

# **ADEKA Group Corporate Governance Guidelines**

Dated June 18, 2021

Board of Directors, ADEKA Corporation

<b>Establishment/revision</b>	<b>Establishment/revision date</b>	<b>Contents</b>
<b>Establishment (1st edition)</b>	November 20, 2015	Established as guidelines on corporate governance for ADEKA Group, in response to adoption of the Corporate Governance Code on June 1, 2015
<b>Revision (2nd edition)</b>	Dated June 24, 2016	Amendment of expressions, etc.
<b>Revision (3rd edition)</b>	Dated June 23, 2017	Amendment of expressions and Exhibit 4 Policy for determining the amount of the remuneration of Directors, Audit & Supervisory Board Members and Operating Officers
<b>Revision (4th edition)</b>	Dated November 19, 2018	Amendment of Exhibit 3 “Criteria for nomination of candidates for Directors/Audit & Supervisory Board Members, and appointment of Operating Officers” and Exhibit 11 “The policy for cross shareholding and the principle for exercise of voting rights in cross-held shares”
<b>Revision (5th edition)</b>	Dated November 2, 2020	Amendment associated with the creation of the Nominating & Remuneration Committee
<b>Revision (6th edition)</b>	Dated June 18, 2021	Amendment associated with the transition to a company with an Audit and Supervisory Committee

# **ADEKA Group Corporate Governance Guidelines**

## **Chapter I General Provisions**

### **Article 1 (Purpose)**

These guidelines ("Guidelines") are to present the basic policy on corporate governance in ADEKA group ("ADEKA Group"). To realize ADEKA Group's business mission and management policy as defined in Article 2 below, ADEKA Corporation ("ADEKA"), an ultimate parent company of ADEKA Group, shall allocate such roles/functions as deemed necessary therefor to relevant conference bodies, including, but not limited to, the Board of Directors, and other optional committees supporting the Board of Directors, of ADEKA, and indicate action guidelines for directors and Operating Officers (collectively "Officers") as well as employees, and strive to build a corporate governance system which would enable them to organically play their roles respectively. ADEKA Group shall continue to improve, by consistently reviewing, ADEKA Group's corporate governance system in the future as well.

### **Article 2 (ADEKA Group's business mission and management policy)**

ADEKA Group's business mission is to grow in a sustainable way and raise its mid-and-long term corporate value, through provision of material products and solutions using any advanced technologies, and thereby contribute to the creation of well-being and sustainable society. To realize said business mission, the following two management policies are established:

#### **(1) " To be a company that is progressive and dynamic with a keen attitude towards the new changing tide"**

This policy means that we aim at "making social contributions through our main lines of business". To this end, we strive to sensitively sense a change in social environment and to provide the society with a useful solution for, by proactively making full use of advanced technologies against, the emerging challenges imposed on chemical/food manufacturers in the aspect of environment and energy, health, security and safety in food, and so on.

#### **(2) " Creating a better future for the people of the world"**

This policy means that we aim at "Co-existence and co-prosperity with the civil society". To this end, we strive to harmonize the soundness of our business operations with the global society by taking into consideration in our business the profit of the society surrounding us (= stakeholders) of us, and to sustainably grow together with the society.

### **Article 3 (Relationship with the Corporate Governance Code)**

1. ADEKA Group shall enhance a corporate governance level of whole ADEKA Group, under the recognition that it is important for us to build better corporate governance.
2. ADEKA, a corporation listed on the first section of the Tokyo Stock Exchange, shall respect, and make an effort to comply with, the basic principle, rules and complement rules as stipulated in the Corporate Governance Code established by the Tokyo Stock Exchange.

## **Chapter II Organization**

### **Article 4 (Organizational framework of ADEKA)**

ADEKA, a Company with a Board of Directors and a Company with an Audit & Supervisory Committee, shall establish, in addition to its Board of Directors and its Audit & Supervisory Committee, the Management Council, the Nominating and Remuneration Committee and the Independent Committee as optional conference bodies as well as an optional Independent Advisory Committee where appropriate.

### **Article 5 (Role and responsibility of Board of Directors)**

1. The Board of Directors, an organization to play the most important role in building the corporate governance system ADEKA strives to achieve, shall bear, in addition to those stipulated in the Article of Incorporation and the Board of Directors Regulations of ADEKA, mainly the following roles and responsibilities:

- (1) To build and regularly verify a workable corporate governance/ organization of management;
- (2) To build and regularly verify a workable internal control system;
- (3) Formation of, and permeation into ADEKA Group's Officers and employees of, shared values and a good corporate culture to be shared between said Officers and employees, including, but not limited to, the business mission, the management policy and the mid-and-long term visions;
- (4) To steer and adjust the management strategy, taking into consideration long-term problems, changes in business environment/market, and the profit of important stakeholders;
- (5) To secure management resources sufficient for realizing the business mission, the management policy and the management strategy;
- (6) To appoint, evaluate, and set goals for, representative directors and Operating Officers (collectively "Managements");
- (7) To secure such work environments as can fully exhibit the ability of Managements and employees;

- (8) To train successors of Managements;
  - (9) To set key performance indicator (KPI) for each department/strategic business unit (SBU);
  - (10) To promote compliance and risk management, by maintaining and improving the training programs and the whistle-blowing System for compliance and risk management;
  - (11) To supervise subsidiaries;
  - (12) To secure opportunity for constructive communication with shareholders;
  - (13) Analysis of cause for, and review countermeasures against, proposals offered by ADEKA for which a considerable number of negative votes have been casted; and
  - (14) Improvement in or relating to the Board of Directors, in order for the Board of Directors to effectively play any of the roles listed above.
2. The outline of the authorities of the Board of Directors, and the scope of the delegation of authorities to Managements or other business executors from the Board of Directors shall be set forth in Exhibit 1.

#### **Article 6 (Composition of the Board of Directors)**

The number of Directors shall be less than eighteen (18) as stipulated in the Article of Incorporation, but should be limited to the necessary minimum number in order for the Board of Directors to make decisions speedily in a mobile manner. In order for Directors to effectively fulfill their roles and responsibilities, the composition of Directors shall be as follows, in principle:

- (1) At least two (2) of the Directors shall be External Directors ("Independent External Directors") who meet the "Criteria for determining independence of External Directors" set forth in Exhibit 2 (Functions/roles expected to be fulfilled by External Directors ; and Criteria for determining independence of External Directors). The Head Independent External Directors shall be appointed among the Independent External Directors by mutual election, as appropriate.
- (2) Since embracing various values helps us to fulfill our business mission and management policy in this global society where types of business have diversified and global business development is accelerating, ADEKA shall, in nominating candidates for Directors, make an effort to secure diversity of members of the Board of Directors, with fairness and a wide field of vision.

#### **Article 7 (Management of the Board of Directors)**

In order for Directors to effectively fulfill their roles and responsibilities, the Board of Directors shall be managed as follows: Matters concerning management of the Board of Directors shall be stipulated in the Board of Directors Regulations.

**(1) Determination of annual schedule**

ADEKA shall, at the end of every year, determine an annual schedule of the Board of Directors' meeting to be held in the following year. The Secretariat to Board of Directors ("Secretariat") shall arrange said annual schedule to maximize the number of expected attendees to the Board of Directors' meeting.

**(2) Chairman**

The Chairman of Board of Directors shall perform his/her duties, under the recognition that it is one of the Chairman's duties to elicit attendees' opinions as many as possible for a free and open-minded discussion between attendees.

**(3) Determination of agenda and bills**

The Chairman shall, based on the request for deliberation in the Board of Directors' meeting submitted by respective Directors, determine agenda and bills for the Board of Directors' meeting, and give a convocation notice to each Director no later than two (2) days prior to the day of the meeting as stipulated by law and in the Company's Board of Director Regulations. In order to enable each Director to give full consideration to the bills in advance and to activate discussion in the Board of Directors' meeting, the Chairman shall make it an operational rule to give a convocation notice no later than one (1) week prior to the day of the meeting.

**(4) Preparations in advance**

(a) To give each Director sufficient time for consideration in advance, materials necessary for judging the agenda and bills for the Board of Directors' meeting shall be given to each Director no later than one (1) week prior to the day of the meeting (by two (2) days prior to the day of the meeting at the latest).

(b) Each Director shall attend the Board of Directors' meeting after a prior close consideration, and if considering that materials given in advance are not enough, request additional information or materials or conduct a necessary research by him/herself. Executive officers or other persons concerned shall accede to said request or cooperate in said research.

**(5) Referring bills to the optional Independent Advisory Committee for advice**

In making an important operational decision, the Board of Directors shall secure objectivity, transparency and fairness in the decision-making, by going through the following procedure before the deliberation in the Board of Directors' meeting:

(a) Bills concerning a nomination of candidates for Directors, appointment of Operating Officers, as well as remunerations for Directors (excluding the Directors who are Audit & Supervisory Committee Members) shall be referred to the Nominating & Remuneration Committee. Remuneration for Directors who are Audit & Supervisory Committee Members shall be determined by mutual consultation among the Directors who are Audit & Supervisory Committee Members.

(b) Bills concerning countermeasures against the purchase of shares in ADEKA on a large scale shall be referred to the Independent Committee for advice. The Independent Committee shall issue recommendations to the Board of Directors by the day designated by the Board of Directors. The Board of Directors shall respect said recommendations to the fullest extent.

(c) For an important operational decision, it shall be referred to the optional Independent Advisory Committee to be established from time to time for advice, where appropriate.

#### **(6) Minutes**

For the business of the Board of Directors' meeting, minutes stating the record of proceedings, the result thereof and other matters stipulated by the laws and regulations shall be prepared. In addition, with respect to any matters for which bills have referred to an optional Independent Advisory Committee for advice, and any recommendation or advice, etc. has been issued by the optional Independent Advisory Committee, the contents of said advice, etc. shall be entered in the minutes of the Board of Directors' meeting, or a document which contains the contents of said advice, etc. shall be attached to the minutes; provided, however, that this shall not apply if a majority of the members of the optional Independent Advisory Committee determine that said entry or attachment is not required.

#### **(7) Use of outside experts**

When the Board of Directors deems it necessary in light of the importance of bills to be deliberated in the Board of Directors' meeting, or the securement of transparency, fairness and appropriateness of decision-making, then opinions and advice of outside professionals, including, but not limited to, attorneys at law and certified public accountants, shall be actively used.

#### **Article 8 (Meetings of only External Directors)**

For making a mutual exchange of information and a frank exchange of opinions, External Directors shall hold a meeting of only External Directors from time to time, where appropriate.

#### **Article 9 (Management Council)**

1. The Management Council shall consist of full-time Directors (excluding Directors who are Audit & Supervisory Committee Members) and Operating Officers , and shall previously deliberate any important matters that require a resolution of the Board of Directors, or deliberate and resolve any important matters relating to business execution that do not require a resolution of the Board of Directors.
2. The President & Chief Operating Officer shall convene the Management Council's meetings and act as chairman thereof.
3. Directors who are Audit & Supervisory Committee Members may attend the Management Council's meetings.
4. For explanation of bills, General Manager of the department responsible for the subject matters shall explain the bills in person, and may, where appropriate, cause any persons managing business activities to attend the meeting and to report or state their opinions on the business in their charge.
5. For the business of the Management Council's meeting, minutes stating the record of proceedings and the result thereof shall be prepared and go through approval of the President & Chief Operating Officer, and shall be set his/her signature and seal.
6. Matters concerning management of the Management Council shall be stipulated in the Management Council Regulation.

#### **Article 10 (Nominating & Remuneration Committee)**

1. The Nominating & Remuneration Committee shall consist of three members, all of whom are directors in principle, and the majority shall be independent External Directors.
2. The Nominating & Remuneration Committee, as an advisory committee of the Board of Directors, shall deliberate and resolute matters relating to the nomination of candidates for Directors/Audit & Supervisory Committee Members, appointment of Operating Officers, as well as remunerations for Directors, Audit & Supervisory Committee Members based on consultation by the Board of Directors.
3. Matters concerning management of the Nominating & Remuneration Committee shall be stipulated in the Nominating & Remuneration Committee Regulation.

#### **Article 11 (Independent Committee)**

1. The Independent Committee shall consist of independent External Directors and outside experts, and shall be convened, in cases where any person who intends to purchase a large number of shares in ADEKA appears, in order to secure transparency and objectivity of the countermeasure



procedures to be taken by ADEKA for raising corporate value of, and securing common interest of shareholders of, ADEKA. The Independent Committee's meeting shall be held also under usual condition twice a year, and where business conditions of ADEKA shall be reported by Managements.

2. From an objective and evenhanded standpoint, the Independent Committee shall evaluate and deliberate, and issue to the Board of Directors a recommendation on countermeasures to be taken against, the acquisition offer proposed by a person who intends to purchase a large number of shares in ADEKA. In making decision on countermeasures to be taken by ADEKA against the acquisition offer proposed by a person who intends to purchase a large number of shares in ADEKA, the Board of Directors shall respect said recommendation to the fullest extent.

3. The Independent Committee may, at the expense of ADEKA, receive any advice from attorneys at law, certified public accountants or other professionals appointed by the Independent Committee.

4. Matters concerning management of the Independent Committee shall be stipulated in the Guidelines for Purchase of a Large Number of Shares.

#### **Article 12 (Audit & Supervisory Committee)**

1. The number of Audit & Supervisory Committee Members shall be within five (5), and a majority of the Audit & Supervisory Committee Members shall be External Directors.

2. The Audit & Supervisory Committee shall appoint Audit & Supervisory Committee Member(s) as stipulated in Article 399-14 of the Companies Act by resolution.

3. The Audit & Supervisory Committee may appoint full-time Audit & Supervisory Committee Members by its resolution.

4. In addition to the roles and responsibilities stipulated in laws, the Article of Incorporation and the Audit & Supervisory Committee Regulations of ADEKA, the Audit & Supervisory Committee shall:

(1) establish the criteria for selecting outside accounting auditors; and

(2) develop such environment as enables outside accounting auditors to conduct a high level audit.

5. Matters concerning management of the Audit & Supervisory Committee shall be stipulated in the Audit & Supervisory Committee Regulations.

## **Chapter III Directors**

### **Article 13 (Action guidelines for Directors)**

Directors shall fully understand the following action guidelines, and act in accordance with the laws, the articles of incorporation and other regulations as well as these Guidelines for the benefit of ADEKA:

- (1) Directors shall at any time consider proactively, speak positively, and act actively in accordance with, what is the best for ADEKA, as a member of the Board of Directors, the Audit & Supervisory Committee or other conference bodies;
- (2) Directors shall be not a person who represents only the interest of any department in their charge or other specific departments, but a person who represents the interest of all of the shareholders;
- (3) There shall be no vertical relationship between members of the Board of Directors and the Audit & Supervisory Committee, and all of the members shall have the same status;
- (4) Directors shall make an effort to understand the business of ADEKA; and
- (5) Directors shall at any time make an effort to, understand the rights and status of stakeholders, and cooperate with stakeholders, as a member of the Board of Directors, the Audit & Supervisory Committee or other conference bodies.

### **Article 14 (Nomination of candidates for Directors and appointment of Operating Officers)**

1. According to the Exhibit 3 “Criteria for nomination of candidates for Directors and appointment of Operating Officers”, the plan for nomination of candidates for Directors and appointment of Operating Officers developed by the Representative Director & President shall be determined by the Board of Directors, after consultation with the Nominating & Remuneration Committee.

2. For nomination of candidates for Directors, the following items shall be taken into consideration:

- (1) Performance, experience, knowledge and personality of the candidates;
- (2) Diversity of composition of the Board of Directors (from a broad standpoint, such as sex, nationality, parent organization, background, age); and
- (3) Appropriateness of scale of the Board of Directors.

### **Article 15 (Remunerations of Directors)**

1. The amount of the remuneration of Directors shall be such that it will fully work as motivation for appropriate and sound performance, so that they can make a transparent, fair, prompt and brave decision which will result in raising corporate value and eventually common interest of shareholders.

2. The policy for determining the amount of the remuneration of Directors and Operating Officers shall be as set forth in Exhibit 4.

#### **Article 16 (Concurrently serving Directors)**

When concurrently serving as a director or an auditor of any company other than ADEKA Group, a Director shall limit the number of other companies for which he/she concurrently serves as a director or an auditor to within a reasonable scope so as not to hinder the execution of his/her duties as a director or an auditor of ADEKA Group.

#### **Article 17 (Rights of Directors)**

ADEKA shall give Directors the following authorities or benefits in order for them to fully perform their duties:

- (1) To receive any advice from attorneys at law, certified public accountants or other professionals appointed by the Director individually at the expense of ADEKA;
- (2) To take out any Directors' and Officers' Liability Insurance (insured amount: 1,000,000,000 JPY or more) which covers any and all lawsuits or other claims filed during his/her term of office or within ten (10) years after the resignation; and
- (3) For a Director without duties to execute the business, to conclude a liability limitation contract.

### **Chapter IV Self-evaluation of the Board of Directors; development of compliance environment**

#### **Article 18 (Evaluation of effectiveness of the Board of Directors)**

Analysis and evaluation of the effectiveness of the Board of Directors of ADEKA shall be carried out by the following method once a year (at the end of the year):

- (1) The Board of Directors shall carry out an anonymous survey of all Directors and analyze and evaluate the effectiveness of the Board of Directors based on the result thereof.
- (2) In conducting an analysis and evaluation of the effectiveness of the Board of Directors, the Board of Directors may use any external organizations, including, but not limited to, consultants, and in which case, the name of the external organizations, range of use thereof as well as details of transaction between ADEKA and the external organizations shall be entered in the report.

### **Article 19 (Training)**

The policy for the training of Directors and Operating Officers of ADEKA shall be as set forth in Exhibit 5.

### **Article 20 (Code of conduct of employees)**

1. As a code of conduct that employees of ADEKA Group should abide by, the "ADEKA Group Code of Conduct" shall be established as set forth in Exhibit 6.
2. The Compliance Promotion Committee (with the officer in charge of compliance as a chairman) shall take measures to cause each employee to be thoroughly familiar with, and entrench as a corporate culture, the "ADEKA Group Code of Conduct", including, but not limited to, making an effort to thoroughly communicate and explain it to and among employees so that they can fully understand it and reflect it to their actions, and establishing a forum for employees to talk with each other. The Compliance Promotion Committee shall also review its system and prepare any materials for explanation in various languages therefor, where appropriate.

### **Article 21 (Internal audit system)**

The basic policy for the internal audit system of ADEKA shall be as set forth in Exhibit 7.

### **Article 22 (Whistle-blowing system)**

The basic policy for the whistle-blowing system of ADEKA shall be as set forth in Exhibit 8. ADEKA Group shall prohibit act of retaliation against whistle-blowers, and a person who do not abide by said basic policy shall be subject to harsh disciplinary actions.

## **Chapter V Securement of rights of shareholders; accountability to shareholders**

### **Article 23 (Dialogue with shareholders)**

1. ADEKA shall positively have constructive communication with shareholders. In communicating with each other, ADEKA and shareholders shall make an effort to understand the purpose of such communication each other.
2. The policy for promoting constructive communication with shareholders shall be as set forth in Exhibit 9.
3. The Board of Directors and the Audit & Supervisory Committee shall be responsible to design such a system as makes it possible to communicate with shareholders in accordance with the policy set forth in the preceding paragraph.

#### **Article 24 (Measures for General Meeting of Shareholders)**

1. To give shareholders an enough opportunity to review the agenda and bills for the General Meeting of Shareholders, ADEKA shall:

- (1) make an effort to promptly send a convocation notice, no later than at least three (3) days prior to the statutory time limit at the latest;
- (2) participate in the electronic voting platforms established by Tokyo Stock Exchange;
- (3) announce on the TD-net and ADEKA's website the contents of convocation notice, before sending out the convocation notice; and
- (4) consider translating a convocation notice of ADEKA, where deeming it necessary taking into consideration the ratio of foreign investors owning shares in ADEKA and the contents of bills for the General Meeting of Shareholders.

2. ADEKA shall make an effort to avoid holding an Annual General Meeting of Shareholders on the day on which many other companies concurrently hold their annual general meeting of shareholders, so that a lot of shareholders of ADEKA can attend the Annual General Meeting of Shareholders.

#### **Article 25 (Capital policy; and policy for cross shareholding)**

1. ADEKA shall make an effort to raise shareholder value, by continuous growth and appropriate return to stockholders.

2. The basic policy for the capital policy of ADEKA shall be as set forth in Exhibit 10.

3. The policy for cross shareholding and the principle for exercise of voting rights in cross-held shares of ADEKA shall be as set forth in Exhibit 11.

#### **Article 26 (Transactions with related parties)**

In making a transaction with related parties (officers, major shareholders and so on), ADEKA shall go through the examination by its legal department for securing the fairness in contents and conditions of said transaction and for securing the appropriateness of the process for determination, and in particular, for certain important transactions, undergo a resolution of the Board of Directors' meeting where any Independent External Directors is attending. ADEKA shall also secure the appropriateness of said transaction and protect the benefit of minor shareholders, by undergoing an audit conducted by Audit & Supervisory Committee and the Operational Audit Office for this process.

## **Chapter VI Others**

### **Article 27 (Amendment and disclosure of these Guidelines)**

1. A resolution of the Board of Directors shall be required for amending or disclosing these Guidelines.
2. Amendment of these Guidelines (including Exhibit; the same shall apply hereinafter) shall promptly be announced.
3. The announcement of these Guidelines shall be made on ADEKA's website (ADEKA's Homepage).

### **Supplementary Provisions**

1. The CGC Promotion Committee (Secretariat: Legal & Public Relations Department) shall be responsible for administration of these Guidelines.
2. Revision or repeal of these Guidelines shall, after deliberation of the CGC Promotion Committee, be determined by the Board of Directors.

## **Exhibit 1**

### **Outline of the authorities of, and the scope of the delegation of authorities to Managements or other business executors from, the Board of Directors**

ADEKA shall define the important matters concerning corporate management which should be resolved at the board of directors meeting (Matters to be Resolved by the Board of Directors) in the "Board of Directors Regulations" as follows, and details of which shall be provided for in the "Detailed Regulations for Matters to be Resolved by the Board of Directors".

#### **<Matters to be Resolved by the Board of Directors (major ones)>**

- (1) Matters concerning the General Shareholders' Meetings  
Calling of the General Shareholders' Meetings; determination of bills; appointment of convocator and chairman, etc.
- (2) Matters concerning officers and employees  
Appointment/dismissal of the Representative Director and the Executives; executive appointment (including Nomination of candidates for Directors and appointment of Operating Officers); conclusion of, and mitigation of responsibility under, a liability limitation contract; approval of conflicting interest transactions and competitive transaction; human affairs concerning important employees, etc.
- (3) Matters concerning organizations/regulations, etc.  
Establishment, change or abolition of important organization; establishment, revision and repeal of important regulations and systems, etc.
- (4) Matters concerning shares/share options, etc.  
Determination of subscription requirements for shares; disposition or cancellation of treasury shares; share split; capital bonus; issuance of share warrant; gratis allocation; cancellation; corporate bond; issuance of bond with warrant, etc.
- (5) Matters concerning accounting of ADEKA  
Approval of accounting draft; business reporting; Approval of financial statements and detailed statement thereof; capitalization of reserve fund; matters concerning interim dividend, etc.
- (6) Matters concerning assets of ADEKA  
Appropriation of and acceptance of assignment of important assets; borrowing in a significant large amount, etc.
- (7) Matters concerning operation of business of ADEKA and ADEKA Group Determination and change of business plan; approval of proposed budget; corporatization of start-up business; separation/abolition of existing business, etc.

(8) Other important business execution

Conclusion/amendment of important contract; termination; Important announce; lawsuit arrangement; matters to be determined by the Board of Directors under any laws or the Articles of Incorporation; other matters deemed by the Chairman & Chief Executive Officer that they should be resolved by the Board of Directors.

**< Delegation of authorities from the Board of Directors to any Managements or other business executors >**

With respect to business execution other than Matters to be Resolved by the Board of Directors mentioned above, that is, the business execution delegated from the Board of Directors to any Managements or other business executors, important ones shall be deliberated and determined by the Management Council in accordance with the Management Council Regulations, and the remainder shall be executed with an approval of a person having decision authority (the President & Chief Operating Officer, Operating Officer in charge, or General Manager of the relevant department) in accordance with the Decision Regulations.



## **Exhibit 2 Functions/roles expected to be fulfilled by External Directors; and Criteria for determining independence of External Directors**

### **I. Functions/roles expected to be fulfilled by External Officers**

ADEKA expects External Directors to fulfill the following functions/roles for corporate governance, respectively:

- External Directors shall supervise and evaluate the business execution of Directors in order to secure and improve the appropriateness and transparency of decision-making in business management from the point of view as a representative of the interests of general shareholders (Monitoring Function), and give useful advice to Managements based on a great deal of expertise and experience as outside experts from the point of view of a third party (Advisor Function); and
- External Directors who are Audit & Supervisory Committee Members shall improve transparency and fairness of business management by checking and indicating violation of any laws or the Articles of Incorporation of, or material unfair actions of, Directors in their business execution, from an independent standpoint (Enhancement of Independence of Audit). Expecting that fulfillment of these functions/roles will help ADEKA to grow in a sustainable way, raise its mid-and-long term corporate value and eventually shareholder value, prevent any misconduct, protect the benefit of general shareholders, and thereby enhance the corporate governance, ADEKA hereby appoints External Directors.

### **II. Criteria for determining independence of External Directors**

Based on the functions/roles ADEKA expects External Directors to fulfill as mentioned above, the Board of Directors shall nominate any persons who are not likely to have a conflict of interest with general shareholders in light of personal relationship and capital relationship with, and existence and scale of business relationship with, ADEKA, as candidates of Independent External Directors.

A person who meets all of the following requirements shall be deemed to be a person with enough independence:

1. He/She is not a business executor of, or a person from, ADEKA Group, and no his/her close relatives, etc. (Note 1) have been a business executor of ADEKA Group for five (5) years;
2. He/She is not or has not been any of the following persons for five (5) years:
  - (1) A business executor of large shareholder (Note 2) of ADEKA;
  - (2) A business executor of main client (Note 3) of ADEKA, or a business executor of any company whose one of the main clients is ADEKA;
  - (3) A business executor of main loan lender (Note 4) of ADEKA;
  - (4) A person who belongs to any audit corporation which engages in a statutory audit of ADEKA;

- (5) A person who is obtaining a large amount (Note 5) of money, etc. other than officers' remuneration;
  - (6) A business executor of any organization for which any of ADEKA's officers takes office as an officer and any of the officers of which takes office as an officer for ADEKA;
  - (7) A business executor of any organization which is receiving a large amount of donation or subsidy (Note 6) from ADEKA.
3. No his/her close relatives, etc. falls under any of the persons listed in 2(1) through (7) above.

Note:

1. "Close relatives, etc." means spouses, relatives within the second degree of kinship, or other relatives living together with him/her.
2. "Large shareholder" means a shareholder who owns ten percent (10%) or more of the total voting rights in ADEKA at the end of the fiscal year.
3. "Main client" means a client of ADEKA whose annual transaction amount in the past three (3) fiscal years exceeds ADEKA's consolidated gross sales or two percent (2%) of its consolidated gross sales.
4. "Main loan lender" means a financial institution from which ADEKA is borrowing any funds whose total balance at the end of the fiscal year is more than two percent (2%) of the consolidated assets of said financial institution.
5. "Large amount" means the case where the amount of money, etc. he/she has obtained from ADEKA as an individual person in the past three (3) fiscal years on average exceeds 10,000,000 JPY, or the case where the amount of consideration ADEKA has paid to any organization to which he/she belongs in the past three (3) fiscal years on average exceeds two percent (2%) of the amount of gross sales or gross income of said organization.
6. "Organization which is receiving a large amount of donation or subsidy" means an organization which is receiving any donation or subsidy exceeding 10,000,000 JPY a year from ADEKA.

In appointing External Directors, in addition to the independence from ADEKA, it shall be required as additional requirements for candidates that he/she has superior personality and insights, and high level of expertise and business experience in business management, laws, accounting and so on.

### **Exhibit 3 Criteria for nomination of candidates for Directors and appointment of Operating Officers**

Nomination of candidates for Directors and appointment of Operating Officers in ADEKA shall be made as follows:

- As for candidates for Directors (excluding Directors who are Audit & Supervisory Committee Members) or Operating Officers, the Representative Director & President shall determine the nominated candidates from among persons who are recommended by each Director as a person satisfying the requirements of the following 1 through 4 or who are elected by the Representative Director & President by himself.
- As for candidates for Directors who are Audit & Supervisory Committee Members, the Representative Director & President shall determine the nominated candidates from among persons who are recommended by the Audit & Supervisory Committee as a person satisfying the requirements of the following 1 through 4 or who are elected by the Representative Director & President by himself, and obtain a consent thereto from the Audit & Supervisory Committee.
- With respect to the aforesaid nominated candidates determined by the Representative Director & President, the Board of Directors shall, before deliberation of the Board of Directors, consult with the Nominating & Remuneration Committee in advance about the plan of such determination, and then the Board of Directors shall approve (or reject) by resolution the nominated candidates, taking into consideration opinions and advice of the Nominating & Remuneration Committee therefor.

#### **<Selection Proposal Standards >**

##### **1. General criteria**

###### **(Directors)**

He/She has superior personality and insights, and broad knowledge, experience and performance necessary to actively perform his/her duties as a Director, and to engage in various deliberation in the Board of Directors, the Management Council and so on.

###### **(Executive Directors/Operating Officers)**

He/She has superior qualification, ability, influence and confidence necessary to grasp and resolve any problems arising in departments in charge, as well as insights and a sense of ethics to fully abide by laws and business ethics. He/She has integrative leadership to seek not only the interest of a department in his/her charge or other specific departments but the best choice for ADEKA from a company-wide standpoint (overall optimization), and to unify other officers and employees toward fulfillment thereof.

## **2. Knowledge criteria**

He/She has a basic knowledge of the Companies Act, the Financial Instruments and Exchange Act and so on indispensable for officers, as well as a basic knowledge of governance practice, finance and financial affairs.

## **3. Training criteria**

He/She has undergone or is planned to undergo a training course for officers established by ADEKA, or he/she is deemed to have experience and knowledge similar to or higher than those of persons having undergone said training course.

## **4. Available time criteria**

The number of other companies for which he/she concurrently serves as a director or an auditor is limited to within a reasonable scope.

It is deemed that nothing will prevent him/her from attending at least seventy-five percent (75%) of the Board of Directors' meetings. In particular, in the event of emergency, he/she can secure sufficient time for his/her duties.

Dismissal of Directors and Operating Officers in ADEKA shall be made as follows:

- Directors who fall under any of the following dismissal proposal standards shall be subject to a dismissal proposal. Board of Directors shall, before deliberation of the Board of Directors, consult with the Nominating & Remuneration Committee about the said dismissal proposal to be presented to the General Shareholders' Meeting and shall make decisions by a resolution of the Board of Directors based on the opinions and advice of the Nominating & Remuneration Committee.
- Operating Officers who fall under any of the following dismissal proposal standards shall be subject to a dismissal proposal. Board of Directors shall, before deliberation of the Board of Directors, consult with the Nominating & Remuneration Committee about the said dismissal proposal developed by the Representative Director & President and shall make decisions by a resolution of the Board of Directors based on the opinions and advice of the Nominating & Remuneration Committee.

### **<Dismissal Proposal Standards>**

1. Serious misconduct
2. Significant breaches of obligations, violations of laws and regulations, the articles of incorporation, and other regulations of ADEKA Group which have caused serious damage to ADEKA Group or hindrance to its business operations.
3. Significant interference with the execution of duties
4. Apparent lack of each requirement of the Selection Proposal Standards

## **Exhibit 4 Policy for determining the amount of the remuneration of Directors and Operating Officers**

The amount of remuneration of Directors shall be such that it will fully operate as motivation for appropriate and sound performance, so that they can make a transparent, fair, prompt, and brave decision which will result in raising corporate value and eventually the common interest of shareholders. The remuneration criteria for Directors and Operating Officers shall be established, and reviewed as appropriate, taking into consideration the industry level in light of ADEKA's business scale and necessity of securing global personnel.

The Policies for determining the amount of remuneration of Directors (excluding Directors who are Audit & Supervisory Committee Members), Directors who are Audit & Supervisory Committee Members, and Operating Officers are as follows:

### 1. Policy for determining the amount of remuneration of Directors (excluding Directors who are Audit & Supervisory Committee Members)

#### (1) Basic Policy

The remuneration of Directors (excluding Directors who are Audit & Supervisory Committee Members) and Executive Directors' remuneration shall consist of base compensation as a fixed payment, a bonus as a performance-linked compensation, and stock-based rewards. Provided, however, that remuneration of External Directors shall be only a base compensation in view of their duties.

#### (2) Policy for determining the amount of individual base compensation (monetary compensation)

Base compensation for Directors shall be monthly fixed compensation as determined in accordance with the position and number of years in office.

#### (3) Policy for determining performance-linked compensation and the contents and amount/number of non-monetary compensation

##### i) Performance-linked compensation

Performance-linked compensation shall be paid at a certain time annually as a bonus, the amount of which shall be calculated comprehensively taking into account:

- a) Financial value (results for each business year to be evaluated against ADEKA's consolidated net sales, consolidated operating income and consolidated net income);
- b) Social value (results for each business year to be evaluated against contribution to the resolution of social problems such as environmental problems.)
- c) Other various factors and circumstances

##### ii) Non-monetary compensation

Non-monetary compensation shall be transfer-restricted stock compensation, in order to make

our compensation system work as a medium- to long-term incentive to realize the increase of ADEKA's corporate value and eventually the sustainable increase of shareholder value. The amount/number of transfer-restricted stock compensation shall be determined in accordance with the position of each Director and shall be paid by a resolution of a meeting of the Board of Directors held within one (1) month from the date of the commencement of job execution by Executive Directors.

The transfer restriction period shall be no less than three (3) years from the Payment due date, and the transfer restriction period shall in principle be lifted on the condition that he/she has been continuously in office as a targeted Director during the relevant period.

(4) Policy for determining the proportion of monetary compensation, performance-linked compensation, and non-monetary compensation in relation to Directors' total compensation

Regarding the proportion of Executive Directors' compensation by type, the higher the position of the Director is, the larger the weight of bonus as performance-linked compensation shall be.

The approximate proportion of Directors' Compensation by type is as follows (based on the assumption that performance indicators have been 100% achieved):

Position	Base compensation	Performance-linked compensation (Bonus)	Non-monetary compensation (Transfer-restricted stock)
Representative Director & Chairman Representative Director & President	55%	22%	23%
Director & Senior Managing Operating Officer	59%	20%	21%
Director & Managing Operating Officer	61%	17%	22%
Director & Operating Officer	61%	15%	24%

(5) Policy for determining the contents and amount of individual compensation

i) Base compensation

Regarding base compensation, which is a part of Directors' individual compensation, the Board of Directors shall delegate the specific contents to the Representative Director & President within the scope of the maximum limit resolved by the General Shareholders' Meeting, and the Representative Director & President shall develop a proposal relating to each Directors' base compensation based on the remuneration criteria determined in accordance with the position and number of years in office. The Representative Director & President shall then consult such compensation proposal with the Nominating & Remuneration Committee, and

determine the amount of each Director's compensation, taking into consideration the opinions and advice of the Nominating & Remuneration Committee therefor.

ii) Bonus

Regarding the bonus, which is a part of Directors' individual compensation, the Board of Directors shall delegate the specific contents to the Representative Director & President within the scope of the maximum limit resolved by the General Shareholders' Meeting, and the Representative Director & President shall develop a proposal relating to each Directors' bonus comprehensively taking into account: a) the financial value (results for each business year to be evaluated against ADEKA's consolidated net sales, consolidated operating income, and consolidated net income) , b) social value (results for each business year to be evaluated against contribution to the resolution of social problems such as environmental problems) and c) other various factors and circumstances. The Representative Director & President shall then consult such bonus proposal with the Nominating & Remuneration Committee, and determine the amount of each Director's bonus, taking into consideration the opinions and advice of the Nominating & Remuneration Committee therefor.

iii) Stock-based rewards

Regarding stock-based rewards, which is a part of Directors' individual compensation, the Representative Director & President shall develop a stock-based rewards proposal based on the Stock-based Rewards Regulations determined by the Board of Directors. The number of shares allocated to each Director based on such proposal shall be determined by a resolution of the Board of Directors, within the scope of the maximum limit resolved by the General Shareholders' Meeting, after consultation with the Nominating & Remuneration Committee .

2. Policy for determining the amount of the remuneration of Directors who are Audit & Supervisory Committee Members

(1) Basic Policy

Directors who are Audit & Supervisory Committee Members (regardless of whether or not he/she is an External Director) shall be paid only base compensation in view of their duties in relation to their supervisory function.

(2) Policy for determining the amount of individual base compensation (monetary compensation)

Base compensation for Directors who are Audit & Supervisory Committee Members shall be determined by mutual consultation among Audit & Supervisory Committee Members within the scope of the maximum limit resolved by the General Shareholders' Meeting.

### 3. Policy for determining the amount of remuneration of Operating Officers

#### (1) Basic Policy

Operating Officers' remuneration shall consist of a base compensation as a fixed payment, a bonus as performance-linked compensation, and stock-based rewards.

#### (2) Base Compensation

Base compensation for Operating Officers shall be monthly fixed compensation as determined in accordance with the position and number of years in office.

#### (3) Performance-linked compensation and non-monetary compensation

##### i) Performance-linked compensation (Bonus)

Performance-linked compensation shall be paid at a certain time annually as a bonus, the amount of which shall be determined by the Representative Director and President comprehensively taking into account:

a) Financial value (results for each business year to be evaluated against ADEKA's consolidated net sales, consolidated operating income, and consolidated net income)

b) Social value (results for each business year to be evaluated against contribution to the resolution of social problems such as environmental problems.)

c) Other various factors and circumstances

##### ii) Non-monetary compensation (Stock-based rewards)

Non-monetary compensation shall be transfer-restricted stock compensation, in order to make our compensation system work as a medium- to long-term incentive to realize the increase of ADEKA's corporate value and eventually the sustainable increase of shareholder value. The amount/number of transfer-restricted stock compensation shall be determined in accordance with the position of each Operating Officer and shall be paid by a resolution of a meeting of the Board of Directors held within one (1) month from the date of the commencement of job execution by Operating Officers.

The transfer restriction period shall be no less than three (3) years from the Payment due date, and the transfer restriction period shall in principle be lifted on the condition that he/she has been continuously in office as Operating Officer during the relevant period.



## **Exhibit 5 Policy for training of Directorss and Operating Officers**

1. Object persons of training shall include not only Directors but also Operating Officers (collectively "Officers, etc.").

2. In taking office as Officers, etc., Officers, etc. shall undergo the training before or immediately after such taking office, and also thereafter, regularly undergo the training for update so that they can deal with any revision of laws, new practices and trend of risk problems.

3. The training shall be attained with a combination of the in-house trainings and the training sessions provided by any third party specialized agencies. In in-house trainings, visiting lecturer shall be used, as appropriate. For training sessions provided by any third party specialized agencies, not only trainings arranged by ADEKA but also such trainings as searched by respective Officers, etc. by themselves may be utilized (in which case, expenses shall be borne by ADEKA subject to in-advance application).

4. The purpose of the training is to cause Officers, etc. to master a higher level of knowledge and leadership.

(1) Examples of trainings provided by any third party specialized agencies

Roles and responsibilities in society; the Companies Act; the Financial Instruments and Exchange Act; corporate governance; M & A; finance; how to read financial statements; leadership; human resource management, etc.

(2) Examples of in-house trainings

In addition to above-mentioned general knowledge, long-term business challenges, management strategy and financial analysis, of ADEKA, etc.

(3) Examples of trainings for Audit & Supervisory Committee Members

In addition to above-mentioned items, roles of Audit & Supervisory Committee Members; accounting; risk management; internal audit; internal control; corporate ethics and compliance, etc.

(4) Examples of trainings for persons promoted to Operating Officers

Corporate ethics and compliance; basic knowledge relating to corporate governance, etc.

5. For trainings for External Directors, an orientation for business lineup, composition of finances and organization of ADEKA, etc. shall be provided before their taking office as External Officers, and thereafter, upon request of External Directors, further trainings and information shall be provided as appropriate.

## **Exhibit 6 ADEKA Group Code of Conduct**

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

We abide by domestic and overseas laws and regulations as well as corporate internal rules and conduct fair and transparent business in accordance with social ethics.

### **2. Provide safe and high quality products and services**

We develop and provide products and services truly contributing to construction of a sound and wealthy society. We provide products and services of safe and high quality, giving first priority to customers' satisfaction and reassurance.

### **3. Be serious about preserving the environment**

We acknowledge that voluntary initiatives to the environmental efforts are essential for existence and activities of the enterprise. We give special consideration to preservation of the environment by endeavoring to development and provision of environmentally friendly products intended for easy recycle and tackling aggressively conservation of resources including energy and waste minimization.

### **4. Open and friendly communication and activities, to serve the interest of society and to maintain its trust**

We are willing to be a business enjoying deep-seated trust widely from the public by emphasizing the dialogue with it. We highly esteem traditional culture and practices not only in Japan, but also in the countries where we are located, make best efforts to contribute to development of communities in various aspects by participating in community activities, disaster relief services and other volunteerism.

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

We disclose business information that is useful for society in a timely and appropriate manner. We fully acknowledge the key relevance of protection of confidential information, including privacy of customers, and deal with such confidential information as customers data stored with us in accordance with the provisions of house rules in an appropriate and rigorous way.

**6. Maintain a safe and healthy working environment for our employees**

We secure a safe and healthy working environment for employees, respect their human rights, give them an impartial and equal treatment and realize their comfortable and wealthy life, thereby building a vibrant company that appreciates their uniqueness and initiatives.

**7. Not tolerate anti-social forces or behavior**

We totally exclude the relationship with any anti-social forces and groups jeopardizing order and security in the civil society and putting undue pressure on business activities and reject their unreasonable demands aggressively.

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

We seek for harmonization as well as co-existence and co-prosperity with the civil society and strive for a sound and vital development and an increase of profitability through fair and transparent management and global and innovative business activities, thereby realizing an appropriate return of our results to the society.

**Exhibit 7 Basic policy for internal control system**

**Basic policy for the systems to secure appropriateness of operations (Internal Control System)**

June 18, 2021

**Board of Directors, ADEKA Corporation**

<b>Establishment/revision</b>	<b>Establishment/revision date</b>	<b>Contents</b>
<b>Establishment (1st edition)</b>	May 15, 2016	Established pursuant to the provisions of Article 362, paragraph (4), item (vi) of <b>the Companies Act</b> , and Article 100 of the Ordinance for Enforcement of the Companies Act.
<b>Revision (2nd edition)</b>	March 24, 2008	Added the provisions concerning the internal control system promotion organizations, the prevention of damages caused by, and ban on relations with, anti-social forces; Amended the provisions concerning the Employees who should assist Audit & Supervisory Board Member's duties
<b>Revision (3rd edition)</b>	May 12, 2015	Review and expansion of the provisions, on the group internal control and, on the matters concerning audit system
<b>Revision (4th edition)</b>	March 17, 2016	Amended the provisions of "7. Employees who should assist Audit & Supervisory Board Member's duties"
<b>Revision (5th edition)</b>	March 16, 2017	Amended the provisions of "5.(2) Management Council"
<b>Revision (6th edition)</b>	June 23, 2017	Amended the provisions of "5. (2)Management Council"
<b>Revision (7th edition)</b>	June 18, 2021	Amendment associated with the transition to a company with an Audit and Supervisory Committee

## **Basic policy for the systems to secure appropriateness of operations (Internal Control System)**

Pursuant to the provisions of Article 399-13, paragraph (1), item (1) and paragraph (2) of the Companies Act, and Article 110-4 of the Ordinance for Enforcement of the Companies Act, a basic policy for the systems to secure appropriateness of operations of corporate group ("ADEKA Group") consisting of ADEKA and its subsidiaries ("Group Company" or "Group Companies") (such system, hereinafter referred to as "Internal Control System") shall be established, as follows:

### **1. Basic policy for business operations**

#### **(1) Management policy**

**"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 "**

We strive to accelerate business deployment, focusing on highly competitive and technologically superior product lines in the world market, and provide the market with, state-of-the-art products using original and superior technology and, products responding to needs of our customers, and thereby ultimately, contribute to promoting global welfare. We also strive to harmonize the further soundness of our business operations with the global society, by fully taking into consideration in our business the request and profit of stakeholders surrounding us, in response to any changes in our business environment with extreme sensitivity.

#### **(2) ADEKA Group Code of Conduct**

As guidelines for our business activities, we hereby establish the "ADEKA Group Code of Conduct", action guidelines for ADEKA Group's officers and employees derived from the management policy set forth in (1) above, as follows:

- (i) Abide by laws and regulations in all corporate activities and conduct fair business in an ethical manner
- (ii) Provide safe and high quality products and services
- (iii) Be serious about preserving the environment
- (iv) Open and friendly communication and activities, to serve the interest of society and to maintain its trust
- (v) Foster corporate transparency by truthfully and accurately disclosing information regarding our business activities
- (vi) Maintain a safe and healthy working environment for our employees
- (vii) Not tolerate anti-social forces or behavior
- (viii) Strive to achieve sustainable growth and success for the benefit of our employees, shareholders and society

## **2. System to ensure that performance of duties by Directors or employees conforms to the provisions of applicable laws and the Articles of Incorporation (Compliance)**

### **(1) Compliance promotion organization**

ADEKA shall establish the Compliance Promotion Committee (with the officer in charge of compliance as a chairman) consisting of officers and one (1) outside lawyer as an organization in charge of promoting compliance management of ADEKA Group, make an effort to develop, and grasp problems of, a company-wide compliance system. ADEKA shall also establish in each department a Compliance Promotion Responsible Manager (General Manager of the department, in principle) and a Compliance Promotion Manager (Compliance leader of each workplace designated by the Compliance Promotion Responsible Manager).

### **(2) Group Compliance Regulations**

ADEKA shall establish as a regulation governing the compliance management of ADEKA Group, and promote development of the compliance promotion organization system, management of compliance activities (including but not limited to education and enlightenment) and operation of the whistle-blowing system based on, the Group Compliance Regulations.

### **(3) Code of ethics/manuals**

ADEKA shall repeatedly communicate (by the Representative Directors) a spirit of compliance to and among every officers and employees and make them thoroughly understood that every business activities are premised on compliance of laws, by using, in addition to the "ADEKA Group Code of Conduct", various code of ethics and manuals, including, but not limited to, the "Compliance Action Guidelines", a norm of behavior detailing the ADEKA Group Code of Conduct, and the "Compliance Casebook (collection of cases)", a collection of cases thereof. The Compliance Promotion Committee shall regularly review said code of ethics and manuals.

### **(4) Compliance education/training**

The Compliance Promotion Committee shall thoroughly promulgate a spirit of compliance to all officers and employees, by the education/training system with a combination of a stratified training and a training classified by theme/laws, based on the cascade method, that is, a way of promulgation that ADEKA first provides the Compliance Promotion Responsible Managers of each department with compliance education and then said Compliance Promotion Responsible Managers thoroughly communicate said compliance education to and among every employees in said department. ADEKA shall enlighten by using in-house newsletter or other internal media.

### **(5) Monitoring and business audit**

(i) The Compliance Promotion Committee shall regularly conduct a monitoring and survey on

the status of compliance of laws and the degree of penetration of a sense of compliance, etc. in ADEKA.

- (ii) The Operational Audit Office shall cooperate with the Compliance Promotion Committee, including, but not limited to, reporting to the Compliance Promotion Committee matters concerning compliance among the result of internal audit.
- (iii) The Chairman of Compliance Promotion Committee shall report to the Board of Directors the activity status of the Compliance Promotion Committee and problems on compliance.

#### **(6) Whistle-blowing system**

ADEKA shall establish a Whistle-blowing Hot-line and, make an effort to detect early, and secure information on, any violation of compliance.

ADEKA shall also further strengthen, and enhance the function of, the whistle-blowing system, and establish the Compliance Whistle-blowing Regulations that clarify the procedure for whistle-blowing to the Whistle-blowing Hot-line, the protection of whistle-blowers and so on, in response to the Whistle-Blower Protection Act.

#### **(7) Internal control system promotion organization**

ADEKA shall strive to strengthen the company-wide internal control system, by establishing the Internal Control Promotion Committee (headquarters level) and subcommittees by business segment thereunder, for the purpose of building and improving the system for the “Evaluation of and Report on Internal Control Over Financial Reporting” pursuant to the Financial Instruments and Exchange Act (Japanese Sarbanes-Oxley Act), in addition to specific operation and promotion of the internal control system pursuant to the Companies Act and the Ordinance for Enforcement of the Companies Act.

Functions of the Internal Control Promotion Committee shall be as follows:

- (i) To secure appropriateness (legality, efficiency) of execution of operations, to secure reliability of financial reporting, and to build, and promote operation of, a system for safeguarding of assets; and
- (ii) To develop such environment and promote such illuminating activities as help employees to raise their consciousness level concerning internal control.

#### **(8) Prevention of damage caused by, and ban on relations with, anti-social forces**

As one of the important efforts for CSR and compliance, ADEKA shall make an effort to exclude antisocial forces. To prevent any damage caused by, and exclude any relations with, any anti-social forces, ADEKA shall designate the Legal & Public Relations Department as a department in charge of response to the anti-social forces, develop manuals on countermeasure for possible cases, and take a firm stand against antisocial forces, cooperating with the police and other agencies.

### **3. System concerning storage and control of information pertaining to exercise by Directors of their duties**

To guarantee the appropriateness of business judgment, ADEKA shall, for any matters important for business management, make a decision by the Board of Directors or the Management Council under the rules on review and meeting, and store the minutes thereof along with relevant materials used at such decision-making. For any duties delegated to the execution line from Directors, an approval procedure by Ringi or Decision (the request for managerial decision) shall be taken, and the Ringi documents/Decision documents shall be stored along with relevant materials.

To secure traceability of Directors' management responsibility, the information concerning these decision-making procedure shall be store and managed as follows:

(1) The officer in charge of the Legal & Public Relations Department shall establish the document management regulations and the standards for storage and disposal of documents, and store the following documents (including electromagnetic records) along with relevant materials:

(i) Minutes of General Shareholders' Meetings, (ii) Minutes of Board of Directors, (iii) Minutes of Management Council, (iv) Ringi documents/Decision documents, (v) accounting books, financial statements, (vi) other documents specified in the document management regulations

(2) In storing documents, the officer shall make an effort to adopt a method easy to retrieve stored ones, by using index system or electronic file.

### **4. Rules and other systems for management of risk of loss (risk management system)**

#### **(1) Establishment of the Risk Management Committee**

ADEKA shall establish the Risk Management Committee (with the officer in charge of risk management as a chairman) consisting of general managers of main staff departments (Secretariat: Legal & Public Relations Department), and then cause said Risk Management Committee to identify and evaluate risks actually or possibly faced by each department, design a Risk Management Manual and review the risk management system.

#### **(2) Risk Management Manual**

ADEKA shall, based on the "Risk Management Manual" issued by the Risk Management Committee, designate responsible departments by risk categories, and take such a system as can minimize damage through prompt and correct response in case of emergency.

#### **(3) Establishment of the Emergency Headquarters**

In the event of especially high degree of urgency/importance, ADEKA shall establish the Emergency Headquarters (with the officer of the department in charge of said event as a chief of headquarters), and cause said Emergency Headquarters to address said event in an organized manner in accordance with the Risk Management Manual.

#### **(4) Audit on risk management**



The Operational Audit Office shall conduct, and regularly report to the President & Chief Operating Officer, the Audit & Supervisory Committee, and to the Board of Directors the result of, an audit on status of the risk management made by each department.

## **5. System to secure efficient performance by Directors of their duties**

### **(1) Operating Officers System**

ADEKA shall strive to speed up decision-making procedure and to clarify responsibility for business execution, by separating decision-making from business execution, based on the Operating Officers System.

### **(2) Management Council**

ADEKA shall establish the Management Council, in order to preliminarily deliberate important matters for which an approval of the Board of Directors is required, to share the information on business execution among Officers, and to speed up deliberation by the Board of Directors. The Management Council shall consist of Full-time Directors (excluding Directors who are Audit & Supervisory Committee Members) and Operating Officers, and shall deliberate and determine the matters stipulated in the Management Council Regulation. Each Management Council's Meeting shall have all full-time Directors and the relevant Operating Officers relating to the agenda of the meeting as attendees, and the appropriate section leaders as proposers of the matter to be discussed.

### **(3) Term of office of Directors and Operating Officers**

Term of office of Directors and Operating Officers shall be one (1) year, for the purpose of clarifying their management responsibility and making operations more efficient.

### **(4) Clarifying of rules on authorities, decision-making and business execution**

ADEKA shall take a system capable of securing appropriate and efficient execution by officers of their duties, by clarifying of rules on authorities, decision-making and business execution based on the internal regulations, including, but not limited to, the Board of Directors Regulations, the Management Council Regulations, the Authorities Regulations and the Decision Regulations. To avoid discrepancy between regulations and actual condition, ADEKA shall promote a review of the internal regulations and standards.

### **(5) Budgetary management system**

ADEKA shall secure efficiency of business operation, by setting numerical targets (including those for costs) for each department at the beginning of a term, reviewing progress and status of the achievement using the managerial accounting method, and providing feedback on the results.

ADEKA shall also improve business efficiency, by using information technologies in accounting system.

## **6. System to secure proper operations in business group**

### **(1) Departments to administer or supervise Group Companies**

#### **(i) Corporate Planning Department**

ADEKA shall establish the Corporate Planning Department as a department to administer Group Companies. The Corporate Planning Department shall give guidance on, and administer, Group Companies' management and business operation in general.

#### **(ii) Business Headquarters**

ADEKA shall establish business headquarters ("Business Headquarters") in charge of each business of ADEKA Group. The Business Headquarters shall give advice or guidance on, and administer, business strategies of each Group Company under its charge ("Group Company under the Charge" or "Group Companies under the Charge").

#### **(iii) Operational Audit Office**

ADEKA shall establish the Operational Audit Office as a department in charge of internal audit. The Operational Audit Office shall conduct an audit over a Group Company, and report the result thereof to the Representative Director and the Audit & Supervisory Committee of ADEKA and to the Group Company.

### **(2) Framework for reporting to ADEKA by Group Company of its business execution**

#### **(i) weekly/monthly report system**

The Representative Director of ADEKA shall, via the Corporate Planning Department, receive from the representative director of a Group Company a report on the performance, progress of the business plan and status of business execution of the Group Company under the weekly/monthly report system.

#### **(ii) Reporting at the board of directors meeting of Group Company**

Those who are dispatched from ADEKA to a Group Company as directors or auditors of such Group Company (hereinafter referred to as "Dispatched Officers") shall, at the board of directors meeting of the Group Company they are attending, receive a report on, actively ask a question for and strive to collect information on, the status of business execution of the Group Company.

#### **(iii) Global Strategy Meeting**

The Business Headquarters shall hold a Global Strategy Meeting consisting of Group Companies under the Charge, and receive a report on their status of business, etc. from the Group Companies under the Charge.

#### **(iv) ADEKA Group President Meeting**

At the ADEKA Group President Meeting representative directors of main domestic and

overseas Group Companies attend, the President of ADEKA shall request said representative directors to report the status of the Group Company's management and business execution as well as problems thereon.

**(v) General shareholders' meetings of Group Company**

ADEKA shall attend the general shareholders' meetings of each Group Company and receive a business report there, every fiscal year.

**(3) Regulations and other systems for the management of risk of loss for Group Company**

**(i) Building and improvement by a Group Company of the system for management of risk of loss**

ADEKA shall, through the general shareholders' meetings of each Group Company, request said Group Company to build and improve, and to report the status of operation of, a risk management system according to its business category and business scale, including, but not limited to, establishment of organization for management of risk of loss, and appointment of responsible persons thereof.

**(ii) System for reporting on risk of loss**

In the event that any risk of loss arises or is likely to arise due to any accident, disaster or violation of law in any Group Company, ADEKA shall promptly request said Group Company to report to ADEKA's the Corporate Planning Department and the Business Headquarters (in particular, in case of critical emergency, also to the Representative Director of ADEKA) the contents of the risk of loss, degree of the loss, and its possible effect on ADEKA and degree thereof.

**(iii) Risk management during peacetime in accordance with the Risk Management Manual**

ADEKA shall designate responsible departments by individual risk category in accordance with the ADEKA Group Risk Management Manual. The Risk Management Committee may instruct the responsible department to educate and enlighten, to identify and evaluate any risks actually or possibly faced by, and to review and improve the risk management system of, the relevant Group Companies.

**(iv) Establishment of a Joint Emergency Team**

In the event that a state of emergency arises, raising concerns about the possible serious impact on ADEKA or any other Group Company, then ADEKA shall organize a Joint Emergency Team with the Group Company, and address the concerns and minimize damage in cooperation with the Group Company.

**(4) System to secure efficient performance by directors, etc. of their duties in the Group Company**

**(i) Budgetary management by Group Company**

ADEKA shall request each Group Company to report on its numerical targets (including those for costs) it has set at the beginning of a term, review the progress and the status of achievement of the budget, using the managerial accounting method, and provide the Group Company with the feedback on the results.

**(ii) Management by the Business Headquarters**

The Business Headquarters shall regularly convene a meeting in order to confirm the progress and the status of achievement of the budget in the Group Company.

**(iii) Management by the Corporate Planning Department and Dispatched Officers**

The Corporate Planning Department and Dispatched Officers shall give any guidance or advice on the management/operation of the Group Company as appropriate, and secure efficiency in the execution of duties.

**(iv) Global business management system**

ADEKA shall provide Group Companies with useful information and improve a business efficiency, by sharing data for the business management analysis with Group Companies via the global business management system and making it possible to immediately collect information.

**(5) System to ensure that the execution by Group Company's directors, etc. and employees of their duties conforms to the provisions of applicable laws and the Articles of Incorporation**

**(i) Sharing of the code of ethics/compliance regulations, etc.**

ADEKA shall take a group-wide system for compliance, by establishing, and sharing with respective Group Companies, the code of ethics and various regulations/manuals applicable in common to the whole ADEKA Group, including, but not limited to, the "ADEKA Group Code of Conduct", the "Group Compliance Regulations", and the "Compliance Whistle-blowing Regulations".

**(ii) Group compliance promotion organizations**

**i) Building and improvement by a Group Company of a promotion system**

ADEKA shall, through the general shareholders' meetings, etc. of each Group Company, request said Group Company to build and improve, and to report the status of operation of,  
a compliance system according to its business category and business scale, including, but not limited to, establishment of compliance promotion organizations, and appointment of the compliance promotion responsible persons thereof.

**ii) Group Compliance Conference**

ADEKA shall hold a Group Compliance Conference consisting of the presidents of respective Group Companies and the compliance promotion responsible persons, discuss at said Group Compliance Conference any problems on compliance faced by respective Group Companies, and strive to share the consciousness and information. ADEKA shall also regularly hold a compliance lecture meeting for the members of the Group Compliance Conference.

**(iii) Supervision over, and audit on, Group Company**

**i) Dispatched Officers**

ADEKA shall dispatch Dispatched Officers to Group Companies, as necessary, and monitor and supervise the execution by the Group Company's directors of their duties through Dispatched Officers.

**ii) Audit & Supervisory Committee of ADEKA**

The Audit & Supervisory Committee of ADEKA shall conduct an audit on the business execution of Group Companies.

**iii) Operational Audit Office**

The Operational Audit Office shall conduct an internal audit on each Group Company, respecting the autonomy of the Group Company.

**(iv) Whistle-blowing Hot-line applicable in common to Group Companies**

ADEKA shall establish and operate the Whistle-blowing Hot-line applicable in common to Group Companies in accordance with the Compliance Whistle-blowing Regulations. In the event that any officer or employee of any Group Company makes a whistle-blowing to the Whistle-blowing Hot-line, the Secretariat of Compliance Promotion Committee of ADEKA shall promptly communicate it to the presidents of said Group Company, the compliance promotion responsible persons or Dispatched Officers, and cooperate with said Group Company in investigating and addressing the event, as appropriate.

**7. Employees who should assist the Audit & Supervisory Committee's duties**

ADEKA shall establish the following system for securing independence of employees who should assist the Audit & Supervisory Committee's duties ("Assistant Employees") and effectiveness of instructions of the Audit & Supervisory Committee, and then appoint Assistant Employees:

- (i) Assistant Employees who have received any instructions from the Audit & Supervisory Committee necessary for audit operations shall not accept any instructions or orders from Directors, etc. for matters covered by said Audit & Supervisory Committee's instructions, in

accordance with the Audit & Supervisory Committee's instructions;

- (ii) ADEKA shall appoint as Assistant Employees only persons who have such skills and experience as are required to perform the Audit & Supervisory Committee's instructions; and
- (iii) Internal transfer, personnel evaluation, reward and punishment and so on of Assistant Employees shall be subject to a prior consent of the Audit & Supervisory Committee.

## **8. Systems for reporting to Audit & Supervisory Committee, and other systems to secure the effectiveness of audits conducted by Audit & Supervisory Committee**

### **(1) Attendance at the Board of Directors' meeting, etc., and regular liaison conference with the Representative Director**

Directors who are Audit & Supervisory Committee Members shall, in addition to attending the Board of Directors' meeting or other important meetings, regularly have a liaison conference with, and receive a report on the following matters from, the Representative Director:

- (i) Important matters concerning business management;
- (ii) Important matters concerning risk management;
- (iii) Other matters important for compliance.

### **(2) Authority of Audit & Supervisory Committee**

The Audit & Supervisory Committee shall have the rights to ask for a report on the result of internal audit from the Operational Audit Office Head, and to demand inspection of any materials of important in-house meetings and any materials concerning decision procedures to Directors, Operating Officers and employees, at any time.

### **(3) Cooperation with the Compliance Promotion Committee**

#### **(i) Attendance at the Compliance Promotion Committee's meeting**

Directors who are Audit & Supervisory Committee Members shall, in addition to attending the Compliance Promotion Committee's meetings, receive a report on the status of the compliance activities, from time to time.

#### **(ii) Whistle-blowing Hot-line**

- i) Upon receiving any whistle-blowing, the Secretariat of Compliance Promotion Committee shall timely report it to the Audit & Supervisory Committee.
- ii) In accordance with the internal regulations stipulating the securement of anonymity of whistle-blowers, confidentiality, prohibition of disadvantageous treatment to whistle-blowers, and so on, ADEKA shall, in cooperation with the Audit & Supervisory Committee, strive to fairly operate the Whistle-blowing Hot-line, appropriately deal with the whistle-blowing cases, and protect the whistle-blowers.

(Supplementary provisions) 1. A resolution of the Board of Directors' meeting shall be required to revise or amend these basic guidelines.

End

## **Exhibit 8 Outline of the Whistle-blowing System**

ADEKA shall operate the Whistle-blowing System, as follows:

- ADEKA shall provide three types of route for whistle-blowing: (i) a basic route for making a whistle-blowing to the Compliance Promotion Committee via the Compliance Promotion Responsible Manager or the Compliance Promotion Manager of each workplace; (ii) a direct route for making a whistle-blowing directly to the Compliance Promotion Committee; and (iii) an external route for making a whistle-blowing to the Compliance Promotion Committee via outside lawyers or external reception services.
- ADEKA shall strive to secure anonymity of whistle-blowers and protect whistle-blowers, as follows:

Article 4 (System for handling of whistle-blowing)

2. Whistle-blowing and consultation thereof may be made anonymously. A person who desires to make a whistle-blowing or consultation thereof anonymously shall use the external hot-line and state to the effect that he/she desires anonymity. Upon receiving a request for anonymity from a whistle-blower or consulter, the external hot-line shall not report the name of said whistle-blower or consulter to ADEKA.

Article 10 (Protection of whistle-blowers)

1. ADEKA shall not dismiss or otherwise treat disadvantageously any whistle-blower, etc. on the grounds of his/her whistle-blowing or consultation thereof.
  2. ADEKA shall take appropriate measures to prevent a working environment of whistle-blower, etc. from deteriorating on the grounds of his/her whistle-blowing or consultation thereof. In the event any person (including, but not limited to, a superior or colleague of the whistle-blower, etc.) treats disadvantageously or harasses the whistle-blower, etc., ADEKA may impose disciplinary punishment on the person in accordance with the Work Regulations.
- Upon receiving a whistle-blowing, the Compliance Promotion Committee shall promptly conduct investigation on the fact and take prompt countermeasures, and report to the whistle-blower the result of said investigation or countermeasures. If the problem requires time to be resolved in light of nature of the case, the Compliance Promotion Committee shall report to the whistle-blower the progress situation, as appropriate.
  - Details of the Whistle-blowing System shall be stipulated in the "Group Compliance Regulations" and the "Compliance Whistle-blowing Regulations".



## **Exhibit 9 Policy for dialogues with shareholders**

ADEKA shall develop a system for, and work on, promoting dialogues with shareholders in accordance with the following policies:

- (1) ADEKA shall attach importance to constructive dialogues with shareholders, and make an effort to have dialogues with shareholders through the executives such as the Representative Directors and the officer in charge of the Finance/Accounting Department on various occasions.
- (2) As a framework to promote constructive dialogues with shareholders, ADEKA shall designate the Legal & Public Relations Department as a responsible department in charge of SR (shareholders relations) and IR (investors relations), and designate the officer in charge of the Legal & Public Relations Department as a Supervisory Manager thereof.
- (3) Mainly, the Corporate Planning Department and the Finance & Accounting Department shall, as a department to assist dialogues with shareholders, cooperate with the Legal & Public Relations Department in preparing materials for the IR meetings, and where appropriate, the officers in charge of both departments shall attend the IR meetings. Where appropriate, any structure for cooperation with the sales department, the research department and the production department shall also be built in connection with themes to be taken up in the dialogues with shareholders.
- (4) To identify shareholders/investors with whom ADEKA can have constructive communication which would contribute to raise ADEKA's sustainable and mid-and-long term corporate value, ADEKA shall regularly carry out a substantial shareholders survey.
- (5) To have more dialogues with shareholders, ADEKA shall expand the opportunity to have dialogues with shareholders, including, but not limited to, holding small meetings, regularly holding IR results briefing as well as conducting individual interview with shareholders/investors. The General Shareholders' Meetings and the shareholders meeting held thereafter shall also be actively used as an opportunity of dialogues with shareholders.
- (6) Opinions and concerns of shareholders grasped through dialogues with shareholders shall be reported by General Manager of the Legal & Public Relations Department to the officers in charge of the Legal & Public Relations Department and the Representative Director.

Important opinions and concerns of shareholders grasped through dialogues with shareholders shall be reported by the officers in charge of the Legal & Public Relations Department to the Board of Directors.

- (7) A person who has a dialogue with shareholders or corporate investors shall strictly manage the insider information, and thoroughly comply with the fair disclosure principle so as not to cause any digital divide or imbalance with other general shareholders or investors.

End

## **Exhibit 10 Basic policy for the capital policy**

As a basic policy for the capital policy, ADEKA shall, maintaining its stable financial condition, strive to make an investment for its mid-and-long term growth and secure the balance with proper shareholder return.

ADEKA shall recognize its optimum capital structure, and adopt a shareholder return policy according to said optimum capital structure. While maintaining its stable dividend, by varying the amount of dividend according to the profit in each term with the dividend payout ratio fixed, ADEKA shall gradually raise the dividend level and return the benefit to shareholders, by actively investing in growing markets and growing fields, and raising its mid-and-long term business performance.

## **Exhibit 11 The policy for cross shareholding and the principle for exercise of voting rights in cross-held shares**

### **< Policy for cross shareholding >**

In order to raise our business performance and corporate value and to strengthen our financial base by entering into any business collaborations (including, but not limited to, capital tie-up, joint research and development of new technology) and by strengthening business relationship or maintaining continuous, stable and friendly relationship, with a company in which ADEKA makes an investment ("Invested Company"), ADEKA shall hold shares in such a company as is likely to contribute to ADEKA's business development in the mid-and-long term.

When acquiring shares of a business partner of ADEKA Group, the appropriateness of holding of such shares shall be determined based on the Company's decision making procedures by the person having decision authority (the President & Chief Operating Officer, or the Officers in charge of the relevant departments as appropriate according to the value of the stocks), who shall make decision from the viewpoint of whether or not the strengthening of business relations with the said customer or business partner contributes to the improvement of our business performance and corporate value, taking into account the current and future profitability of the said business partner. Regarding stocks of business partners held by us, the Finance and Accounting Department shall confirm with the relevant departments once a year the necessity of holding of each stock, whether or not it is meaningful to continue to hold the stocks in accordance with the current trading conditions in light of the objectives at the time of acquiring such stocks, verify the appropriateness of holding stocks by comprehensively considering the reasonableness of holding stocks from stock price trends, dividends, recent major financial results, etc., report the results of the examination to the Board of Directors, and make efforts to reduce as much as possible by selling the stocks the holding of which is no longer reasonable, as appropriate.

### **< Principle for exercise of the voting rights in cross-held shares >**

In exercising any voting rights in cross-held shares, ADEKA shall designate a department in charge of exercising the voting rights in cross-held shares, according to the relationship with the Invested Company.

The department in charge of exercising the voting rights in cross-held shares shall, after notifying the contents of the bills in the Invested Company for consent to, and obtaining consent of, the officers in charge, properly exercise the voting rights.

For bills deemed to possibly prejudice the relationship with the Invested Company as well as the Invested Company's corporate value seriously, or deemed to affect ADEKA's interest as a shareholder or ADEKA's business development in the mid-and-long term, these factors shall be carefully examined in judging the exercise of the voting rights in cross-held shares.