve as directors)	20 ( 4 )

Supervisory structure (as of June 30, 2024)

	Board of Directors	Nomination and Remuneration Committee	Audit and Supervisory Committee
Chairperson	President and Chief Executive Officer	External Director	Internal Director
Composition	Internal Directors: 5; External Directors: 5	Internal Directors: 1; External Directors: 2	Internal Directors: 1; External Directors: 2
Number of times held (FY2023)	Regular: 12; extraordinary: 5; total: 17	4	6
Objectives	As a decision-making body for business execution, it decides important matters related to corporate management outside the authority of general meetings of shareholders, such as the election and dismissal of representative directors, supervision of directors' performance of their duties, and the issuance of new shares.	Further enhances corporate governance by improving the fairness, transparency, and objectivity of procedures related to the nomination of candidates for directors and the determination of their compensation, etc.	Fulfills the supervisory function over the directors' performance of duties by examining the status of operations and assets, and at the same time, works closely with the accounting auditors and the internal audit division (Internal Auditing Department) to improve their respective supervisory functions.
Main themes	• Mid-Term Management Plan/Businesses Investment, M&A/ESG, Sustainability/Introduction of a delegated operating officer system/Status of IR/SR initiatives, Enhancement of public relations activities/Capital efficiency, Fund procurement of materials/Risk management and compliance/Internal control	• Approval of nomination of Officer Candidates for the next fiscal year/Approval of bonus payment to Directors for the 161st fiscal year/Decision to report to the Board of Directors on the succession plan for the President and Chief Executive Officer formulated by the Nomination and Remuneration Committee/ Selection of Independent External Director as Chairman of the Nomination and Remuneration Committee	• Audit and Supervisory Committee Audit Policy, Audit and Supervisory Committee plan and assignment of duties, Revision of Standards for Audit and Supervisory Committee Audits, etc./ Appointment of candidates for Directors who are Audit Committee Members, Selection of Audit Committee Chairman, etc./Appointment of Accounting Auditors, Agreement on remuneration/ Judgment and verification of appropriateness of audit methods, results, and more for audits and reviews by the Accounting Auditor/Judgment and verification of the appropriateness of the Accounting Auditors' Report on the results of non-audit work/ Results of the implementation of the audit and Audit and Supervisory Committee's Audit Report

Audit Framework

In June 2021, ADEKA reorganized to become a Company with Audit and Supervisory Committee. The Audit and Supervisory Committee members survey the Board of Directors' attendance rate and the status of ADEKA's operations and finances to perform a supervisory function with respect to directors' execution of their duties, based on the auditing policies and division of duties stipulated by the Audit and Supervisory Committee. Also, the Audit and Supervisory Committee maintains close liaison with the accounting auditors and internal auditing segment (Internal Auditing Department), playing a role in improving the auditing functions of each. The internal-auditing results of the Internal Auditing Department are reported to the president and CEO as well as to the Audit and Supervisory Committee, by means of a dual reporting line.

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 business and financial affairs and provides learning opportunities such as 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 vigorous and constructive discussion.



# Corporate Governance

## Incentive Compensation for Officers

ADEKA's incentive compensation for officers is composed of remuneration paid as compensation for performing their duties, (base compensation), bonuses for officers linked to the performance of the company and individuals during the fiscal year (performance-based remuneration), and “restricted stock compensation (non-monetary remuneration)” as an incentive for medium- to long-term performance and stock price improvement.

Performance-based remuneration is based on the financial results for each fiscal year (consolidated net sales, consolidated operating profit and consolidated profit) and the performance for each fiscal year against the sustainability indicators (net sales of Eco-friendly products, GHG emissions) defined in the Mid-Term Management Plan. Bonuses are paid on a particular schedule each year as officers' bonuses and in an amount calculated in overall consideration of a variety of other factors. To provide a remuneration structure that sustainably improves medium-to-long-term corporate value, and by extension shareholder value, non-monetary remuneration is provided as restricted stock compensation.

Approximate percentage of each type of compensation, etc.  
(if the achievement rate of the performance indicator is 100%)

Position	Basic compensation	Performance-based remuneration	Non-monetary remuneration
Representative Director & Chairman, Representative Director & President	51%	19%	30%
Director & Senior Managing Executive Officer	54%	18%	28%
Director & Managing Operating Officer	56%	15%	29%
Director & Operating Officer	56%	13%	31%

### Matters Relating to the Determination of the Details of Compensation, Etc., of Individual Directors

ADEKA delegates the determination of individual compensation to President and Chief Executive Officer Hidetaka Shirozume. The reason for delegating decisions to him is that, as President and Chief Executive Officer, he is in charge of all business operations, and there are clear compensation standards, etc., which have been discussed and approved by the Nomination and Remuneration Committee. He decides on any compensation after consultation with the Nomination and Remuneration Committee and based on its opinion and advice.

## 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 Board requests the advice of the Nomination and Remuneration Committee. The candidates are then selected by resolution of the Board of Directors in careful consideration of the opinions and advice of the Nomination and Remuneration Committee.

## Drafting and Execution of Succession Plans and Successor Training

The company's succession plan to appoint as President and Chief Executive

Officer as the best person for the job, capable of handling the business environment and management issues that confront the ADEKA Group, ensuring sustainable growth for the entire ADEKA Group and improving corporate value over the medium-to-long-term, was reported and formulated at the January 2024 meeting of the Board of Directors, following discussions at three meetings of the Nomination and Remuneration Committee since the exchange of opinions at the meeting of the Nomination and Remuneration Committee held in April 2022. This system maintains the transparency and objectivity of the processes by which successors to senior management positions are nominated. Also, before agenda items for the nomination of officer candidates are presented to the Board of Directors, the president and CEO explains in the Nomination and Remuneration Committee that persons expected to be nominated as officer candidates satisfy the conditions in the successor plan and for nomination as officer candidates. The officer candidates are decided by resolution of the Board of Directors, in careful consideration of the opinions and advice of the Nomination and Remuneration Committee.

## Assessment of the Effectiveness of the Board of Directors

Members of the Board of Directors complete a self-assessment questionnaire. Among other aspects, this questionnaire covers the number of members of the Board of Directors, members' diversity and specialization and the items they present for deliberation; the Board of Directors' preparations for each meeting, management of proceedings and vigor of discussion; and the strategic decision-making and supervisory functions of the Board of Directors. The results of the tabulation of these questionnaires are evaluated and analyzed by a meeting of the Board of Directors and external directors only. An overview of the results is disclosed at the end of each fiscal year.

### Fiscal 2023 Assessment Results

#### [Summary of Assessment Results]

We have confirmed that our Board of Directors has a well-balanced composition, that we have appointed highly professional external directors, and there is smooth communication, resulting in robust discussions. Therefore, we have determined that the effectiveness of the Board of Directors is appropriately ensured.

#### [Issues and Responses]

Issues such as “the number of Directors are somewhat high” and “the number of agenda items are somewhat excessive” in the FY2023 results received positive evaluations as a result of narrowing the number of Directors (from 16 to 10) and reviewing agenda items, such as “more time was allocated for discussion from a medium- to long-term perspective” and “opinions were more easily expressed, leading to more active discussions.”

For FY2024, regarding the issue of “enhancing reporting on the status of progress and results of matters reported to the Board of Directors concerning decisions on the execution of operations,” the company plan to provide timely reports and strive to enhance post-meeting reporting, in accordance with the Board of Directors' regulations and agenda items for the Board of Directors. We also plan to expand opportunities for dialogue through on-site inspections and by providing opportunities for exchanges of opinions with management and employees regarding product market conditions, the businesses environment, etc. Issues related to “expanding opportunities to know and feel the workplace” will be addressed.

## Skills Matrix of Directors

The Company strives to ensure the diverse values and expertise of the members of the Board of Directors with fairness and a broad perspective when nominating candidates for Director in order to respond vigorously to change in the business environment and social issues.

We establish a skills matrix for the knowledge and experience of

Directors, which is necessary in light of our management policies and strategy, and use it to confirm the skill balance of the members of the Board of Directors, as well as to provide information to shareholders.

The latest skills matrix is available on our website at the following link.  
<https://www.adeka.co.jp/company/profile.html>

Name	Title	Knowledge and Experience that the Company Expects of Directors						
		Corporate Management	Sustainability	Global	Financial Strategy/Accounting	HR Management	Research/Manufacturing Management/Technology (including IT/DX)	Governance/Risk Management
Hidetaka Shirozume	President and Chief Executive Officer, Representative Director	●	●	●				●
Haruhiko Tomiyasu	Representative Director and Senior Managing Executive Officer	●			●	●		●
Youji Shiga	Director and Operating Officer				●		●	●
Kiyoshi Masamune	Director and Operating Officer		●	●			●	●
Shigeru Endo	Director [External/Independent]			●		●		●
Makoto Horiguchi	Director [External/Independent]	●		●				●
Naoya Takahashi	Director [External/Independent]	●		●			●	
Koichi Taya	Director, (Full-Time) Audit & Supervisory committee member (Chair)							●
Akio Okuyama	Director, Audit & Supervisory Committee Member [External/Independent]				●			●
Ikuko Hirasawa	Director, Audit & Supervisory Committee Member [External/Independent]		●					●

## Reasons for skills selection

Skills	Reason for selection	Applicable requirements
Corporate Management	In order to realize “ADEKA VISION 2030” and ensure sustainable growth while envisioning the business environment of 2030, management experience and business performance in each business area is needed.	• Experience as an executive director of a publicly traded company or equivalent company*1
Sustainability	To promote sustainability as a growth strategy and to enhance social value and achieve sustainable growth, Directors with knowledge and experience in sustainability are needed.	• Work experience*2 or management experience*3 in applicable skills • Advisory experience*4 related to the applicable skills
Global	As we advocate global management, which is essential for our company's growth, Directors with overseas management experience as well as knowledge and experience in the business environment are needed.	• Experience of being in charge of overseas operations or management • Knowledge and experience related to international business • Experience of working at overseas postings (excluding short-term dispatch and study abroad)
Financial Strategy/Accounting	In order to develop financial strategies that build a strong financial base and achieve investment and shareholder returns to improve corporate value, Directors with knowledge and experience in the applicable fields are needed.	• Work experience or management experience in applicable skills • Advisory experience related to the applicable skills
HR Management	Human capital strategies must be developed to maximize the capabilities of employees as human resources, and Directors with knowledge and experience in the applicable fields are needed.	• Work experience or management experience in applicable skills • Advisory experience related to the applicable skills
Research/Manufacturing Management/Technology (including IT/DX)	In order to optimize R&D, operations, manufacturing processes, and business-to-business transactions through the use of digital technology (IT/DX) and to strengthen competitiveness, Directors with knowledge and experience in the applicable fields are needed.	• Work experience or management experience in applicable skills • Advisory experience related to the applicable skills • Work experience at universities, external research facilities, etc.
Governance/Risk Management	Governance and risk management, the foundation for Improving corporate value, are essential elements for improving the effectiveness of management and supervision, and Directors with knowledge and experience in corporate governance, risk management, and compliance are needed.	• Work experience in or managing a legal, compliance, or internal control division • Advisory experience in related to legal affairs, compliance, and internal control • Experience in proactively engaging in the development of corporate governance, proactively engaging in contingency measures*5, or in an advisory capacity

\*1 Equivalent company is defined as a company of a size equivalent to a publicly listed company. \*2 Work experience is defined as having been engaged in an applicable business as the main business for a minimum of three years. \*3 Management experience is defined as having held the title of department head or higher in charge of the applicable business. \*4 Advisory experience is defined as whether or not the individual has performed advisory work in the applicable business outside of the company. \*5 Response to the 14 crisis items specified in the ADEKA Group Risk Management Manual

List of officers

Director



1985 Joined the Company  
2018 President and Chief Executive Officer  
2023 President and Chief Executive Officer,  
Representative Director (current position)

President and Chief Executive  
Officer, Representative Director  
**Hidetaka Shirozume**



1985 Joined the Company  
2018 Director and Operating Officer, General  
Manager, Legal Affairs & Publicity Department  
of the Company  
2022 Director and Operating Officer, Finance &  
Accounting Department, Information System  
Departmen (current position)  
Director and Full-time Audit & Supervisory  
Committee Member

Director and Operating Officer  
**Youji Shiga**



1979 Joined the Dai-ichi Kangyo Bank, Limited  
(current MIZUHO BANK, LTD.)  
2005 General Manager, Administration  
Department, MIZUHO BANK, LTD.  
2007 Audit & Supervisory Board Member of the  
Company  
2020 Representative Director and Senior Managing  
Executive Officer, Assistant to the President,  
Secretarial Department, Human Resources  
Department, Purchasing & Distribution  
Department, and Chair of Internal Control  
Promotion Committee and Chair of Crisis  
Management Committee (currently Chair of  
Risk Management Committee) (current position)  
2023 Director, NIHON NOHYAKU CO., LTD.  
(current position)

Representative Director and  
Senior Managing Executive Officer  
**Haruhiko Tomiyasu**



1988 Joined the Company  
2018 Operating Officer, General Manager,  
Corporate Planning & Strategy Div.  
2024 Director and Operating Officer for the Legal  
Affairs & Publicity Dept. and the Corporate  
Planning & Strategy Div., Chair of the  
Compliance Promotion Committee and  
Capital Investment Committee (current  
positions)

Director and Operating Officer  
**Kiyoshi Masamune**

Audit and Supervisory Committee Member



1986 Joined the Company  
2022 Director and Full-time Audit & Supervisory  
Committee Member (current position)

Director  
(Full-time Audit & Supervisory Committee Member)  
**Koichi Taya**



1968 Joined Chuo Accounting Firm  
1971 Registered as a certified public accountant  
1983 Representative Partner, Chuo Accounting Firm (later MISUZU  
Audit Corporation)  
2001 Chairman of the Japanese Institute of Certified Public  
Accountants  
2005 Chairman, Chuo Aoyama Audit Corporation (later MISUZU Audit  
Corporation)  
2006 Visiting Professor, Graduate School of Accountancy, Waseda  
University  
2007 Director, Okuyama Accounting Firm (current position)  
2009 External Audit & Supervisory Board Member of the Company  
2010 Outside Corporate Auditor, Nippon Flour Mills Co., Ltd. (current  
Nippon Corporation)  
2014 Auditor, Shinkin Central Bank (current position)  
2020 Outside Director, Nippon Flour Mills Co., Ltd. (current Nippon  
Corporation) Audit and Supervisory Committee Member (current  
position)  
2021 External Director and Audit and Supervisory Committee Member  
of the Company (current position)

External Director (Audit &  
Supervisory Committee Member)  
**Akio Okuyama**

External Director



1974 Joined Ministry of Foreign Affairs  
1989 Seconded to International Energy Agency  
2001 Deputy Director-General in the Middle  
Eastern and African Affairs Bureau, Ministry of  
Foreign Affairs  
2002 Deputy Director-General in the Consular and  
Migration Affairs Bureau, Ministry of Foreign  
Affairs  
2003 Ambassador to the Permanent Mission of  
Japan to the International Organizations in  
Geneva, and Consul General of Japan in the  
Japanese Consulate in Geneva  
2007 Ambassador Extraordinary and  
Plenipotentiary to Republic Tunisia  
2009 Ambassador Extraordinary and  
Plenipotentiary to Saudi Arabia  
2012 Retired from Ministry of Foreign Affairs  
2013 Outside Director, JGC Japan Corporation  
(JGC Holdings Corporation)  
Outside Director, Iino Kaiun Kaisha, Ltd.  
2014 Special Assistant to the Ministry of Foreign  
Affairs  
2017 Special Envoy for EXPO 2025  
2018 External Director of the Company (current  
position)  
2019 Outside Director, JGC HOLDINGS  
CORPORATION (current position)

External Director  
**Shigeru Endo**



1979 Joined Iwatani Corporation  
2019 Member of the Board, Senior Managing Officer,  
Industrial Gases Div., Hydrogen Div., Machinery  
Div., Iwatani Corporation  
2020 Member of the Board, Vice President, Iwatani  
Corporation, Responsible for Sales, Iwatani  
Corporation  
2021 External Director of the Company (current  
position)  
2022 In charge of New Product Development & Market  
Research, Iwatani Corporation, Risk Management  
Committee Chairperson, Iwatani Corporation  
2024 Member of the Board, Iwatani Corporation  
(current position)  
Chairman, Higashi-Nippon Iwatani Gas  
Corporation (current position)  
President, Kashima L.P.G. Joint Stockpiling Co.,  
Ltd. (current position)

External Director  
**Makoto Horiguchi**



1973 Joined Hitachi, Ltd.  
2006 Vice President and Executive Officer,  
Executive Vice President and Chief  
Technology Officer of Information &  
Telecommunication Systems Group of  
Hitachi Ltd.  
2009 Representative Executive Officer, Executive  
Vice President and Executive Officer, in  
charge of Information Business, Research &  
Development and Information System,  
Hitachi Group Chief Technology Officer,  
Hitachi Group Chief Innovation Officer and  
Hitachi Group Chief Information Security  
Officer  
2011 President and Chief Executive Officer of  
Hitachi Electronics Services Co., Ltd. and  
President and Chief Executive Officer of  
Hitachi Systems, Ltd.  
2016 Chairman Emeritus of Hitachi Systems, Ltd.  
2020 Special Advisor of Hitachi Systems, Ltd.  
2023 Honorary Advisor of Hitachi Systems, Ltd.,  
Executive Advisor of Cloud Services  
Platform Business Unit, Hitachi, Ltd.  
2024 Executive Advisor of Hitachi Vantara, Ltd.  
(current position)  
External Director of the Company  
(current position)

External Director  
**Naoya Takahashi**



1989 Registered as an attorney (Tokyo Bar Association) and Joined  
Kanto Law Office  
2004 Opened and Joined Allegretto Law Office  
2009 Public Member, Tokyo Metropolitan Government Labor Relations  
Commission  
2012 Vice-Governor, Kanto Federation of Bar Associations  
2013 Commissioner, Telecommunications Dispute Settlement  
Commission, Ministry of Internal Affairs and Communications  
2017 Vice President, Tokyo Bar Association  
2019 Vice President, Japan Federation of Bar Associations  
2021 Acting Chairman, Former Eugenic Protection Act Lump-Sum Grant  
Certification, Children and Families Agency (current position)  
Regional Committee Member, Advisory Committee for the  
Nomination of Lower-Court Judges, Supreme Court of Japan  
(current position)  
2022 Chairperson pf Board of Trustees, Nihon University (current  
position)  
Partner, Oozora Law Office (current position)  
2023 External Director and Audit and Supervisory Committee Member  
of the Company (current position)

External Director (Audit &  
Supervisory Committee Member)  
**Ikuko Hirasawa**

Directors External Directors

List of Operating Officers

Hidetaka Shirozume	President and Chief Executive Officer, Representative Director
Haruhiko Tomiyasu	Representative Director and Senior Managing Executive Officer Assistant to the President, Secretarial Dept., Human Resources Dept., Purchasing & Distribution Dept., and Chair of Internal Control Promotion Committee and Risk Management Committee
Yoshiaki Kobayashi	Managing Operating Officer, General Manager, Foods Division
Shigeki Fujisawa	Managing Operating Officer, General Manager, Environmental Materials Division
Atsuya Yoshinaka	Managing Operating Officer, General Manager, Electronic Materials Division

Youji Shiga	Director and Operating Officer, Finance & Accounting Dept., Information System Dept.
Naoshi Kawamoto	Senior Operating Officer, General Manager, Polymer Additives Division
Kiyoshi Masamune	Director and Operating Officer, Legal Affairs & Publicity Dept., Corporate Planning & Strategy Div., Chair of the Compliance Promotion Committee, Chair of the Capital Investment Committee
Shin Takahashi	Senior Operating Officer, General Manager, Production Div.

Kenji Ikeda	Operating Officer, General Manager, Food Development Laboratory
Toru Kajimura	Operating Officer, General Manager, Foods Planning & Development Dept.
Yukio Tatsumi	Operating Officer, General Manager, R&D Planning Department
Masaki Maeno	Operating Officer, General Manager, Polymer Additives Sales Dept.
Hirohide Kakimoto	Operating Officer, General Manager, Secretarial Dept.
Hiroto Matsuyoshi	Operating Officer, General Manager, Production Administration Dept.

Fumitake Koyae	Operating Officer, General Manager, Legal Affairs & Publicity Dept.
Kenji Seki	Operating Officer, General Manager, Electronic Materials Planning & Marketing Department
Takafumi Fujii	Operating Officer, General Manager, Technology & Engineering Department
Mitsutoshi Sasajima	Operating Officer, General Manager, Electronic Materials Development Laboratory
Takashi Tokuhashi	Operating Officer, General Manager, Corporate Planning & Strategy Div.

\*Current titles are the most up-to-date.  
\*Brief personal histories are as of June 21, 2024.



# Discussion Between the Chairman of the Board and External Director



President Shirozume, Chairman of the Board of Directors, and External Director Endo held a discussion on the themes of improving the effectiveness of the Board of Directors and the ideal form of the Nomination and Remuneration Committee.

## ■ Considering the Effectiveness and Sound Operation of the Board of Directors

**Shirozume:** Since many of the proposals that have come before the Board of Directors have already been discussed at the Management Committee and more on the executive side, it is important for the Board of Directors to receive opinions and advice from each External Director in their capacity as supervisors of management. In such situations, Director Endo is often the one who initiates the discussion, and he always sets the tone for the discussion.

**Endo:** President Shirozume is not only a skilled manager, but as Chairman of the Board of Directors, he facilitates discussions at the Board of Directors with a strong emphasis on stimulating discussions. Even matters that are considered too obvious to need an explanation to the executive side are supplemented with additional explanations in a way that external directors can easily understand. Also, to avoid falling into discussions of individual optimization, you always speak from a holistic standpoint of the entire ADEKA Group, which is very reassuring.

**Shirozume:** Proposals from the executive side tend to be overly concerned with the risk of details and inevitably tend to be conservative in their thinking. In response to these proposals, External Directors, including Director Endo, have sometimes advised us to move forward with a sense of urgency and without fear of failure. As a manager, I am always encouraged by such advice.

**Endo:** Because of my own background, I always try to express my opinions at Board of Directors meetings from a global perspective. When it comes to overseas expansion of our business, the focus tends to be solely on expanding locations globally, but there are many things to consider, such as geopolitical risks and regional characteristics. Not only do we simply push the executive side toward business expansion, but we also naturally make sure that we know where the different risks are and how they are being managed.

Sustainability perspectives are also important. For example, diversity. Women are expected to play an even more active role, and there is a social demand to increase the number of women in managerial positions. ADEKA is also committed to this effort. Furthermore, I believe, regardless of gender, that it is important from the perspective of human resource policy to realize the individuality and potential of each employee in the workplace.

**Shirozume:** The Mid-Term Management Plan “ADX 2026” places importance on the ADEKA Group’s ability to continue to exist while making a reasonable profit as the world moves toward the realization of a sustainable society. During the formulation project, there were discussions on how to convince shareholders and investors that our Group is a company capable of realizing a conglomerate premium. Even with regard to IR/SR\*, you advised us of the importance of not only explaining financial results and answering individual questions but also to proactively tell the story of the realization of our management policy. I also agree with the point made about ensuring diversity. In recent

years, the ratio of female employees has gradually increased, and the groundwork is definitely being laid for an increase in the number of female managers. On the other hand, consideration must also be given to male employees. It is important to remove unconscious bias and build an impartial perspective from a DE&I perspective.

\*Investor Relations, Shareholder Relations

## ■ Operation and Roles to Fulfill of the Nomination and Remuneration Committee

**Endo:** The issues of nomination and remuneration are very sensitive and should be pursued with great care.

It is also important to create a process that ensures objectivity, fairness, and transparency. Our Company has a system in place to do this. ADEKA's Nomination and Remuneration Committee has already discussed the requirements for suitable next-generation managers, and a framework has already been established for the President's succession plan. I personally believe that such succession planning should be done with a “global” perspective in mind. Also, in-depth discussion is needed on what “global” really means.

**Shirozume:** There is the issue of developing a large number of management personnel. But at the end of the day, there is always the task of selecting a person to be the next generation President, and we have to be able to objectively explain why that person is the right person for the job. In that sense, the discussions in the Nomination and Remuneration Committee are very helpful to me as well. Of course, I have my own ideas about the next generation of managers, but the discussions in the Nomination and Remuneration Committee also helps me to organize my own thinking. I often gain new insights into the image of the next generation President because of the things

that are pointed out to me. I wouldn't call it “check whether an answer is correct or not,” but I do find the discussions there to be extremely informative.

**Endo:** Regarding officer remuneration, ADEKA incorporates social values, such as contributions to environmental issues and so forth, into performance-based remuneration as a non-financial performance indicator. Quantifying social value is a difficult task and will continue to be a trial and error process, but I commend you for pursuing these initiatives in addition to the economic value.

**Shirozume:** Regarding the social value you pointed out, some members of the Committee suggested to reflect this in the performance bonuses for not only officers but also managers and general employees.

However, in order to incorporate non-financial performance indicators into the remuneration structure, the Company must consistently generate a higher level of profitability. I would like to further enhance our corporate value by continuously achieving good performance and properly returning the profits to our stakeholders, including our employees.

**Endo:** The Nomination and Remuneration Committee will continue its efforts to enhance the medium- and long-term corporate value of the Company. Recently, we have been deepening our discussion on the skills matrix.

In addition to the Company's Research & Development, we also focus on sustainability issues such as Human resource development and employee engagement, as well as IR and SR initiatives and more. In my opinion, our Company's corporate slogan, “Add Goodness,” describes our Company's characteristics very well. President Shirozume is also leading the efforts in public relation activities, and I feel that ADEKA's recognition is increasing.

This is my seventh year since becoming the President, and I once again feel how valuable it is to be able to receive candid opinions from a variety of perspectives. I would like to express my sincere gratitude to all the External Directors, including Director Endo, for their many positive opinions they have expressed. With a powerful Board of Directors supported by these individuals, we will continue to engage in fruitful discussions that lead to improved corporate value.

Chairman of the Board Hidetaka Shirozume



# Messages from External Directors



External Director  
Makoto Horiguchi

## Add Goodness

This year is the first year of our Mid-Term Management Plan, “ADX 2026”. Put simply, the three basic policies are (1) to enhance earnings power, (2) to promote sustainability, and (3) to reinforce our management foundation. In order to achieve these basic policies, I would like to express my opinions from various perspectives based on my knowledge to date gained in Japan and overseas.

(1) To enhance earnings power, I think it is important to redefine our strengths and business environment and actively invest in highly profitable businesses while at the same time restructuring or reorganizing underperforming businesses.

(2) To promote sustainability, it is important to expand Eco-friendly products, work toward carbon neutrality, and reinforce governance and risk management. It is also important to continue to be a company that is needed by society in the future.

(3) To reinforce our management foundation, it is necessary to have a management foundation that can sustain businesses even in a highly uncertain environment, and it is important to strengthen the supply chain, improve human capital, and engage in initiatives to promote DX. In particular, to strengthen the supply chain, it is essential to grasp future demand through close contact with customers and secure raw material sources to meet that demand.

I believe that the most important aspect in achieving these three basic policies is, above all, to continue to be a company where the ADEKA Group employees can work with a high level of motivation and feel that they are growing.

The slogan “Add Goodness”, born from the belief that everything can be made better, I think is very fitting for our company, wonderful, and I personally love it as well.

As an external director, I hope to contribute in any way I can to the development of the Group that upholds “Add Goodness.”



External Director  
Naoya Takahashi

## Greetings from a newly-appointed external director

At this time, I would like to express my great pleasure at the opportunity to be appointed as an external director of ADEKA, which has a history of more than 100 years as a materials manufacturer and is developing a wide range of businesses on a global scale.

For more than 50 years, I have been involved in product development, business unit operations, corporate management, and advice at Hitachi, Ltd. and the Hitachi Group. During this time, I have engaged in intense global competition for product development and market share. Furthermore, I have learned and practiced the importance of prioritization, timely and speedy decision-making in management. I have also obtained a Ph.D. in Engineering.

I hope to leverage my previous experience and knowledge to provide useful advice to ADEKA's management as it aims for global growth. Thank you very much in advance.



External Director  
(Audit & Supervisory  
Committee Member)  
Akio Okuyama

## Delivering ADEKA's products to all corners of the world

ADEKA Corporation's business is currently doing very well. However, I believe this success was made possible through the combined efforts of the company's manufacturing and sales departments over a long period of time, and the efforts of the supporting departments, which have transformed the company's structure into a robust and resilient one.

I love cost accounting. The work of determining the cost of products by identifying, totaling, and classifying the costs incurred illustrates the process of transforming raw material inputs into products, which can be said to be the work that shows the essence of the business. When I attended my first ADEKA board meeting, a global SBU profit-and-loss statement was immediately distributed. There, important figures such as net sales, sales volume, contribution margin, and fixed costs were displayed in a single table, broken down by product type. I was astonished to learn that there is actually a company that uses costs as a motto in this way, and I grew instantly fond of ADEKA.

Currently, ADEKA manages its own product line by dividing them into the five categories of Polymer Additives, Electronic Materials, Environment Materials, Food Products, and Life Sciences. Each product group has achieved excellent results in terms of sales and profits. I believe that quality assurance of products and the maintenance of accurate costs to support them are the basis for calculating net sales and profit on sales.

I will continue to monitor this situation closely and be a part of ADEKA's positive growth.



External Director  
(Audit & Supervisory  
Committee Member)  
Ikuko Hirasawa

## Aiming at establishing DE&I and a governance structure

ADEKA, as symbolized by our catchphrase below\* may not have high name recognition but it is a company that offers cutting-edge materials in its four businesses and is growing very solidly. I became an external director and Audit and Supervisory Committee member last year, and I have been given ample opportunities to ask questions and express my opinions at Board of Directors meetings. I am able to work freely and have more opportunities to interact with our employees who are involved in DE&I projects.

ADEKA is currently promoting sustainability in our Mid-Term Management Plan for 2030 and we believe that in order to achieve this goal, it is necessary to become a company

where female and young people can play more active roles. Also, as an underpinning, our governance structure must be strong. I will do my utmost to ensure that the company values its people (human resources), including females, and that the governance structure of the entire company, including subsidiaries, is well established.

\*ADEKA is a modest and inconspicuous company, but in fact it provides "SOZAI" (Materials as treasure) that are indispensable to our daily lives.



Compliance

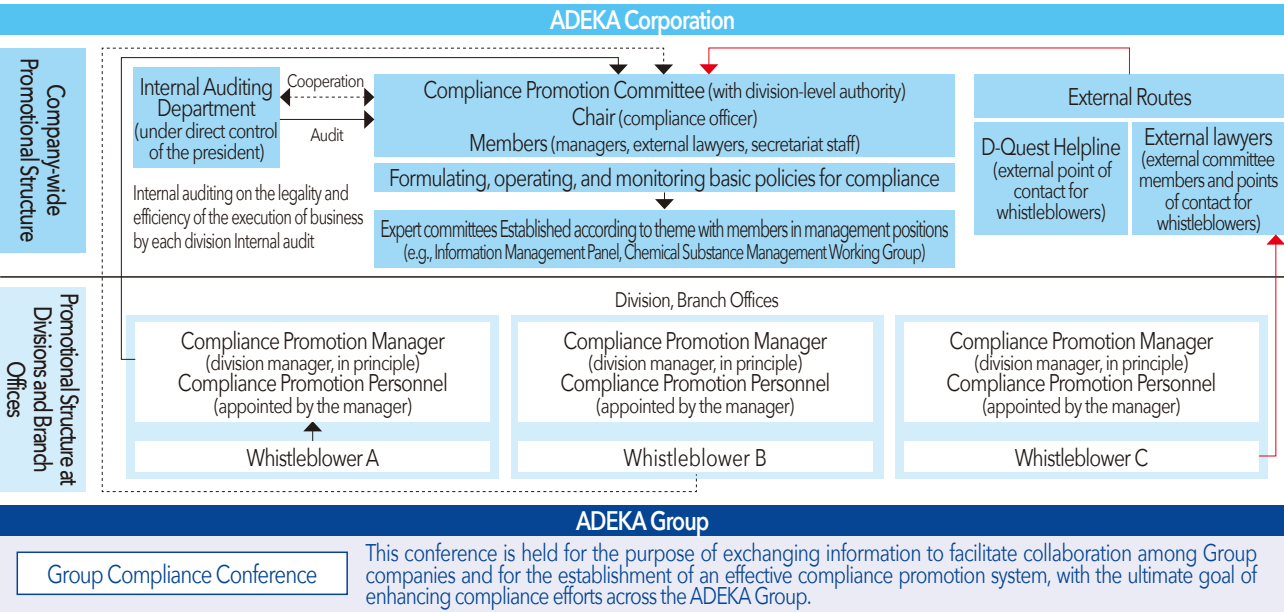
Basic Stance on Compliance

The management policies of the ADEKA Group support effective responses 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 demands through the provision of new value that is useful for addressing social issues. This is done 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. Also, a Group Compliance Conference consisting of representatives of major group companies and compliance officers is held twice a year (in March and September). At this Conference, Group companies make efforts to strengthen overall Group compliance by confirming compliance issues at each company and measures to deal with them and by otherwise exchanging information.

Compliance Organizational Chart



Strengthening Group Compliance

In FY2023, the Compliance Promotion Committee promoted initiatives to further strengthen Group compliance, including (1) Implementation of a new compliance awareness survey (renewed the survey content with the survey contractor); (2) Dissemination of the revised ADEKA Group Code of Conduct (serial publication of commentary articles in the company newsletter and implementation of e-learning programs for Group companies in Japan); and (3) Consideration of a Global Whistleblower System in conjunction with the introduction of a grievance mechanism for addressing human rights (Joined JaCER).

Overview of the survey of compliance awareness

- Objectives: To confirm compliance awareness among officers and employees, assess current status, analyze issues, and implement improvements
- Response rate: 98.3% (July 2023 implementation. ADEKA Group as a whole 2,649 responses)

Compliance Consultation and Internal Reporting System

The ADEKA Group has maintained an internal reporting system since 2003. Users can use this system without any disadvantages and with peace of mind. The system employs a reporting system that allows two-way communication while remaining anonymous. Details about the cases and the actions taken are shared with Audit & Supervisory Board members and outside legal counsel, and reported to the Board of Directors.

FY	2019	2020	2021	2022	2023
Reports	6	9	9	4	10

In addition, to respond to the effective implementation of the revised Whistleblower Protection Act, the Compliance Whistleblower Regulations were revised to add provisions such as the designation of whistleblower response personnel and prohibition of out-of-scope sharing. (June 1, 2022)

Compliance with Fair Business Practices and Prevention of Corruption

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

Each year 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.

Preventing Bribery Efforts

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 as described above based on the ADEKA Group Basic Policy Against Corruption, related regulations and the ADEKA Group Anti-Bribery Guidelines. Every year ADEKA confirms the progress of efforts by companies to prevent overseas bribery to obtain an understanding of current conditions. To reinforce efforts to prevent bribery, ADEKA offers e-learning courses and implements risk assessment online.

Tax Matters

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

Management of Chemicals and Export Controls

In addition to complying with laws and regulations related to chemical substances around the world, the Company also responds to the issuance of Safety Data Sheets (SDS) and HS codes (tariff classification numbers) determinations for each country in accordance with the Globally Harmonized System of Classification and Labelling of Chemicals (GHS) in cooperation with its overseas offices. We have also organized a Chemical Substance Management Working Group under the Compliance Promotion Committee, which is responsible for company-wide cross-sectional measures. ADEKA established a Trade Control Committee, a security export control organization under the direct authority of the president of ADEKA. Under the direction of the Trade Control Committee (secretariat: Environmental Safety & Quality Assurance Department), education on security export controls (e-learning) was provided to all employees.

Raising Awareness Among Group Employees

Compliance Education

ADEKA provides education and training to employees at various levels, through e-learning courses, level-based training, and training on specific themes, laws and regulations. Moreover, each workplace is required to conduct "workplace compliance training," compliance training tailored to its own unique needs, more than once a year.

Sustainability Management

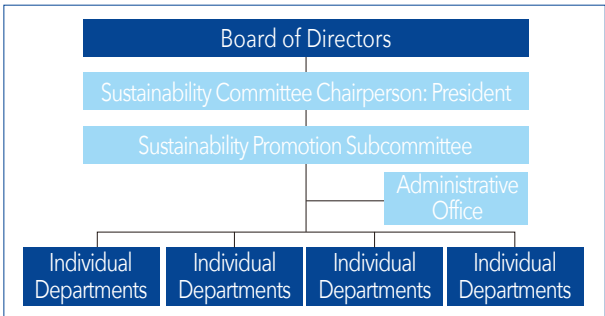
The ADEKA Group contributes to the creation of a sustainable future by meeting stakeholders' expectations with technologies and reliability through fair and transparent corporate activities. Guided by this policy, the ADEKA Group aims to fulfill its corporate social responsibility throughout the supply chain and provide value as a manufacturer of "materials as treasure" to address a variety of social issues, while ensuring that each and every employee is aware of sustainability. Furthermore, we will respond to the ever-evolving expectations of our stakeholders and enhance our corporate value by contributing to a sustainable society through our core business.

In order to concretely promote corporate activities based on this Basic Policy, the Sustainability Committee (Committee Chairperson: President and Chief Executive Officer) has established seven sustainability priority issues categorized as Environment (E), Society (S), and Governance (G), and targets (KPIs) with 2030 in mind, the target year for the achievement of the SDGs, and is implementing company-wide initiatives.

System for Promoting Sustainability

In 2019, the ADEKA Group established the Sustainability Committee, a sustainability decision-making body chaired by the president, and the Sustainability Promotion Subcommittee, which promotes initiatives. In April 2022, we established the Carbon-Neutral Strategy Department and the Corporate Sustainability Department with the aim of achieving carbon neutrality and sustainable growth through management with an emphasis on sustainability. We will accelerate our efforts by ambitiously integrating management and sustainability.

System Diagram for Promoting Sustainability



## Risk Management

### Basic Stance on Risk Management

As business risks increase in the management environment, the ADEKA Group seeks to prevent incidents and minimize the damage they can cause. In one approach, the Group outlined a system for managing risks in the ADEKA Group Risk Management Manual, focusing on prevention and countermeasure efforts.

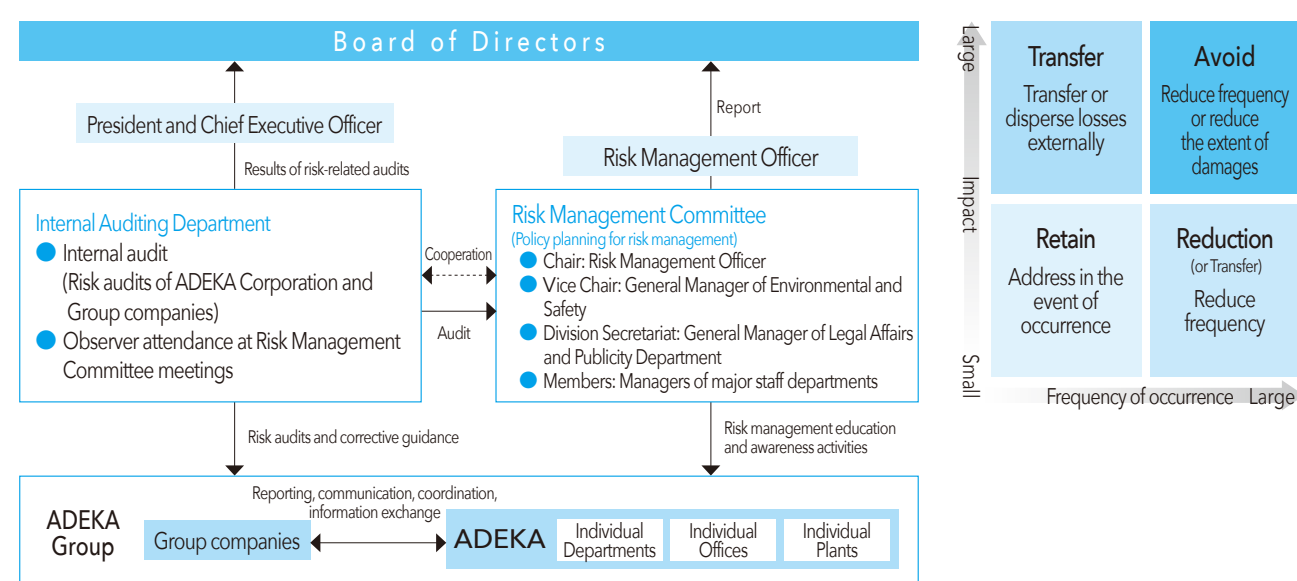
### Risk Management System

The Risk Management Committee, chaired by the risk management officer and with the Legal Affairs and Publicity Department as its secretariat, is composed of department heads of major staff departments and meets periodically (twice a year). In addition to identifying and assessing risks in each department and operating and reviewing the risk management system, the ADEKA Group Risk

Management Regulations and the ADEKA Group Risk Management Manual have been established and are in operation. When emergencies arise, departments responsible for each risk category are specified based on these manuals and systems are implemented to minimize any damage. In cases of acute emergency and importance, an Emergency Headquarters is established to coordinate operations. To minimize damage from loss of confidence in the Company when unforeseen incidents and accidents occur, ADEKA has prepared an Emergency Public Relations Manual.

In risk monitoring, each department and implementing office will identify, specify, analyze, and evaluate risks (risk assessment), information-management, security, and business continuity risks are mapped and tested based on the frequency of occurrence and impact, and measures are examined. The Group Risk Management Conference was established in March 2023 to strengthen group risk management.

Diagram of the risk management system



### Strengthening of 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.

### Business Continuity Management

The Business Continuity Management (BCM) 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, plays a central role in carrying out an array of measures aimed at strengthening information security and information management, including measures against hacking, computer viruses, and cyber attacks, and employee education, based on the information security policy and security-related regulations. In fiscal 2023, the company conducted an audit on the status of operation of the information security system and regulations for its domestic affiliates.

## Stakeholder Communication

The ADEKA Group coexists harmoniously and mutually benefits society through business activities that respond to the needs and expectations of stakeholders. With the aim of achieving a sustainable society, the Group strives to create systems and products that solve a wide range of issues with which society is grappling.

### Enhancing corporate value through direct dialogue with investors

Engaging in constructive dialogue with shareholders and investors to enhance corporate value over the medium to long term and to deepen investors' understanding of ADEKA, the Company actively discloses business plans and other key management information. At the same time, the Company conveys to senior management the opinions and desires expressed through dialogue with investors, as it strives for constant improvement and maximization of enterprise value. In fiscal 2023, we held financial results briefings attended by the President and Chief Executive Officer every quarter, or four times in the year, to explain business conditions and future prospects. In addition, to provide a better understanding of our business and growth strategy,

we held a Life Sciences Business briefing. Furthermore, we are striving to strengthen communication with institutional investors and analysts. In fiscal 2023, ADEKA conducted 175 IR meetings during the year, 21 of which were conducted by management, in an effort to improve our relationship through active communication. In addition to this, the company exhibited at IR fairs for individual shareholders three times and engaged in dialogue with investors by providing explanations focusing on our "materials as treasure" that contribute to the enrichment of people's lives and our growth strategy. We also reference our dialogue with shareholders in preparing the Integrated Report and in considering its structure and content.

### Dialogue with Stakeholders Through our Sustainable Procurement Activities

#### Declaration of Partnership Building

We released our Declaration of Partnership Building in endorsement of the aims of the Council on Promoting Partnership Building for Cultivating the Future, whose members include the Chairman of the Japan Business Federation, the Chairman of the Japan Chamber of Commerce and Industry, the President of the Japanese Trade Union Confederation, and the ministers concerned (the Cabinet Office, the Ministry of Economy, Trade and Industry, the Ministry of Health, Labour and Welfare, the Ministry of Agriculture, Forestry and Fisheries, the Ministry of Land, Infrastructure, Transport and Tourism). We aim to build new partnerships by promoting collaboration and coexistence with our supply chain partners and value-creating businesses.

In the promotion of the "Declaration of Partnership Building," we hold technical exchange meetings with each of our outsourcing partners to exchange information on safety and to resolve production technology issues faced by each company.

\*Conduct technical exchange meetings

\*Issues in manufacturing technology

Specific examples: Optimization and higher efficiency of tank cleaning methods, etc

#### Sustainable Palm Oil Procurement

In order to promote responsible palm oil procurement, the ADEKA Group obtained RSPO certification for its supply chain in April 2018. Later, we expanded the scope of certification for the ADEKA Group to ADEKA FOODS (Asia) SDN. BHD. in Malaysia in April 2019, ADEKA (Singapore) PTE. LTD. in Singapore in April 2020, and ADEKA FOODS (Changshu) April 2023, and the percentage of certified oil purchased is increasing every year (Actual results in 2023: 34.8%\*). In cosmetics operations, Chiba Plant acquired supply-chain certification in June 2020 and began supplying certified products.

\*Target: ADEKA Group consolidated, Data aggregation period: January to December 2023

### Labor-Management Relations

Under the terms of a union-shop agreement concluded with the ADEKA Labor Union, union membership among general employees is 100%. The Company conducts ongoing dialogue with the labor union. In addition to labor-management councils, held to establish consensus on management issues and workplace environments, the Company and the union meet in the Workstyle Reform Committee, Personnel System

Step-Up Committee and Physical and Mental Health Promotion Committee, in which the two parties discuss themes such as personnel systems and workplace environments.

Issues such as union members' wages, bonuses and work conditions are decided through the annual collective-bargaining process.



# Special Feature: ADEKA Main Themes

Driven by the desire to “enrich people's lives,” we continue to take on the challenge of creating new society issues as they change with the times and to create new “materials as treasure.” We aim to achieve a sustainable society and affluent lives through the development and provision of valuable materials as treasure. The ADEKA Group focuses on the following four themes in its core businesses of Chemicals, Foods, and Life Science.

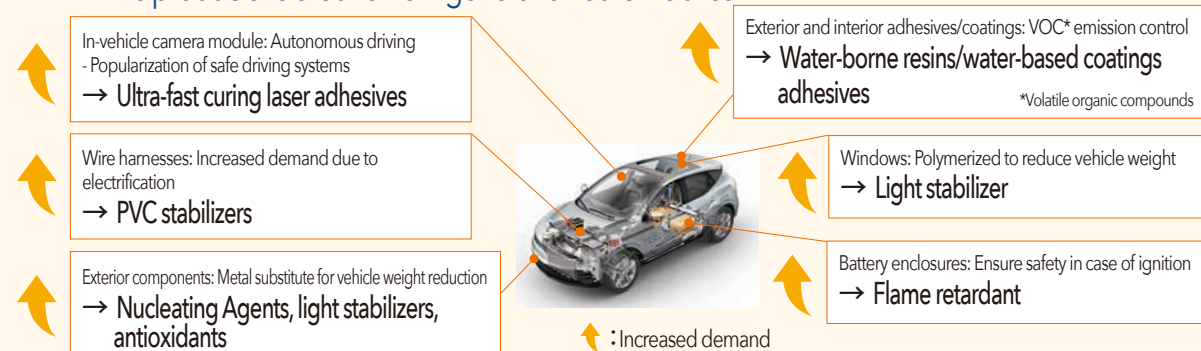
Theme 1

## Contributing to the Popularization of Next-generation Automobiles

Contributing to the Popularization of Safe and Comfortable Next-generation Automobiles



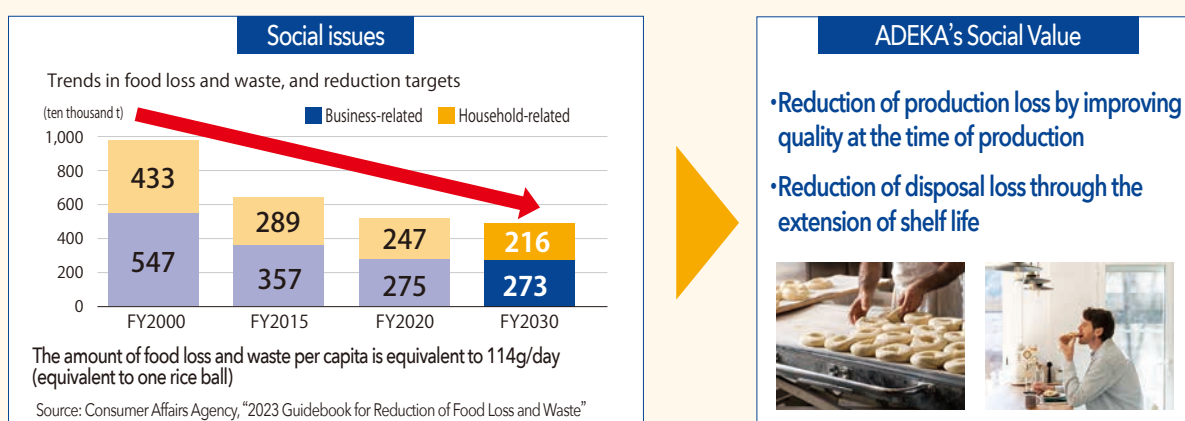
### ADEKA's products related to next-generation automobiles



Theme 2

## Reduction of Food Loss and Waste

Contributing to Food Loss and Waste Reduction Throughout the Supply Chain

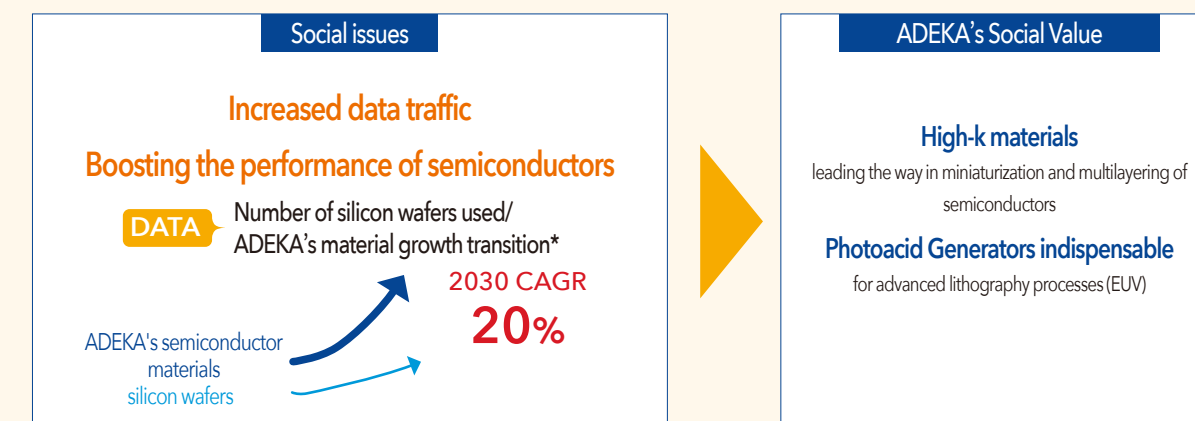


We will contribute to food loss reduction throughout the entire supply chain by supplying “materials as treasure” that enable food loss and waste reduction by improving stability at the time of production and extending “delicious taste” and extension of shelf life.

Theme 3

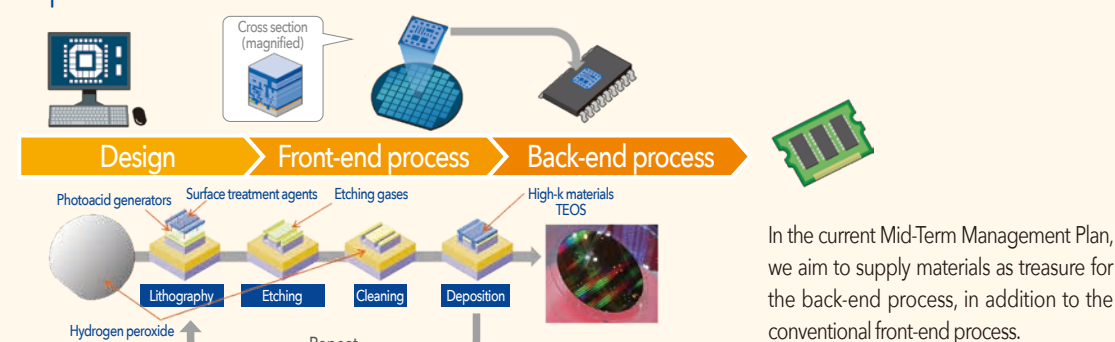
## Boosting the Performance of Semiconductors

Global Development of Cutting-edge Semiconductor Materials



\*Company estimates based on Fuji Chimera Research Institute, Inc. data

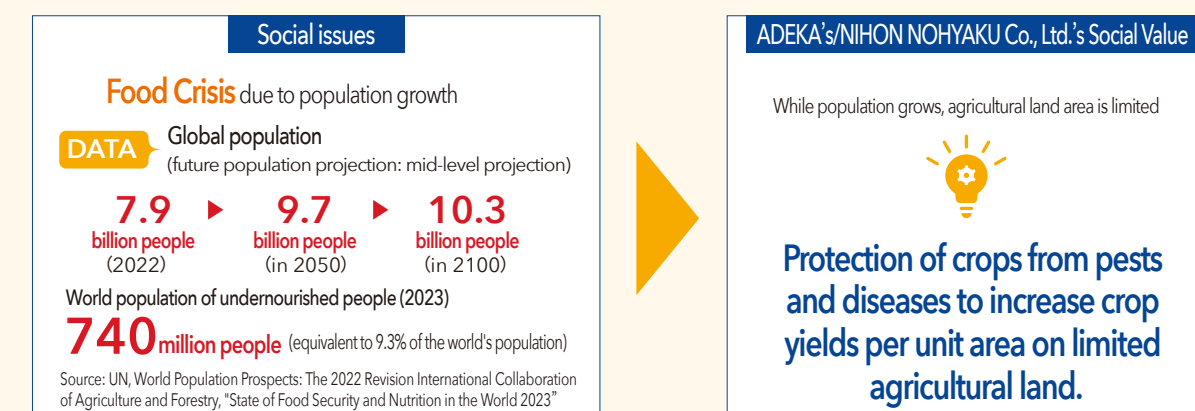
### ADEKA products related to semiconductors



Theme 4

## Food Shortage Issues

Contribution to Stable Production of Agricultural Crops



To fulfill our mission and role in contributing to agricultural production activities, aiming at the stable supply of safe food, we will continue to create and provide agrochemicals with superior performance, cost, and selectivity in the world. We will strengthen our discovery platform and business competitiveness by globally advancing our growth strategy in Europe, the U.S., India, Brazil, and elsewhere, and contribute to the food and agriculture into the future.

Strategy by Business

Overview of each business

In addition to its two core businesses of chemicals and foods, the ADEKA Group has expanded into the new field of life sciences, offering a wide range of unique products with advanced technology and dependable quality.

**Chemical Business**

**Polymer Additives**  
The ADEKA Group provides a variety of additives indispensable for boosting the performance, working life and recyclability of plastics.

**Electronic Materials**  
The Group provides products that apply leading-edge technologies that are indispensable for today's ICT-driven society.

**Environmental Materials**  
We provide a wide range of high value-added products in various fields ranging from infrastructure to automobiles, cosmetics, toiletries, and more.

**Food Business**

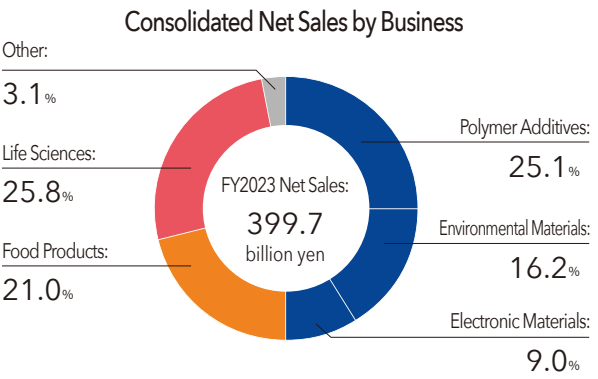
By providing processed oils, fats and processed foods, the Group contributes to safe, dependable and richly varied diets.

**Life Sciences Business**

The Group provides agrochemicals, pharmaceuticals, animal healthcare products and other life-science-related products. We also conduct research and development focusing on regenerative and preventive medicine and improvement of the quality of life.

**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-agency business.



Positive factors and risk factors by segment

● are matters that are specific to ADEKA, ● are market conditions

	Positives factors	Risk factors (sources of concern)
Polymer Additives	<ul style="list-style-type: none"><li>Moderate recovery in the resin manufacturing and the automobile and home appliances markets</li></ul>	<ul style="list-style-type: none"><li>Substitution of plastics for other materials</li><li>Cooling consumption due to continued global inflation</li></ul>
Electronic Materials	<ul style="list-style-type: none"><li>Growing demand for advanced semiconductors</li><li>Moderate recovery in the display market</li></ul>	<ul style="list-style-type: none"><li>Geopolitical risks</li><li>Supply chain disruption</li></ul>
Environmental Materials	<ul style="list-style-type: none"><li>Moderate recovery in the automobile markets</li><li>Increased environmental and energy-conservation awareness</li></ul>	<ul style="list-style-type: none"><li>Prices of raw materials and fuels staying high</li><li>China's economic stagnation</li></ul>
Food Products	<ul style="list-style-type: none"><li>Recovery of inbound</li><li>Progress in price revisions (improvement of price balance)</li><li>Sales expansion of Deli-PLANTS series</li></ul>	<ul style="list-style-type: none"><li>Continuation of consumers' price-sensitive and budget-minded behaviors</li><li>The downsizing of final products</li><li>Continuously weakening of the yen</li></ul>
Life Sciences	<ul style="list-style-type: none"><li>Growing demand for agrochemicals in Asia, Oceania, Latin America, and the Middle East and Africa</li><li>Growing global agrochemical registrations for strategic products</li></ul>	<ul style="list-style-type: none"><li>Raw materials and fuel costs staying high</li><li>Rise in agrochemical registration costs</li></ul>

Chemical Business  
Polymer Additives

In order to help create a sustainable society, our company's purpose of existence is to continue using polymer materials (plastics) that are useful to humankind in an appropriate manner rather than abandoning their use. We aim to be a leading company in the field of polymer additives by demonstrating our strengths in developing products with "a long lifespan" and "resource recycling".

**Main products**

- Additives for polyolefins: "ADK STAB" series
- Plasticizers/ PVC stabilizers: "ADK CIZER" "ADK STAB" series
- Flame retardant: "ADK STAB FP" series
- Additives for recycled polymers: "ADK CYCLOAID UPR" series
- Bio-based polymeric plasticizer: "ADK CYCLOAID PNB" series

**Message from the Officer**

General Manager, Polymer Additives Division  
**Naoshi Kawamoto**

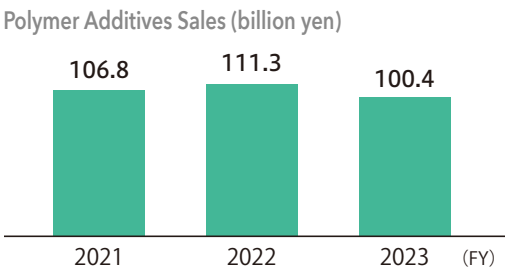
ADEKA's Polymer Additives Business aims to be "a business with a global presence that combines social and economic value." Polymer materials, including plastics, are indispensable not only in our daily lives, but also in advanced technologies and advanced medicine. Polymer additives are "materials as treasure" that play a role in bringing out the characteristics of polymer materials and adding functions to them. Polymer additives are added to ensure that the polymer materials used in automobiles, home appliances, and all other aspects of our daily lives are able to fulfill their roles. Furthermore, by providing solutions to various issues such as the environment and resource recycling through our polymer additives technologies, we will lead the sustainable development of the polymer industry as a leading global company in high-performance polymer additives.

Recognition of Business Environment and Vision

We aim to expand in the global market by developing a wide range of top-class and technologically superior products that lead to higher functionality, such as lighter weight and more flame retardance in plastics. At the same time, we will reduce environmental impact by promoting the reuse of plastics and expanding the use of environmentally friendly raw materials in our products ( "ADK CYCLOAID" series). ADEKA's Polymer Additives aims to be a business with a global presence that combines social and economic value.

Strategy

We will aim to expand our proprietary products with technological superiority, such as the "ADK CYCLOAID" series of Eco-friendly polymer additives that are kind to the global environment.



Environmentally Friendly Polymer Additives that Support the Realization of a Circular Economy

**ADK CYCLOAID**  
The phase of additive use expands

Input of resources

Manufacture

Use

Reuse

Incinerate

Dispose

Landfill disposal

How ADEKA's additives are utilized

- Reduction of environmental impact
- Boosting the performance of products

Where utilized	Examples of environmental contributions	Products
Input of resources	Reduction of environmental impact	ADK CYCLOAID (Bio-base)
Manufacture - Use	Improved manufacturing efficiency	Nucleating agents/plasticizers
	Enhanced durability	Light stabilizer / antioxidants / PVC stabilizers
Use	Weight reduction / Adding rigidity	Nucleating agents
	Adding flame retardant properties	Intumescent-type flame retardant
Reuse	Improved recycled materials ratio	
	Improved high performance (thermal stability, weather resistance, rigidity) of recycled materials	ADK CYCLOAID UPR series



## Chemical Business Electronic Materials

We contribute to the enrichment of people's lives with a diverse range of product lines that are indispensable to the realization of an ICT-based society, including semiconductors and display materials used in data centers and cutting-edge devices.

### Main products

- High-k materials for semiconductors: "ADEKA ORCERA" Series
- Photoresists for semiconductors: "ADEKA ARKLS" series
- Etching solutions: "ADEKA CHELUMICA" series
- Curing resin for adhesion of optical film: "ADEKA ARKLS" series
- Insulation and heat dissipation adhesive sheet for multilayer boards: "ADEKA FILTERA" series

### Message from the Officer

General Manager, Electronic Materials Division  
Atsuya Yoshinaka



Within ADEKA's Chemicals Business, the Electronic Materials and Environmental Materials Businesses represent two significantly different business styles and business environments. For this reason, by having separate division organizations for Electronic Materials and Environmental Materials, we will be able to speed up the process of a formulated strategy and decision-making. At the same time, by having the Research Laboratory and the Sales Department within the same division will lead to a seamless link between customers, sales, and R&D, leading to more efficient and timely development of new products. The Electronic Materials Division will focus on the business expansion of semiconductor materials, whose market is expected to grow further due to advancements in AI, etc. We will deliver SO2AL, which is indispensable for the manufacture of advanced semiconductors, which are becoming more sophisticated due to the process of refinement, to semiconductor manufacturers around the world. We will also expand our reach into the semiconductor back-end processing sector.

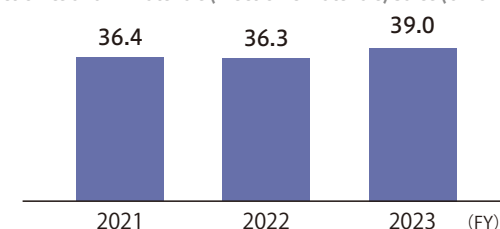
### Recognition of Business Environment and Vision

In Electronic Materials, in a society experiencing a paradigm shift and undergoing significant changes, we aim to support the development of an ICT-based society, create new value with novel and advanced materials, and contribute to the enrichment of people's lives. The demand for semiconductors is expanding against the backdrop of increasing digitization in the ICT society, and further boosting of the performance of semiconductors is also required. In Electronic Materials, we will target advanced semiconductors, for which demand is growing worldwide, and provide advanced materials such as high-k materials and photoacid generators to industry leaders.

### Strategy

In line with the semiconductor miniaturization roadmap, we will focus on research and development of key materials that are indispensable for advanced semiconductors. In manufacturing, we will make investments to increase production capacity to meet the growing demand for our products. We intend to expand our business to Taiwan and the United States by leveraging our business know-how cultivated in Japan and South Korea. In the future, we will expand our reach into the semiconductor back-end processing sector.

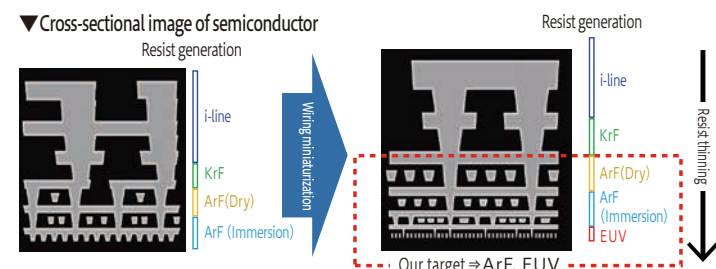
Electronics and IT Materials (Electronic Materials) Sales (billion yen)



### Solving social issues through products

#### Photoacid Generators ADEKA ARKLS series

Photo-acid-generating agents are key materials for advanced photoresists (ArF and resists for EUV exposure), whose market is expanding along with semiconductor miniaturization, and are indispensable materials for forming fine semiconductor interconnections.



## Chemical Business Environmental Materials

We provide a wide range of people-friendly and environmentally friendly products, from mobility to infrastructure, to help people lead convenient and comfortable lifestyles.

### Main products

- Epoxy resin adhesives: "ADEKA REMYLOP" series
- Special-type epoxy resins for vehicles: "ADEKA RESIN" series
- Reactive emulsifiers: "ADEKA REASOAP" series
- Lubricant additives: "ADEKA Sakura-Lube" series
- Water borne resins: "ADEKA BONTIGHTER/ADEKA RESIN" series

### Message from the Officer

General Manager, Environmental Materials Division  
Shigeki Fujisawa



Under the new Mid-Term Management Plan "ADX 2026," which started in April 2024, the Environmental Materials Division is developing businesses to "improve the global environment" and "realize a better living environment." In this division, we will combine ADEKA's diverse technologies in the mobility, electronics, and environment-related markets, where technological innovation is progressing. With our customers, we will strive to create value that contributes to society, and will continue to carry out structural reforms through selection and concentration, along with the promotion of strategic overseas expansion and the creation of new businesses. As a growth strategy, the ADEKA Group will commercialize battery materials and provide indispensable value to our customers by consolidating the technologies and know-how of the ADEKA Group. In addition, we plan to improve profitability through business structure reform and address carbon neutrality.

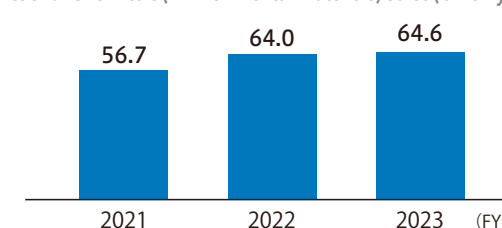
### Recognition of Business Environment and Vision

The goal of Environmental Materials is to achieve a future-creating company that uses ADEKA's technologies to realize a sustainable society and affluent lives. Given the recent heightened global interest in sustainability, companies are now expected to take the three perspectives of "environmental protection", "economic development", and "social development". In Environmental Materials, ADEKA will actively propose environmentally friendly products based on the core technologies it has cultivated over the years, thereby contributing to solving social issues.

### Strategy

We will target markets related to mobility, electronics, and the environment, where technological innovation is advancing, and expand our main products lines related to these markets. In addition, we will advance product development that contributes to decarbonization in the supply chain, and seek to expand our businesses.

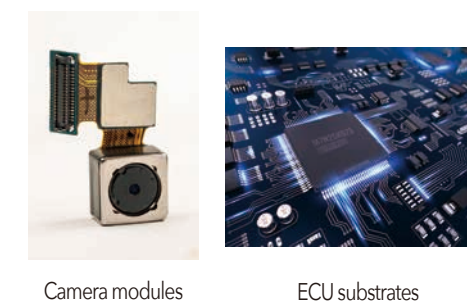
Functional Chemicals (Environmental Materials) Sales (billion yen)



### Solving social issues through products

#### ADEKA REMYLOP series

The electrification of next-generation automobiles is increasing. The electrification of automobiles enables the safe and comfortable use of automobiles. "ADEKA REMYLOP" series enables high-precision adhesion, which is indispensable for manufacturing highly reliable automotive camera modules and heat-resistant ECU substrates. It is also an environmentally friendly material, requiring less energy during curing.





# Food Business

Ever since we commenced production of “RISU BRAND MARGARINE” in 1929, we have been providing value-added processed oils, fats and processed foods for commercial use developed with our proprietary technologies to help deliver a variety of delicious foods to people's dining tables, including breads and sweets.

## Main products

- Processed oils and fats (margarine, shortenings, fats and oils for chocolate)
- Processed foods (whipping cream, fillings)
- Plant-based foods

## Message from the Officer

General Manager, Foods Division  
Yoshiaki Kobayashi



ADEKA's Food Business has been providing raw materials for a wide variety of food products used in daily dining under the brand slogan “The Delicious Taste You can Rely On” since 1929, when we commenced production of margarine with the name “RISU BRAND MARGARINE.” In recent years, the food industry has seen a series of price revisions due to soaring raw material prices, and the Food Business has also experienced two years of poor performance due to unprecedented surges in raw material prices. In fiscal 2023, however, the business achieved the planned values under the Mid-Term Management Plan, ADX 2023 and made a recovery in performance. Initiatives under ADX 2023 include the “Marvelous” series, which contributes to food waste reduction, and the “Deli-PLANTS” series, which contributes to reducing environmental impact and food diversity. We will continue to further develop our technology, contributing to realizing a sustainable society and globally contribute to high-quality diets, thereby increasing both social and economic value.

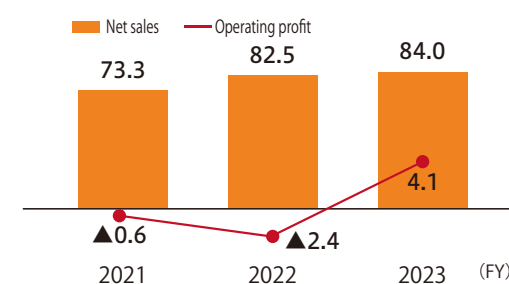
## Recognition of Business Environment and Vision

In the food industry, in addition to providing delicious taste, there are some urgent needs to improve productivity and the working environment for food waste reduction, greenhouse gas emission reduction, address labor shortages and rising raw material prices. In addition, the idea of ethical consumption is beginning to take root as consumer interest in SDGs grows.

At ADEKA, we will continue to support our customers in finding solutions to their issues by providing “materials as treasure” for delicious food products that are safe and reliable, as well as considerate to society. We will expand our business domains into new markets, such as plant-based foods (PBF), create products that contribute to food loss

and waste reduction and sustainability, and establish a firm position as Japan's leading company, while accelerating our overseas expansion.

Trends in Food Business Net Sales and Operating Profit (billion yen)



## Business Structure Reform to Achieve High Profitability

### Deepening of the domestic market

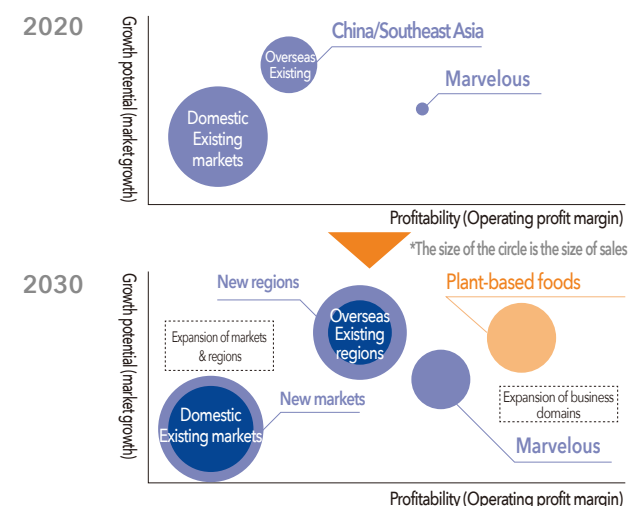
In existing markets where the Company has strengths (bakery and confectionery), demand is forecast to gradually decline due to the inevitable effects of the declining birthrate and aging population. We will expand the breadth and depth of our sales channels by developing high value-added products that meet market requirements such as “environmentally conscious” or “healthy”.

### Overseas market expansion

In addition to Southeast Asia, where the demographic dividend continues to grow, and China, where food is becoming more upscale, we will expand our sales channels to India and the Middle East, which are growing rapidly.

### Expansion of domains

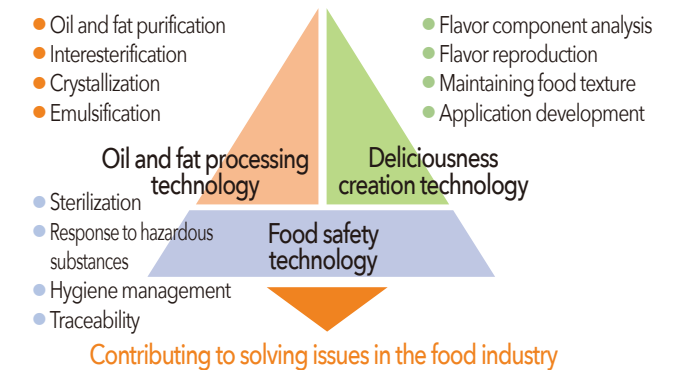
We will develop and expand sales of products that can contribute to solving issues in the food industry such as “food crisis” and “carbon neutrality.” We position plant-based food as a new pillar of our growth engine, and will promote sales expansion not only in Japan and Asia, but also in Europe and the United States.



## Food Business Technology (Strengths)

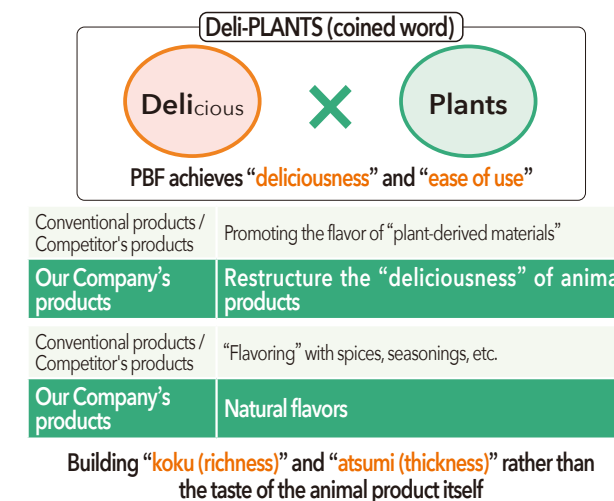
At our Food Business, we have been providing processed oils, fats and processed foods by utilizing various technologies, such as oil and fat processing technology and emulsification technology, that we have developed over the past 90 years.

In recent years, we have created products such as “Marvelous,” a functional margarine that contributes to solving issues in the food products industry that helps improve productivity and reduce food loss and waste, or “Deli-PLANTS,” Plant-Based Food series that responds to growing awareness of environment or food diversification. As a food tech company, we will continue to strive for further technical innovation.



## Solving social issues through products

- Developing the Deli-PLANTS series Development concept  
“Delicious Plant-Based Foods to have a natural place on the dining table”



**ReTERA Technology**  
Recreation Technology of Richness in Animal-based foods

ADEKA's unique technology to reproduce the deliciousness and satisfaction without using animal-based ingredients

**9 Product lineup (as of April 2024)**

- Deli-PLANTS Oat conc
- Deli-PLANTS Whip
- Deli-PLANTS Cheese Creamy
- Deli-PLANTS Cheese (Semi-hard)
- Deli-PLANTS Cheese (Diced)
- Deli-PLANTS Cheddar Cheese Taste
- Deli-PLANTS Koku fat
- Deli-PLANTS Koku Butter
- Deli-PLANTS Koku Plus

**Point 1** Able to utilize recipes that use dairy products

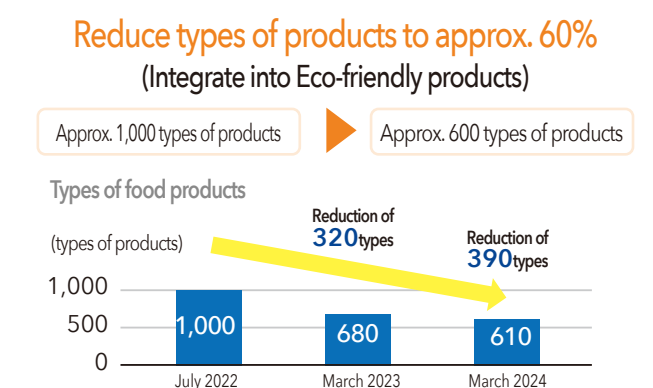
**Point 2** Easily accepted by consumers

Easy development of Plant-Based food menu

\*At our Company, products that do not directly contain animal ingredients as raw materials or food additives are defined as “plant-based food.”

## Results of Integration of Types of Products

In June 2022, ADEKA, as a manufacturer of “materials as treasure,” announced that in order to meet society's demand for food waste reduction, we will reduce waste due to expiration of expiration dates at the storage and distribution stages and promote the integration of types of products with extended expiration dates. By March 2024, we have reduced the number of products we produce by 390. In addition to responding to food waste reduction, we worked to improve profitability through cost reductions by streamlining production. We will continue to work to solve social issues through our product propositions, pursuing both social and economic value, thereby enhancing our corporate value.





# Life Sciences Business

We support people's diets and daily lives by providing advanced technologies to meet needs of society in a wide range of fields, including agrochemicals, pharmaceuticals, and animal healthcare products.

## Main products

- Agrochemicals  
(insecticides, fungicides, herbicides)
- Pharmaceuticals  
(topical antifungal agents)

## Message from the Officer

Managing Executive Officer, General Manager, Corporate Planning Division,  
General Manager, Administration Division, Special Assignments Officer, NIHON NOHYAKU CO., LTD.

Shiro Takahashi



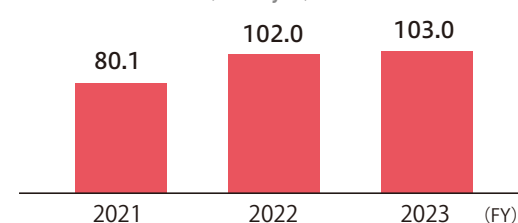
From this fiscal year, the Nihon Nohyaku Group has shifted and expanded its CSR management to sustainability management. We aim to achieve a balance between the overall sustainability of society and our business, with the promotion of sustainability management as our growth strategy. The Life Sciences Business is closely related to the realization of a safe and stable food supply and affluent lifestyles. By continuously creating innovations, we will not only develop environmentally-friendly products and services but also actively take on the challenge of creating new value outside of chemical agrochemicals. We will respond to the needs of society and work to realize the vision of the Nihon Nohyaku Group, which is a "Global Innovator for Crop & Life".

## Recognition of Business Environment and Vision

The world's rapidly growing population is expected to reach 9.7 billion by 2050. In the face of the tightening global food supply and demand, the realization of a stable supply of crops has become an urgent issue. As a solution to these issues, agricultural chemicals are expected to play a greater role than ever before. To fulfill our mission of contributing to agricultural production activities aimed at a stable supply of safe food, and to further contribute to the realization of a sustainable society in harmony with the environment, including the protection of biodiversity, we will continue to create and provide agrochemicals with superior performance, cost, and selectivity in the world. We will strengthen our

discovery platform and business competitiveness by advancing our global growth strategy in Europe, the U.S. India, Brazil, and elsewhere, and contribute to food and agriculture into the future.

Life Sciences Business Sales (billion yen)



## Business Structure Reform to Achieve High Profitability

The current Mid-Term Management Plan sets targets net sales of 120.0 billion yen and operating profit of 10.8 billion yen\*. From among our proprietary agrochemical active ingredients, we will continue to focus on expanding global sales of benzpyrimoxan, pyrifluquinazon, pyraflufen-ethyl, flubendiamide and the newly added tolfenpyrad as key priority products. For agrochemical sales in overseas markets, which are a particular growth driver, we will focus on Brazil and India as our main strategic areas and work to expand the scale of our business in cooperation with Group companies. Management risks have also emerged due to changes in the external business environment, such as climate change and rising cost of goods. We aim to build a business structure that can absorb fluctuations in exchange rates and inflation through internalization of active ingredient manufacturing, inventory optimization, promotion of investment recovery, and selection and concentration of resources.

\*Figures represent only those for the Nihon Nohyaku Group



## Life Sciences Business Technologies (Strengths)

With regard to the development of new chemically synthesized agrochemicals, we have a full range of candidate pipeline compounds. Through collaboration with our overseas Group companies, we will accurately grasp the needs of our main overseas markets and steadily promote the development of high value-added agrochemicals suited to the market environment through strategic R&D investment. We are also actively introducing low-carbon products, such as biological pesticides and crop aid products (BS: biostimulants, etc.) and are working to strengthen our evaluation and research capabilities. In April 2023, we invested in Interagro (UK) Ltd., a manufacturer and distributor of adjuvants, other additives and BS. We will continue to work to expand our portfolio other than chemically synthesized agrochemicals and strive to expand our business in the life science field, including pharmaceuticals and veterinary drugs.

In addition, with regard to smart agriculture, we expanded the number of participants to "LeiMe AI Disease, Pest & Weed Analysis app," as well as the number of diagnosed crops, launched the application outside Japan, linked the system with Kubota and Zen-Noh, and started sales of the "AI-based pest identification and counting system."



Nihon Nohyaku Research Center (Kawachinagano-shi, Osaka)

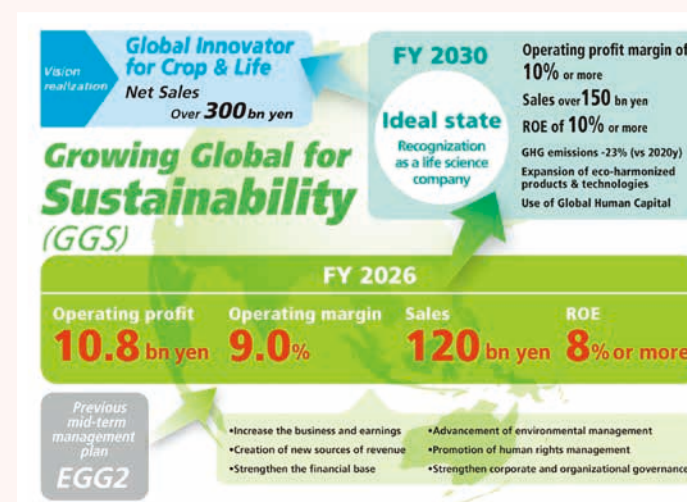
## Sustainable Enhancement of Corporate Value

The Life Sciences Business contributes to society by ensuring a safe and stable food supply and protecting our affluent lifestyles. The control of damages caused by pests and weeds with pesticides and crop aid products will lead to increased crop production and, ultimately, the eradication of hunger. Additionally, increasing food production is indispensable to feed the growing population, but there are limited lands that can be cultivated. By improving the productivity of agricultural land, it also helps to reduce

deforestation, which indirectly contributes to the reduction of GHG emissions. Among the Nihon Nohyaku Group's products, we will designate products with relatively high human and animal safety and environmental safety as "environmentally harmonious products" and promote their sales expansion. We will continue to develop "environmentally harmonious products" that take into account the conservation of ecosystems and the environment, by "reducing the impact on biodiversity" and "reducing the amount of residues."

## Topic Nihon Nohyaku's New Mid-Term Management Plan "Growing Global for Sustainability (GGS)"

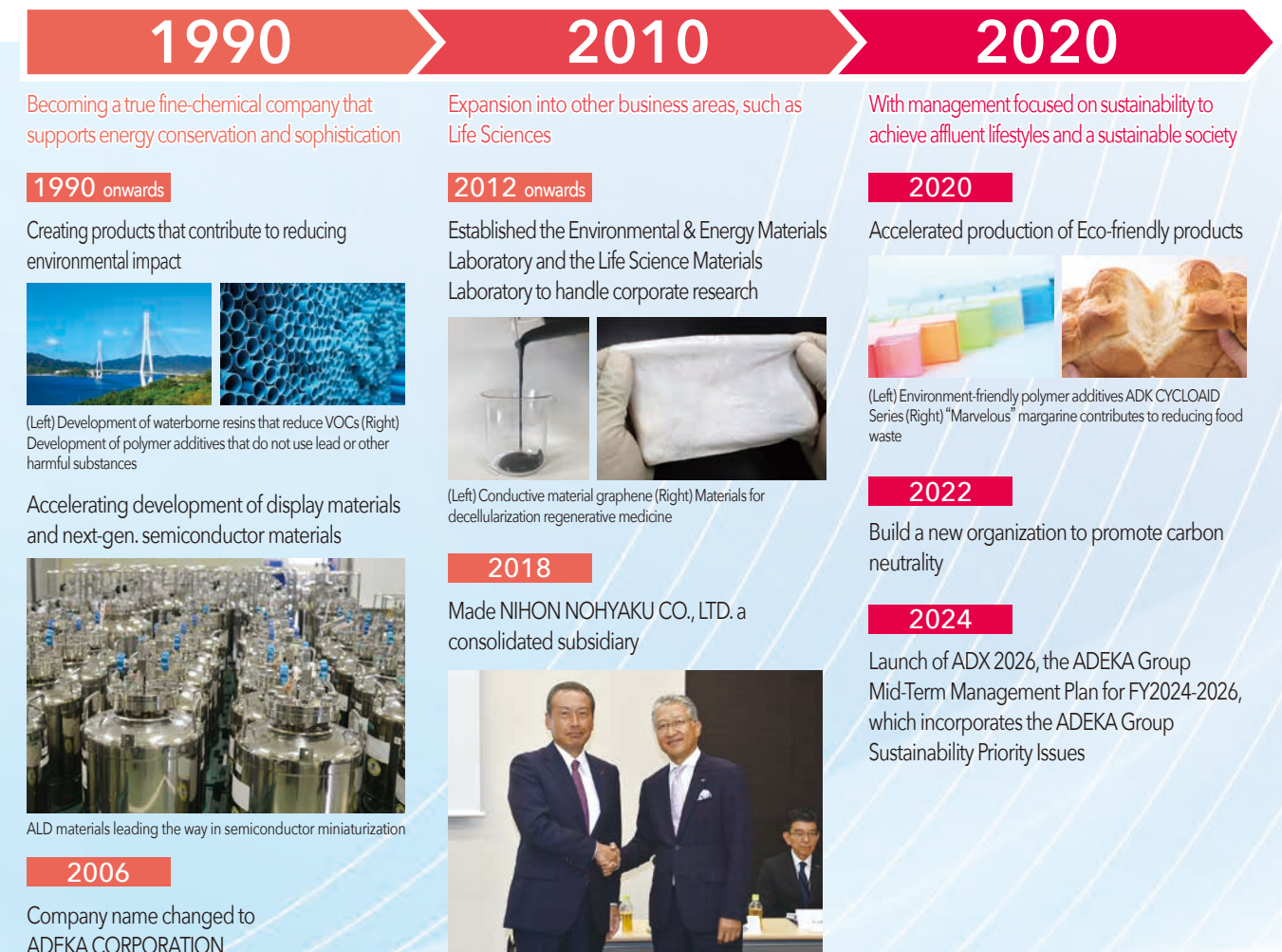
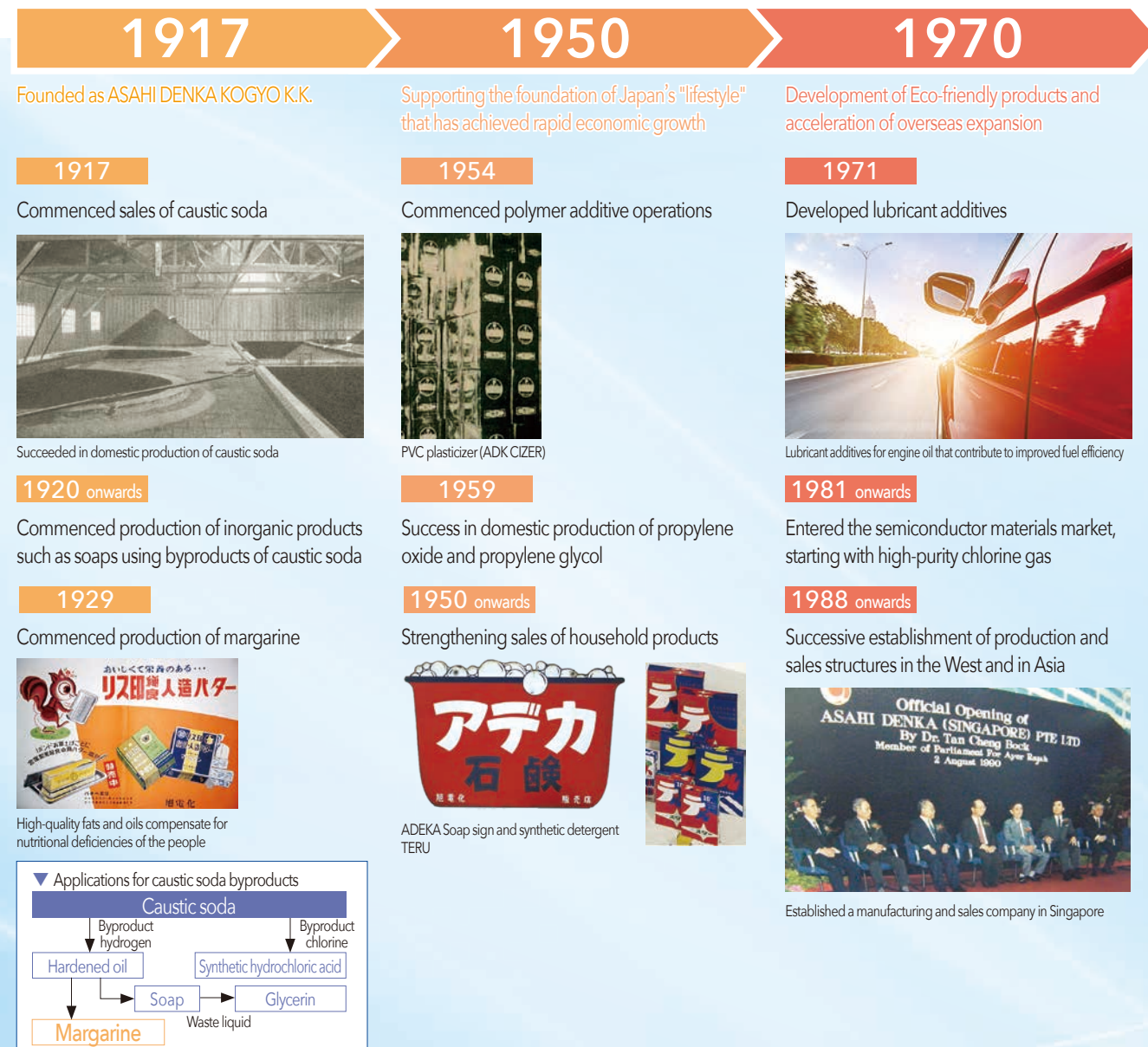
The Nihon Nohyaku Group has positioned the promotion of sustainability management that has transformed and expanded from CSR activities as a growth strategy, with the goal of achieving a balance between the sustainability of society as a whole and that of the Nihon Nohyaku Group. Under the New Mid-Term Management Plan (GGS), the basic policies to strengthen sustainability management are sustainable growth of the Group (financial value) and environmental consideration and contribution to society (non-financial value), and we plan to achieve net sales of 120 billion yen, operating profit of 10.8 billion yen, and ROE of 8% or more in the final year of the plan. With the vision of becoming a "Global Innovator for Crop & Life", we will steadily implement our Mid-Term Management Plan to realize this vision.





# History of Value Creation at the ADEKA Group

Manufacturing that enriches people's lives. Creating the materials as treasure that support manufacturing.  
Our mission is to lay the groundwork for solutions, anticipating the issues that change with the times.



## Changes in Society

*For the future*

- Domestic manufacturing and industrial prosperity
- Wartime material shortages
- Development of infrastructure
- Expanded popularity of plastic products
- Western food enters the market
- Motorization
- Popularity of home appliances
- Opening of the Tokaido Shinkansen
- Tokyo Tower completed
- Pollution problems
- 1970s energy crisis
- Growing environmental awareness
- Convenience stores become popular
- Safety and security of food / stable supply
- Popularity of personal computers and cell phones
- Super ageing society
- Tokyo Skytree completed
- Climate change issues
- ICT society
- New normal



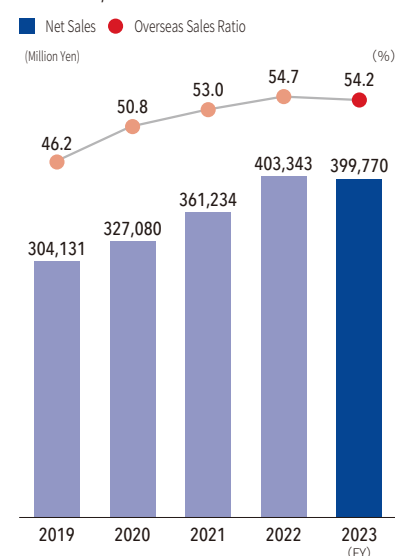
# Consolidated 11-Year Financial Summary

	FY 2013	FY 2014	FY 2015	FY 2016
Net Sales (Million Yen)	204,350	205,890	222,746	223,440
Operating Profit (Million Yen)	13,811	14,009	19,300	21,041
Operating Profit Margin (%)	6.8	6.8	8.7	9.4
Ordinary Profit (Million Yen)	15,959	16,506	19,569	21,846
Profit Attributable to Owners of Parent (Million Yen)	9,152	11,183	13,259	15,325
Net Assets (Million Yen)	147,798	163,233	170,586	187,956
Total Assets (Million Yen)	242,741	261,112	270,038	290,485
Net Assets per Share (Yen)	1,379.36	1,519.25	1,581.14	1,751.20
Profit per Share (Yen)	88.61	108.28	128.38	149.03
Equity Capital Ratio (%)	58.69	60.10	60.48	61.99
ROE (%)	6.64	7.47	8.28	8.93
ROA (%)	6.9	6.6	7.4	7.8
ROIC (%)	—	—	—	—
Cash Flows from Operating Activities (Million Yen)	19,696	17,419	23,806	22,183
Cash Flows from Investing Activities (Million Yen)	△10,519	△12,867	△10,673	△16,666
Cash Flows from Financing Activities (Million Yen)	△1,074	△2,813	△4,566	△3,805
Cash and Cash Equivalents at End of Year (Million Yen)	38,670	41,697	49,981	50,762

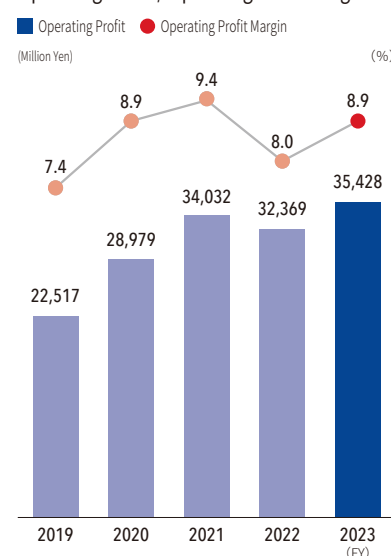
FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
239,612	299,354	304,131	327,080	361,234	403,343	399,770
21,335	26,638	22,517	28,979	34,032	32,369	35,428
8.9	8.9	7.4	8.9	9.4	8.0	8.9
22,337	26,602	21,976	29,270	35,658	32,579	35,763
15,346	17,055	15,216	16,419	23,687	16,778	22,977
205,088	244,500	250,634	271,485	296,871	311,709	339,682
312,152	414,549	409,452	437,657	475,304	500,068	543,057
1,910.23	1,986.53	2,036.98	2,208.40	2,426.70	2,544.28	2,791.92
149.18	165.78	147.69	159.01	229.65	163.30	224.87
62.99	49.35	51.35	52.11	52.59	52.18	52.5
8.15	8.50	7.34	7.49	9.91	6.57	8.4
7.4	7.3	5.3	6.9	7.8	6.7	6.9
—	—	—	—	—	7.6	8.3
22,221	18,331	27,398	36,872	21,072	17,253	41,954
△19,139	△18,258	△15,228	△14,189	△11,330	△19,520	△23,069
△5,825	8,995	△7,496	△6,551	△11,804	△2,618	△4,559
48,902	56,504	60,888	82,121	82,799	79,537	96,901

## Financial Highlights

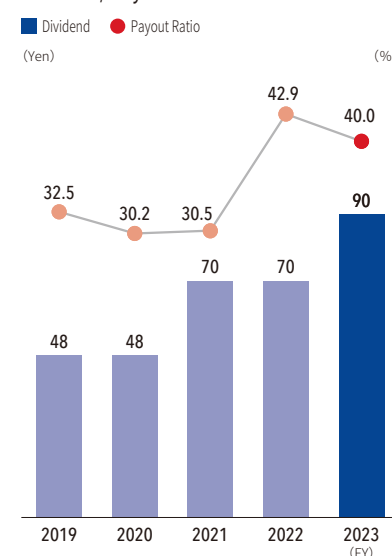
### Net Sales / Overseas Sales Ratio



### Operating Profit / Operating Profit Margin

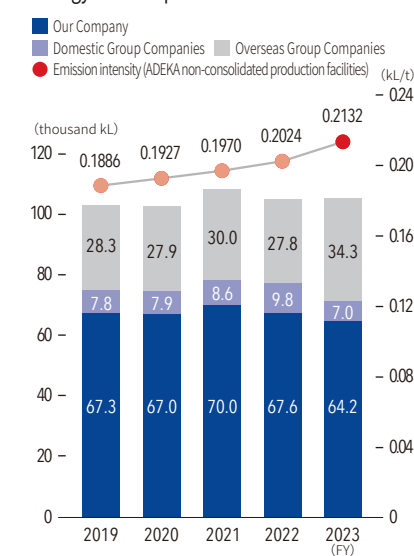


### Dividend / Payout Ratio

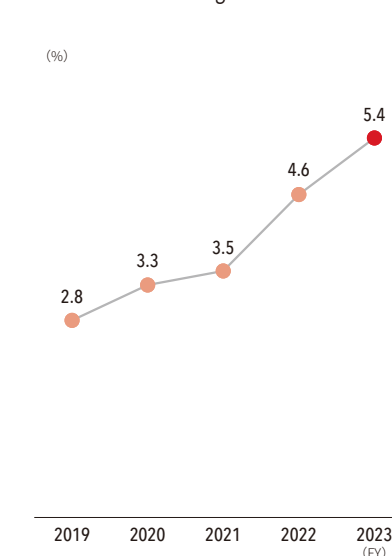


## Non-Financial Highlights

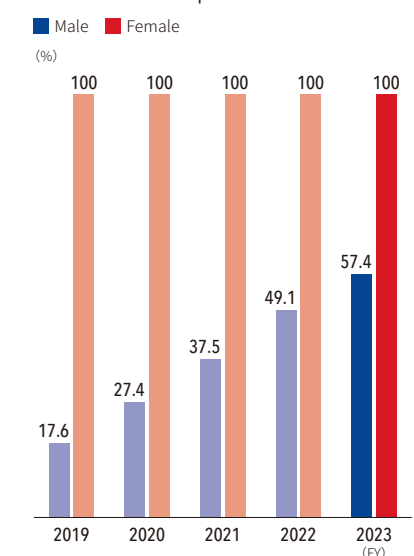
### Energy Consumption



### Ratio of Female Managers



### Childcare Leave Acquisition Rate



\* From fiscal 2019 to fiscal 2022, calculations exclude Nihon Nohyaku Co., Ltd.'s overseas consolidated companies.

Company Information

Corporate Profile

Name	ADEKA CORPORATION	Group Companies	54 companies in 16 countries/regions (Domestic: 20 companies, Overseas: 50 companies)
Established	January 27, 1917	Capital	23,048.14 million yen (As of March 31, 2024)
Representative	President and Chief Executive Officer, Representative Director Hidetaka Shirozume	Number of Employees	Consolidated: 5,512 (As of March 31, 2024)
Head Office	7-2-35 Higashi-ogu, Arakawa-ku, Tokyo	Business	Chemical Business, Food Business, Life Sciences Business, Other Businesses
Domestic Offices	6 sales bases, 7 production facilities, 4 R&D bases		

List of ADEKA Group Companies (As of April 30, 2024)

Domestic Group Companies	North and South America
ADEKA CHEMICAL SUPPLY CORP. (Tokyo)	AMFINE CHEMICAL CORP. (USA)
ADEKA LIFE-CREATE CORP. (Tokyo)	ADEKA USA CORP. (USA)
OXIRANE CHEMICAL CORP. (Tokyo)	AM STABILIZERS CORP. (USA)
ADEKA CLEAN AID CORP. (Tokyo)	NICHINO AMERICA, INC. (USA)
ADEKA FINE FOODS CORP. (Tottori Prefecture)	NICHINO MÉXICO,S. DE R.L DE C.V. (Mexico)
ADEKA ENGINEERING & CONSTRUCTION CORP.(Tokyo)	ADEKA BRASIL LTDA. (Brazil)
ADEKA LOGISTICS CORP. (Tokyo)	SIPCAM NICHINO BRASIL S.A. (Brazil)
ADEKA FOODS SALES CORP. (Tokyo)	NICHINO DO BRASIL AGROQUÍMICOS LTDA. (Brazil)
UEHARA FOODS INDUSTRY CO., LTD. (Tokyo)	NIHON NOHYAKU ANDICA S.A.S. (Columbia)
NIHON NOHYAKU CO., LTD. (Tokyo)	NICHINO CHILE SpA (Chile)
NICHINO RYOKKA CO., LTD (Tokyo)	Europe
NICHINO SERVICE CO., LTD. (Tokyo)	ADEKA POLYMER ADDITIVES EUROPE SAS (France)
NIHON ECOTECH CO., LTD. (Tokyo)	ADEKA EUROPE GMBH (Germany)
AGRIMART CORP. (Tokyo)	NICHINO EUROPE CO., LTD. (UK)
TOKYO ENVIRONMENTAL MEASUREMENT CENTER CO., LTD. (Tokyo)	INTERAGRO (UK) LTD. (UK) *Capital contribution in April 2023
INCUBATION ALLIANCE, INC. (Hyogo Prefecture)	INTERAGRO NETHERLANDS BV (Netherlands)
KS CORP. (Tokyo)	IA AGRICULTURE UNGARY KFT (Hungary)
HIGASHI-NIPPON CLEAN AID CORP. (Tokyo)	Asia / Middle East
ACCS CO., LTD. (Tokyo)	ADEKA (CHINA) CO., LTD. (China)
NISHI-NIPPON CLEAN AID CORP. (Osaka)	ADEKA FINE CHEMICAL (SHANGHAI) CO., LTD. (China)
	ADEKA FINE CHEMICAL (CHANGSHU) CO., LTD. (China)
	CHANG CHIANG CHEMICAL (SHANGHAI) CO., LTD. (China)
	ADEKA FOODS (CHANGSHU) CO., LTD. (China)
	ADEKA FINE CHEMICAL (ZHEJIANG) CO., LTD. (China)
	ADEKA CLEAN AID (SHANGHAI) CO., LTD. (China)
	NICHINO SHANGHAI CO., LTD. (China)
	CHANG CHIANG CHEMICAL CO., LTD. (Taiwan)
	ADEKA FINE CHEMICAL TAIWAN CORP. (Taiwan)
	TAIWAN NIHON NOHYAKU CO., LTD. (Taiwan)
	ADEKA INDIA PVT. LTD. (India)
	NICHINO INDIA PVT. LTD. (India)
	ADEKA KOREA CORP. (Korea)
	NICHINO KOREA CO., LTD. (Korea)
	ADEKA FOODS (ASIA) SDN. BHD. (Malaysia)
	ADEKA (SINGAPORE) PTE. LTD. (Singapore)
	ADEKA ASIA PTE. LTD. (Singapore)
	ADEKA FINE CHEMICAL (THAILAND) CO., LTD. (Thailand)
	ADEKA AL OTAIBA MIDDLE EAST LLC (UAE)
	The Representative Office of Adeka Corporation in Ho Chi Minh City (Vietnam)
	NICHINO VIETNAM CO., LTD (Vietnam)
	Africa
	NICHINO SOUTH AFRICA (PTY) LTD. (South Africa)

\*Effective April 1, 2024, we carried out a merger in which ADEKA FOODS SALES CORP, a consolidated subsidiary of our company, will be the surviving company, while Yongo Corporation and Crown Corporation also consolidated subsidiaries, will be dissolved.

Stock Information

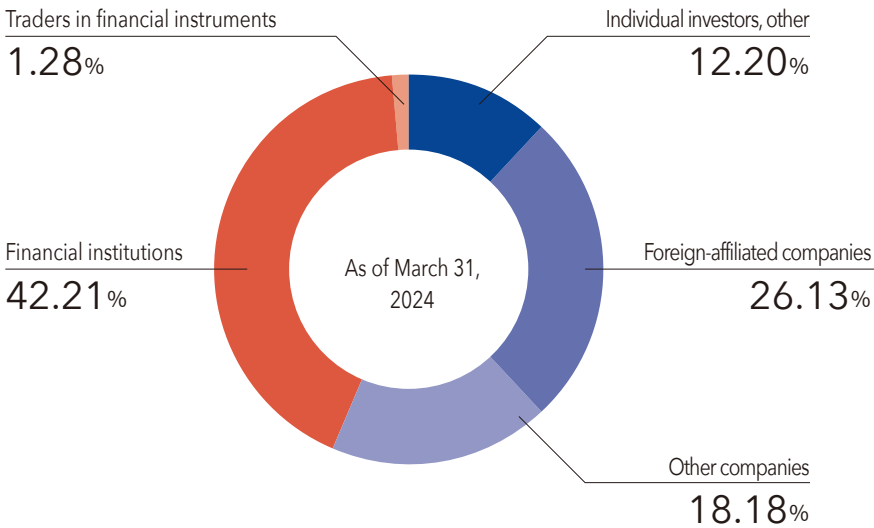
Listed on	Tokyo Stock Exchange Prime Market (4401)
Authorized Shares	400,000,000
Shares Issued	103,768,142
Number of Shares Per Unit	100
Number of Shareholders	8,929
Fiscal Year	From April 1 to March 31 of the following year

Major Shareholders

As of March 31, 2024		
Name	Number of Shares Held (thousands)	Percentage of Shares Held (%)
The Master Trust Bank of Japan, Ltd. (trust account)	11,416	11.13
Custody Bank of Japan, Ltd. (trust account)	10,475	10.21
Asahi Mutual Life Insurance Company	4,053	3.95
Mizuho Trust & Banking Co., Ltd. Retirement Benefit Trust, Mizuho Bank Ltd. Account Re-trustee: Custody Bank of Japan, Ltd.	3,770	3.68
ADEKA Business Partners Shareholding Association	3,147	3.07
National Mutual Insurance Federation of Agricultural Cooperatives	2,334	2.28
The Norinchukin Bank	2,244	2.19
Zeon Corporation	2,188	2.13
THE BANK OF NEW YORK MELLON 140042	2,009	1.96
Showa Kosan Co., Ltd.	1,870	1.82

\*The percentage of shares held is calculated excluding treasury stock (1,208,644 shares).

Status of Shareholdings by Type of Shareholder







## ADEKA CORPORATION

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

### Contact Information

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