



CSR report 2021

ADEKA Group

ADEKA
Add Goodness



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

CONTENTS

Message from the President	3	Key Topic Research and Development.....	15
The ADEKA Group Value Co-Creation Story	7	Group-Wide Initiatives:	
Mid-Term Management Plan ADX 2023	7	The Safety Quartet	17
CSR Management	9	Procurement	19
The ADEKA Group's Operations	11	Logistics	20
The ADEKA Group's Value Chain	13	ADEKA Group Products that Contribute to Society	21
		Environment	23
		Social	31
		Governance	43
		Acquisition of Management System Certification	50

Corporate Profile

Name	ADEKA CORPORATION
Established	January 27, 1917
President and Chief Executive Officer	Hidetaka Shirozume
Head Office	7-2-35 Higashi-ogu, Arakawa-ku, Tokyo
Capital Stock	22.994 billion yen (As of March 31, 2021)
Shares Issued	103,714,442 (As of March 31, 2021)
Consolidated Employee Numbers	5,378 (As of March 31, 2021)
Business	Chemical, food, life sciences and other businesses

Scope of This Report

Unless otherwise specified, all statements in this Report refer to the entire ADEKA Group. The scope of performance data is stated individually for each metric. The reporting organizations for environmental data are as follows.

Period Covered by This Report

Fiscal 2020 (April 1, 2020 to March 31, 2021)
 Some parts of this report refer to recent activities taking place in fiscal 2021.

Scope of Reporting Organizations for Environmental Data

ADEKA

All Plants, R&D Laboratories, Offices

Group Companies in Japan

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

Overseas Companies (Plants)

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

■ Chemicals business ■ Food business ■ Life Sciences business ■ Other business

Editorial Policy

The ADEKA Group publishes this annual CSR Report to communicate its efforts and future direction to realize a sustainable society, for a broad spectrum of stakeholders. The CSR Report 2021 highlights the ADEKA Group's priority initiatives in fiscal 2020. You can learn more about these initiatives by visiting the ADEKA Group CSR website. We aim to create a better and more comprehensible report so that we can reach more stakeholders.

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, Ministry of Economy, Trade and Industry

Published Date

November 2021 (next publication date: November 2022)

How We Disclose CSR-Related Information



CSR Report (Digest version)

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



CSR Report (PDF full version)

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



Website

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



ADEKA CSR site

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



Investor Relations site

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



Main Content

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



With its finger on the pulse of changing times, the ADEKA Group is leveraging its strengths in materials to contribute to a sustainable society.

Hidetaka Shirozume

President and Chief Executive Officer

Changes Wrought by COVID-19

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

In fiscal 2020, the ADEKA Group took measured steps to prevent the spread of COVID-19, always placing first priority on the safety of its employees. We implemented a range of emergency measures, including staggered shifts and use of remote work and online conferencing. To realize remote work and free-address workstyles, the Group launched the Remote Work Promotion Project, to furnish a workplace environment in which employees could work at home or at the office with no difference in performance while reducing the use of paper media Group-wide. We also launched the Business Digitalization Project, spearheaded by the president, which is working toward the achievement of digitalized business management.

Current circumstances are shifting markets into low or neutral gear while prompting rapid transformation of workstyles. Under these conditions the ADEKA Group is building a robust and responsive management structure to gain a keen grasp of these social changes and meet stakeholder expectations in a timely manner.

Enriching People's Lives Through Our Business

Guided by its management policies of striving "to be a company that is progressive and dynamic with a keen attitude towards the new changing tide" and "creating a better future for the people of the world," the ADEKA Group contributes to enriching people's lives by delivering innovative materials that respond to customer needs.

In July 2020, the ADEKA Group adopted the corporate slogan "Add Goodness," as a way of succinctly expressing its corporate stance. The slogan reflects the ADEKA Group's determination to be no mere supplier of materials, but a supplier that recognizes trends in the market environment early on and responds to those emerging needs by providing materials with value-added, enhanced by its technology, service and talented personnel.

A global trend is unfolding in which an array of forward-looking initiatives are being put into action at an accelerating pace. Surveying these developments, we at the ADEKA Group believe we have a momentous role to play in solving the issues humanity confronts, including curtailing the COVID-19 pandemic and achieving carbon neutrality, to bring about a stable and prosperous international society. As a good corporate citizen, the ADEKA Group is committed to its mission, unchanged since the Company's foundation, of contributing to the environment and society, practicing sound and transparent management, and continuously supplying customers with safe, dependable products of high performance and quality.

Looking Back on the Previous Mid-Term Management Plan and Gearing Up for the Next

In its previous mid-term management plan, BEYOND 300, the ADEKA Group adopted a core policy of becoming an excellent company with sales exceeding 300 billion yen.

For fiscal 2020, the final year of this Plan, the Group had set goals of consolidated net sales of over 300 billion yen from organic growth, operating profit ratio of 10%, ROE of 10% and payout ratio of 30% (target for the final year of a series of phased increases).

In fiscal 2020, the ADEKA Group attained consolidated net sales of 327 billion yen and a payout ratio of 30%. Despite the stagnation foisted on the economy by the COVID-19 pandemic, net sales, operating profit and ordinary profit all rose to all-time highs. However, the targets for net sales from organic growth and profit ratio were not met. The three years of the previous mid-term management plan were a period of careful groundwork in preparation for growth, through various measures and investments guided by the Group's three basic strategies: global expansion of three main businesses (polymer additives, chemicals and foods), entering new domains and enhancing our management foundation.

The ADEKA Group updated its mid-to-long-term targets in April 2021, drafting *ADEKA VISION 2030*, a vision for achieving the Group's management policies by 2030, and launching a fresh three-year mid-term management plan, *ADX 2023*. Focusing squarely on bolstering earnings, *ADX 2023* is positioned as the first stage of the Group's advance toward achieving an operating structure with a robust management base as envisioned in *ADEKA VISION 2030*.

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

Message from the President

To formulate *ADX 2023*, the ADEKA Group revised its fundamental CSR policy and identified new CSR priority issues, to respond to today's new social environment. The Group is integrating CSR into every facet of its management, by clarifying the relationships between high-priority CSR issues and SDGs targets and reflecting the high-priority CSR issues and KPIs in its measures for *ADX 2023*.

ADX 2023 pursues both social and economic value, incorporating new social needs such as carbon-neutrality. It is the path by which ADEKA will transform itself into a robust, earnings-focused enterprise constitution that boosts enterprise value and contributes more than ever to achieving a sustainable society. By pursuing a fundamental strategy of transforming its revenue structure, achieving sustainable growth by expanding into new business domains and strengthening the management foundations of the Group, the ADEKA Group is moving ahead with efforts to achieve consolidated operating profit of 35 billion yen, consolidated net sales of 380 billion yen and ROE of 9% in fiscal 2023.

Toward a Sustainable Society

These days a great number of companies are realigning their management approaches to dovetail with goals such as sustainability and environmental, social and governance (ESG) concerns. ADEKA believes that CSR activities are the initiatives needed to achieve a sustainable society and that disclosing those activities to stakeholders is the surest way to earn the trust of society.

The ability to respond to the dramatic changes unfolding worldwide is the true test of companies today. But while ADEKA's engagement with CSR may seem new, in fact this challenge is already integral to the culture, spirit and management policies of ADEKA as well as the ADEKA Group Code of Conduct, handed down to the ADEKA Group since ADEKA's foundation. In 1917 this determination was inscribed by the Company's pioneers in its founding prospectus: "In the interest of Japan and its citizens, caustic soda production in Japan should be achieved as soon as possible." The very founding objectives of ADEKA constitute CSR itself.

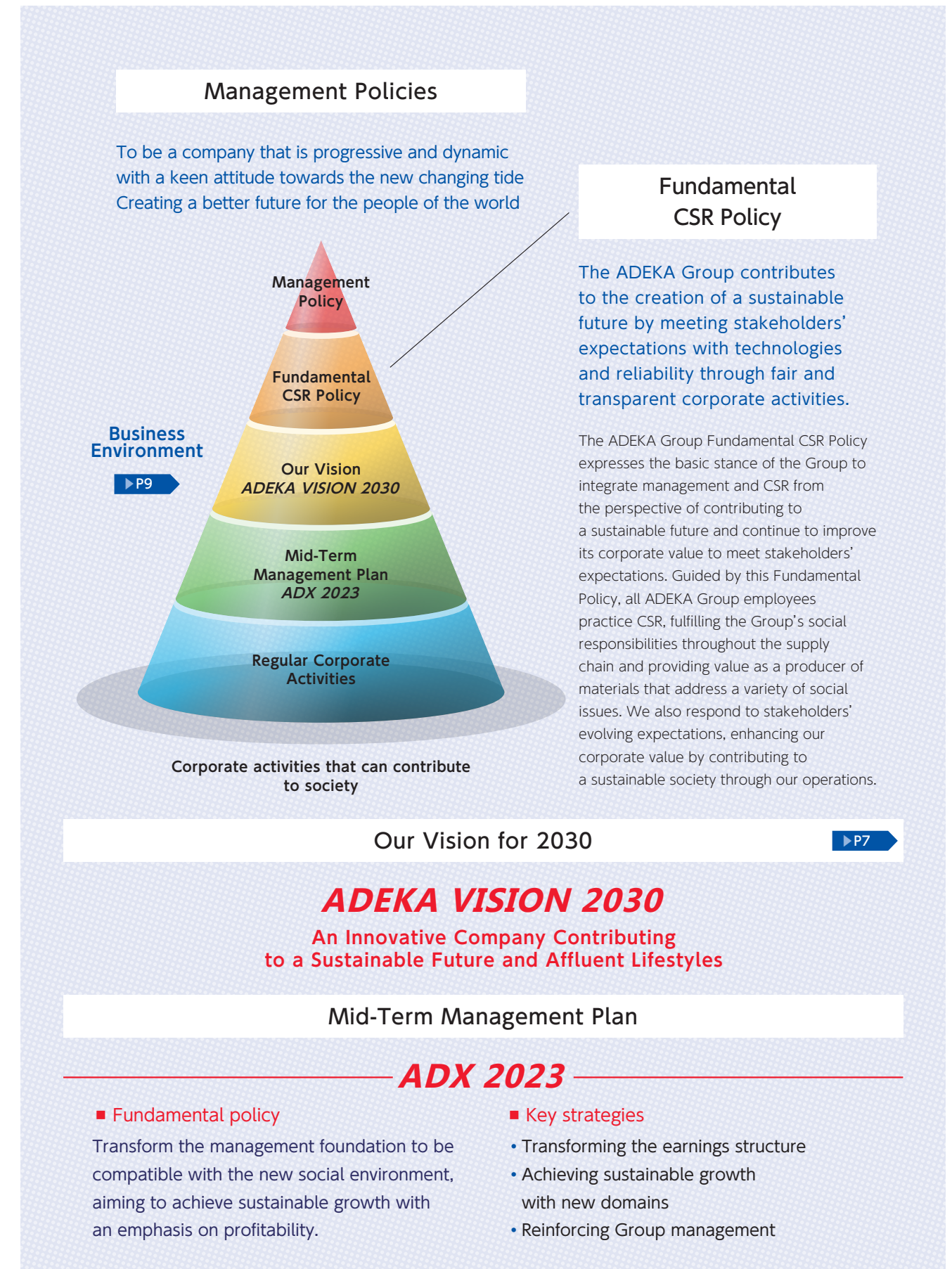
Furthermore, the management policies of

the ADEKA Group consist of two phrases: "[Striving] to be a company that is progressive and dynamic with a keen attitude towards the new changing tide" and "creating a better future for the people of the world." These phrases attest to the Group's resolute will to create products and services that society and individuals desire using original technologies, expand into a diverse range of fields and continuously tackle challenges in ways that respond flexibly to a changing environment. These management policies also encapsulate our desire to be a "global good company," not merely doing business on the global stage but working with communities to create value for society.

To guide the ADEKA Group in ongoing business activities with high sense of ethics, the ADEKA Group Code of Conduct enjoins ADEKA and its Group companies to obey their consciences, conducting business in a sound, transparent and impartial manner, complying strictly not only with laws and regulations but also with in-house regulations, social norms and corporate ethics, and to provide products and services of excellent quality, not only complying strictly with laws and regulations but also meeting the expectations of society. With each ADEKA Group officer and employee understanding and taking guidance from this Code of Conduct, the ADEKA Group is enhancing the reputation and trust it enjoys while working to achieve mutually prosperous coexistence with the communities in which it does business.

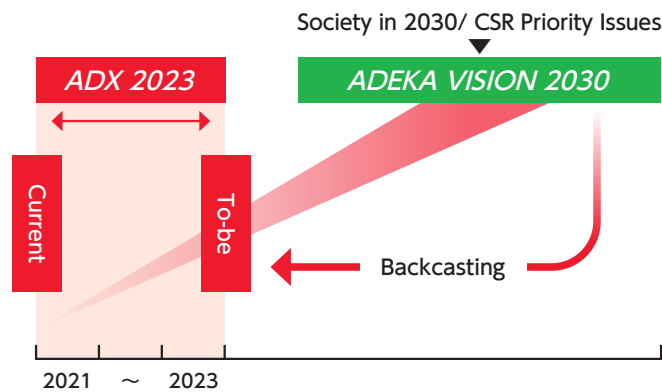
In April 2021 ADEKA signed the UN Global Compact. The ADEKA Group continues to conduct itself as a good corporate citizen, working hard to protect human rights, eliminate unjust labor conditions, address environmental concerns and prevent corruption. The Group also continuously generates excellent value, through products that contribute significantly to the environment and address social issues, and contributes through its operations to the achievement of the SDGs to which international society aspires.

The ADEKA Group will persevere more than ever to conduct management that achieves harmony with society while meeting the expectations of a wide range of stakeholders, including customers, shareholders, investors, business partners and regional communities.



Mid-Term Management Plan ADX 2023 for FY2021 to FY2023

The Idea of the Establishment



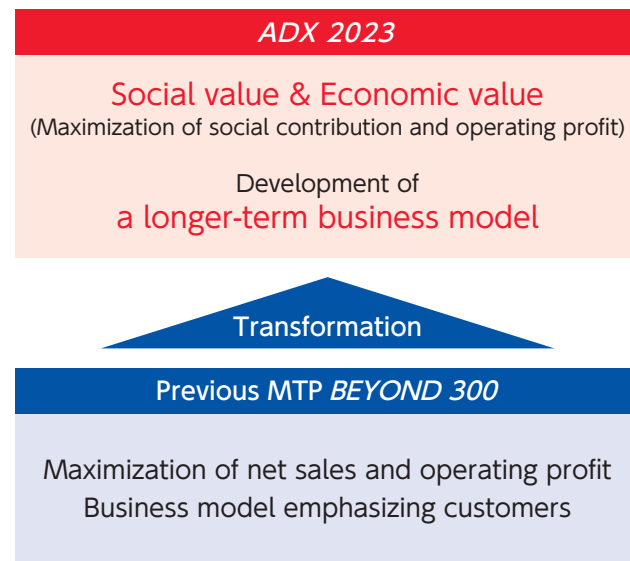
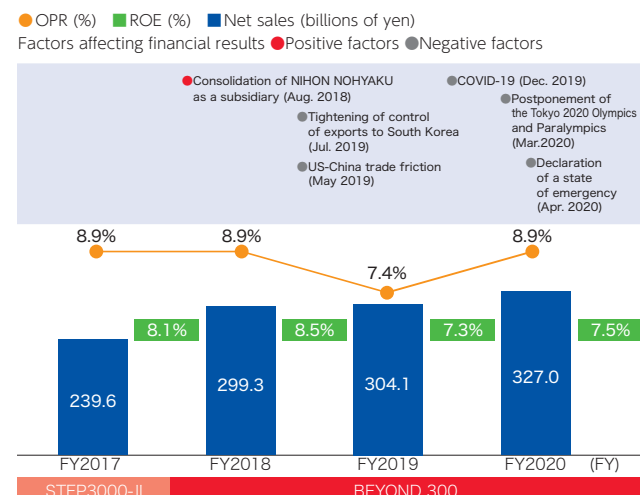
Established during the COVID-19 pandemic

- ▶ Adaption to new social environments
Post-COVID-19 society, carbon neutrality, etc.
- ▶ Determination that **ADEKA will transform itself**

Mid-Term Management Plan BEYOND 300 (FY2018-2020)

BEYOND 300 committed the ADEKA Group to a series of management indexes for fiscal 2020, including net sales of over 300 billion yen, operating profit ratio of 10% and return on equity (ROE) of 10%. In terms of net sales, the Group exceeded its targets and achieved an increase in net sales for the ninth fiscal year in succession. However, the Group missed its profit targets, impacted by the worldwide economic downturn and COVID-19 pandemic from the second half of fiscal 2019.

Trends in Financial Results



The ADEKA Group established ADEKA VISION 2030, its Vision for the Group to 2030, and formulated ADX 2023, its Mid-Term Management Plan covering the period from fiscal 2021 to fiscal 2023. This Vision and Plan commit the Group to strengthening its management base through a vigorous program of growth-oriented measures and investments, construction of a robust CSR framework, reinforcement of corporate governance and unification of the accounts of its overseas subsidiaries.

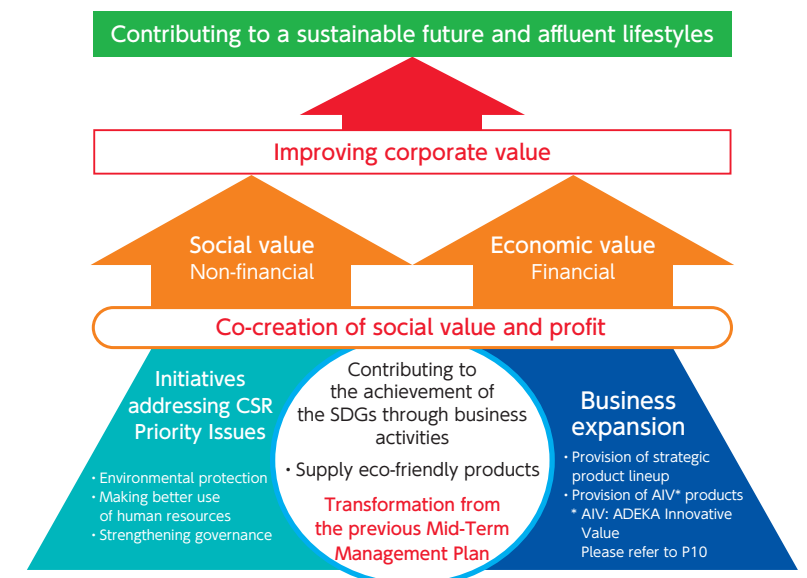
Management Indexes and Performance

	FY2020 Targets of BEYOND 300	FY2020 Results of BEYOND 300	Evaluation
Net Sales	Over 300 billion yen	327.0 billion yen	○
Organic Growth		255.5 billion yen	×
OPR	10%	8.9%	×
ROE	10%	7.5%	×
Investments and Loans	100.0 billion yen/ 3-year total	69.5 billion yen/ 3-year total	-
Capital Investment	50.0 billion yen/ 3-year total	49.0 billion yen/ 3-year total	○
M&A Funds	50.0 billion yen/ 3-year total	19.7 billion yen/ 3-year total	-
Dividend Policy	Dividend payout ratio 30% (Target after incremental increases)	Dividend payout ratio 30.2%	○

Management Targets of Mid-Term Management Plan ADX 2023 for FY2021 to FY2023

OP	35.0 billion yen (Net Sales: 380.0 billion yen)	ROE	9%
Capital Investment (3-year total)	50.0 billion yen	Dividend Policy (Dividend payout ratio)	Maintained at more than 30% Based on our comprehensive consideration of appropriate shareholder returns, maintaining stable dividends as our policy.

Name	ADX 2023 (ADX is pronounced "ədəks")
Positioned	<ul style="list-style-type: none"> • 1st stage for achieving ADEKA VISION 2030 • Build a robust corporate structure while pursuing profit. • Aim to transform itself through the implementation of ADX 2023 and respond to the new social environment
Fundamental policy	Transform the management foundation to be compatible with the new social environment, aiming to achieve sustainable growth with an emphasis on profitability



Foundation

Recognizing new imperatives in the social environment, such as the drive toward carbon neutrality, the ADEKA Group declares that "ADEKA is changing." To maximize both social and economic value, the Group is transforming its revenue structure, achieving sustainable growth by expanding into new business areas and reinforcing Group management foundations. To underpin the execution of its basic strategy, the Group is moving forward with its personnel and DX strategies.

<p>Transforming the earnings structure</p> <ul style="list-style-type: none"> • Increase in strategic product lines and new products, including eco-friendly products • Optimize total cost by increasing productivity 	<p>Achieving sustainable growth with new domains</p> <p>Commercialization in the fields of life science, the environment, energy, and next-gen. ICT</p> <ul style="list-style-type: none"> • Enhance and optimize its portfolio (M&A) 	<p>Reinforcing Group management</p> <ul style="list-style-type: none"> • Strengthening Group Governance • Realization of new work styles • Achieving a strong Financial Base
---	--	--

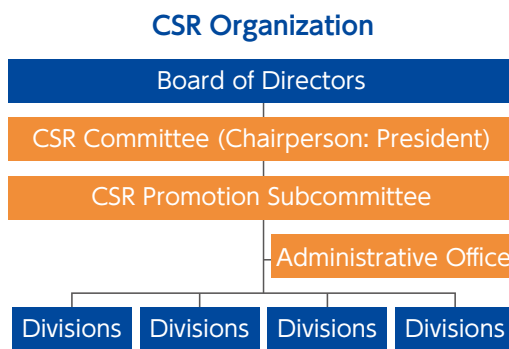
Foundation	Human resource	Development of global human resources and implementation of talent management	DX
------------	----------------	---	----

CSR Management

To energize our contribution to the achievement of a sustainable society and grow toward fulfillment of our ideal state, since 2018 we in the ADEKA Group have been strengthening our management base through advancement of CSR, building a framework capable of addressing vital social issues. Responding to the newly emerging social environment, the ADEKA Group has revised its Fundamental CSR Policy and identified new CSR priority issues. The mid-term management plan drafted in 2021 reflects these CSR priority issues in a series of measures, aiming to integrate CSR into Group management.

CSR Organization

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



CSR Committee and CSR Promotion Subcommittee

The CSR Committee met six times in fiscal 2020, three times in H1 and three times in H2, deliberating and reaching decisions on the CSR priority issues, KPIs and Fundamental CSR Policy. The CSR Promotion Subcommittee convened 11 times in fiscal 2020.

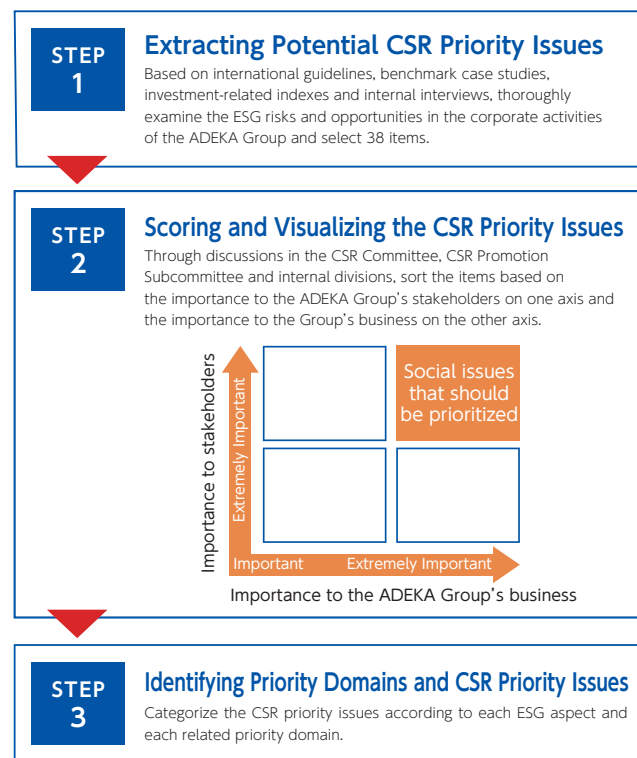
Decision-Making Process for CSR Priority Issues

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 proactively 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 CSR priority issues. The CSR priority issues were selected in light of their importance to internal and external stakeholders as well as to the Group's business.

Expected features of the business environment in 2030

- Evolution of mobility (CASE)
- Population growth and rapid urbanization of developing countries
- Responses to sustainable development in the plastics industry
- Reduction of food waste
- Society connected through ICT
- Shortages of food and scarce resources
- Development of new materials
- Sustainable procurement of raw materials
- Fusion of real and virtual spaces
- Decarbonized society
- Responses to advanced medical technologies
- Use of clean energy
- Aging population
- Global warming
- Supply of alternative foods and nutrients
- Environmental protection



CSR Priority Issues and KPIs

The Group identified seven CSR priority issues in four priority domains and specified a series of key performance indicators (KPIs) for realizing ADEKA VISION 2030. Going forward, the Group will use the KPIs in managing its business activities, as it strives to realize its targets.

Priority Domains	CSR Priority Issues for 2030	
	Priority Issues	KPIs in 2030
E Environment	Conserving the global environment	Gather ideas from all members of ADEKA to achieve carbon neutrality by 2050 2030: Reduce CO ₂ emissions by 12% from 2013 (Scope 1+2)
	Supply of eco-friendly products	Net sales of eco-friendly products: Increase to triple the level of 2019
S Better living conditions and communication	Creating value that meets society's expectations	Number of ADEKA Innovative Value (AIV) certifications: twice the number in 2019
	Dialogue with stakeholders	Establish methods and opportunities for communication with each stakeholder
S Human rights and human resources	Respect for human rights	Establish and disseminate ADEKA Group Human Rights Policy
	Expanding opportunities for utilizing human resources	Promote Diversity and Inclusion (D&I): Human Resource Portfolio: Female manager percentage of 10% (non-consolidated) Diversity of personnel in management positions Develop Climate: Increase employee satisfaction D&I-related educational training, etc. Promote Health Management: Obtain certification for Health & Productivity Management Outstanding Organization (White 500)
G Governance	Strengthening Group governance and risk management	Spread awareness of the Group Code of Conduct and the strengths unique to ADEKA Implement Group BCP

Eco-friendly products

The Group defines "eco-friendly products" as products that contribute to reducing environmental impact throughout all phases of their life-cycles, from resource gathering to final disposal.
Currently 13 product lines

AIV (ADEKA Innovative Value)

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 14 products

ADEKA Group Products That Contribute to Society ▶ P21

Response to Various Initiatives

ADEKA is a signatory to the United Nations Global Compact (UNGC), which covers 10 principles in four fields: Human rights, labor, the environment and anti-corruption. The Group registered as a corporate participant on April 6, 2021. In tandem with this move, ADEKA joined Global Compact Network Japan, an association of Japanese companies and others that are UNGC signatories.



Educational and Training Initiatives to Raise Awareness within the Group

Questionnaire survey of ADEKA employees

To measure the effects of its SDGs measures and provide feedback for considering improvements, the Group circulated a questionnaire survey in December 2020. The survey gauged employees' awareness of social issues and identified issues and key points for internal communications.

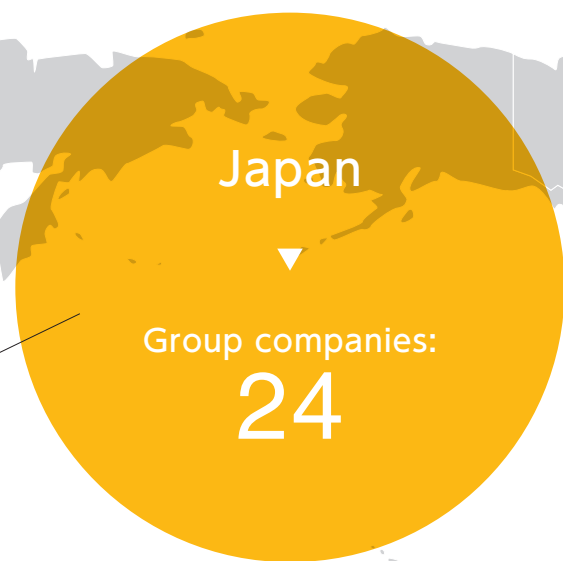
SDGs video viewing seminars

In a series of SDGs seminars conducted from March to May 2020, members of the CSR Promotion Subcommittee watched a video on the theme of "SDGs as a Strategy for Business Growth and Creating a Better Society."

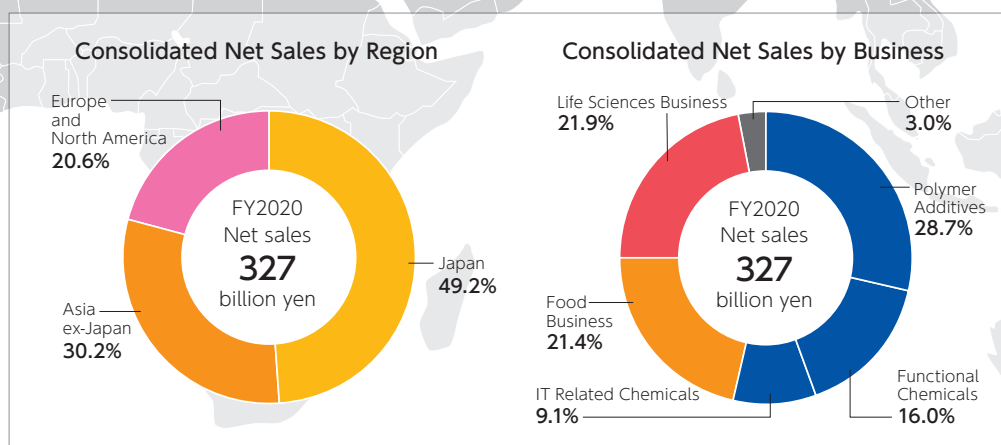
e-learning courses

In May 2021, a course was offered to all Group employees on the topic of boosting corporate value through efforts toward the SDGs.

The ADEKA Group's Operations



Group companies: **56** | Consolidated companies: **40** (including ADEKA)



Chemical Business

■ Polymer Additives

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

Products

Additives for polyolefins, plasticizers/PVC stabilizers, flame retardants, etc.

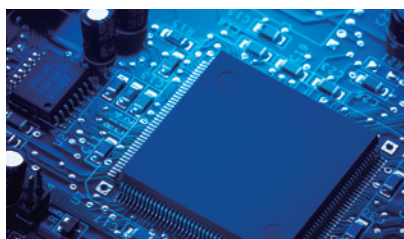


■ IT Related Chemicals

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

Products

Semiconductor materials, display materials, etc.



■ Functional Chemicals

The Group provides high-value-added products used in a wide swath of fields, from infrastructure to cosmetics and toiletries.

Products

Waterborne resins, cosmetic ingredients, lubricant additives, propylene glycol, etc.



Food Business

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

Products

Margarine, shortenings, whipping cream, fats and oils for chocolate, frozen pie crusts, etc.



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.

Products

Agrochemicals, pharmaceuticals, quasi-pharmaceutical products, animal healthcare products, wood chemicals, medical materials, etc.



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.

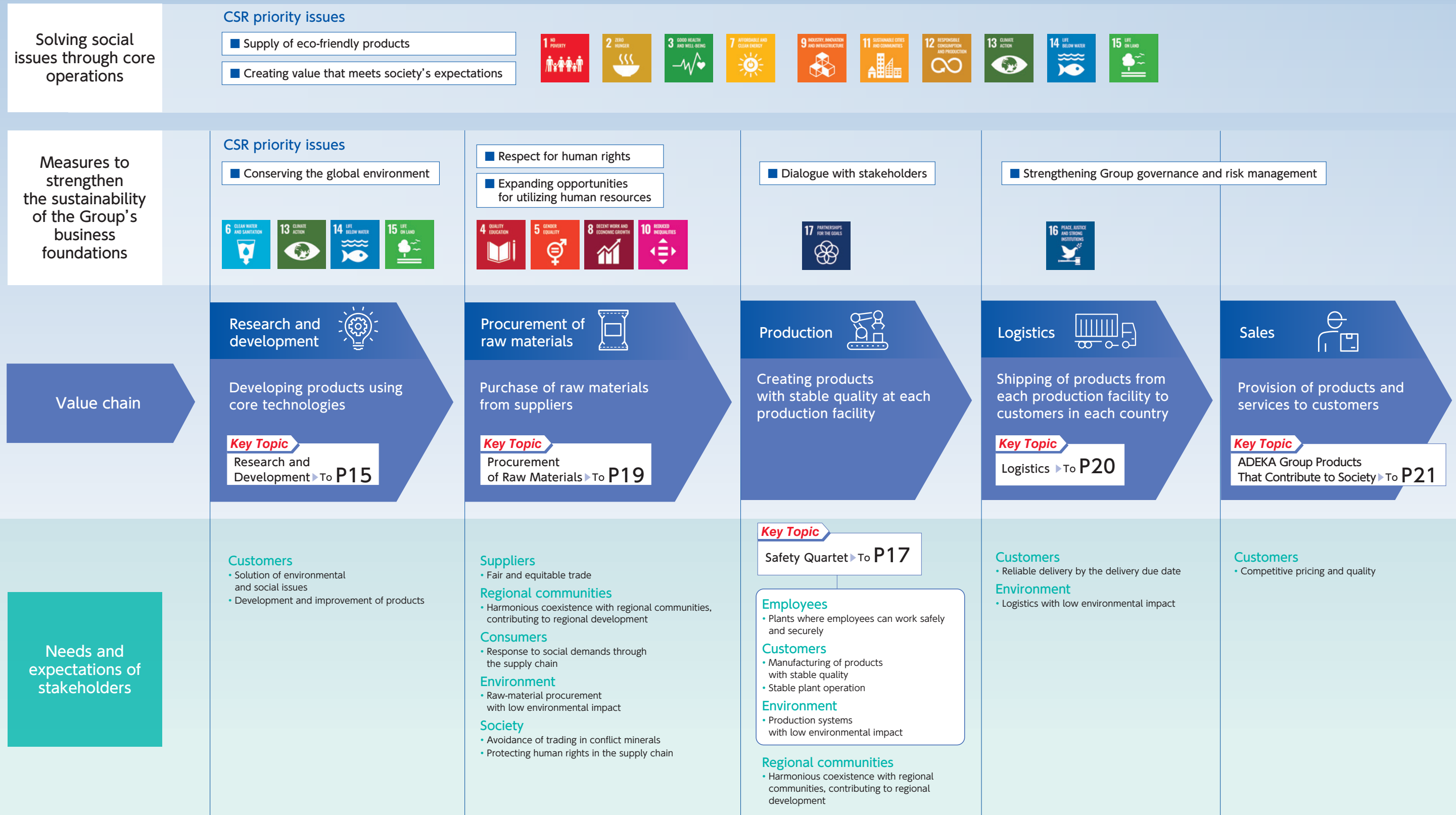
Services

Plant design and construction management, real estate, logistics, insurance agency services, etc.



The ADEKA Group Value Chain

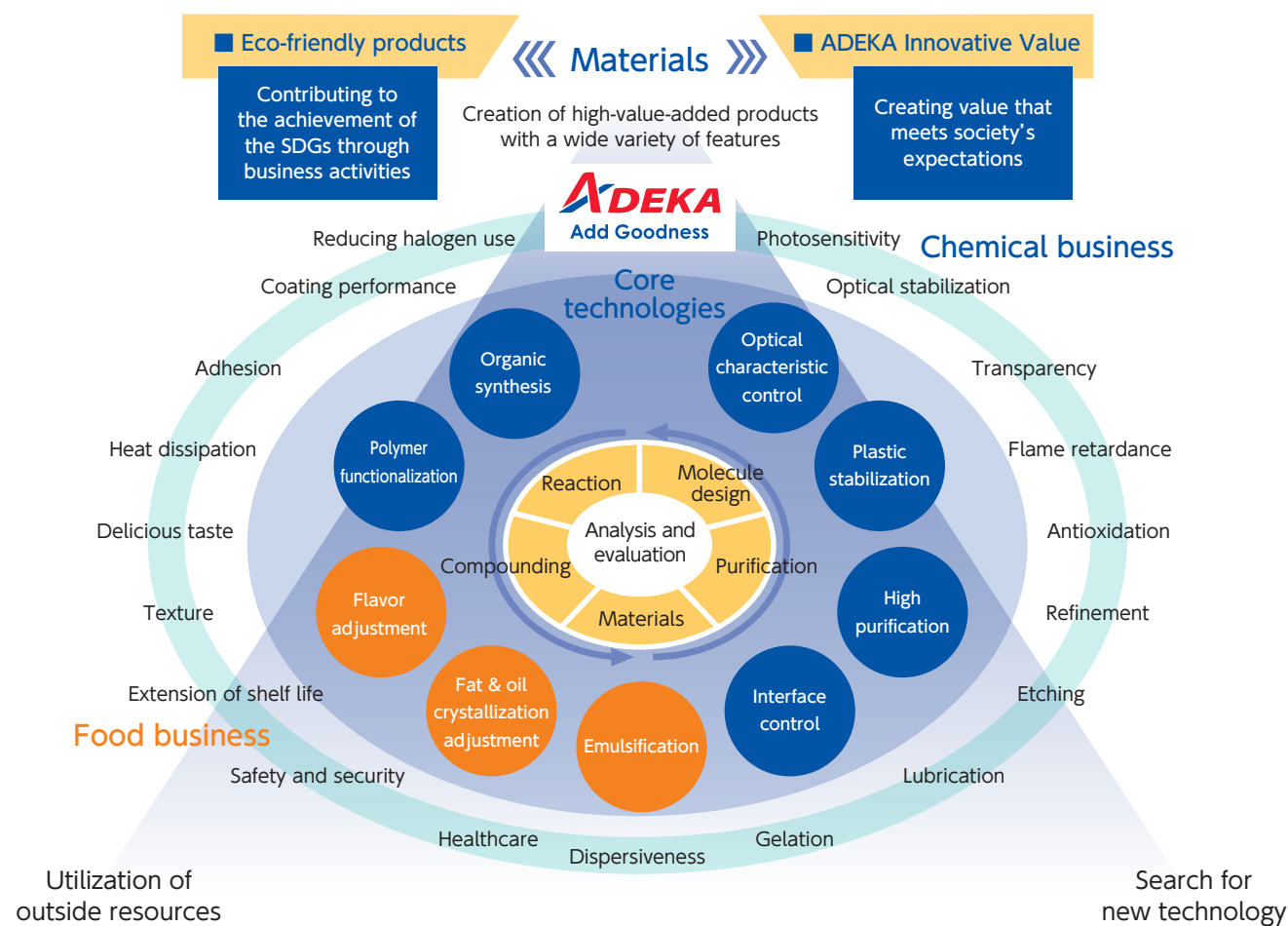
At the ADEKA Group, we recognize that our generation of products and services through a series of business processes impacts our stakeholders in myriad ways. The Group generates social value through its value chain by meeting the needs and expectations of stakeholders in each process, thereby fulfilling its social responsibilities. By optimizing this social value, the ADEKA Group seeks to contribute to the formation of a sustainable society.



Key Topic Research and Development

R&D Vision

ADEKA's R&D Division has characterized its target state for 2030 as "contributing to a sustainable society and the enrichment of people's lives by continually developing and providing innovative materials 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 technology."



Atsuya Yoshinaka
Director and Operating Officer
General Manager,
Research & Development Division

Contributing to a sustainable society and the enrichment of people's lives

As a materials manufacturer, the ADEKA Group adopts a B2B business model for many of its products. As such, we have fewer opportunities than other companies to gauge directly how our R&D products contribute to society. In our discussion of CSR, we examined two of the Group's CSR priority issues, "supply of eco-friendly products" and "creating value that meets society's expectations," adopting "net sales of eco-friendly products" and "number of AIV-certified products" as key performance indicators (KPIs). Through this approach, we are rendering visible the degree to which our R&D activities contribute to a sustainable society and enrich people's lives, providing valuable motivation to individual researchers. Nothing would please us more than to demonstrate that our products and technologies are playing a role in achieving the SDGs by 2030.

Research and Development Policy

To fulfill its R&D vision, the Group has established policies on three topics: 1) selection of research themes and basic stance; 2) expansion of existing businesses; and 3) creation of novel businesses.

1) We are working diligently on research and development that contributes to a sustainable society and the enrichment of people's lives.

When we select research themes, we orient ourselves toward product development that contributes to society on a wide range of ways and levels, such as bringing comfort and richness to people's lives (AIV products) and protecting the Earth's environment (eco-friendly products). From the R&D stage onward, we are focused on product design and supply-chain construction that are friendly to people and the Earth (raw materials and production processes used). To these ends, the R&D division coordinates closely with relevant departments and sections in-house on matters such as purchasing logistics and production technology.



Intermediate testing equipment for developing production processes

2) We are concentrating our efforts on market and product development focused on strategic products, to achieve further expansion of operations.

To achieve further expansion of existing businesses, the ADEKA Group pursues timely product development, by accurately grasping changes in the market environment and user needs and sharing the information in-house. For this purpose, it is essential that we reinforce our marketing capabilities through close coordination within ADEKA and the ADEKA Group. Each Group facility around the globe is equipped with its own development lab, which serves as a front-line base for apprising local trends early. The R&D Division coordinates closely with overseas facilities and ADEKA's Sales Department, while conducting rapid development with solid backing from marketing.

Developing and delivering the materials and solutions the world needs requires close familiarity with leading-edge evaluation and analytical technologies at the same level as the Group's users. In addition to installing large evaluation and analytical equipment, the Division works hard to establish appropriate testing environments (such as clean rooms, temperature and humidity management and lighting techniques for development of photoreactive materials).



ADEKA (CHINA) CO., LTD.
Innovation Center (China)



ADEKA KOREA CORPORATION
R&D Center (South Korea)



ADEKA FINE CHEMICAL TAIWAN CORPORATION
Research Center (Taiwan)

3) The ADEKA Group is moving forward with the creation of businesses in frontier domains such as energy, the environment, next-generation ICT and the life sciences.

The R&D Division leverages the strengths of the ADEKA Group to create novel businesses by fusing technologies in ways that transcend the traditional barriers between organizations. In R&D in frontier domains, the division first draws a development roadmap, taking into account society's needs and the time-frame available, with a clear image of its goals. The division then shares that roadmap with all related persons, so that all participants move in unison toward commercialization.

The division also maintains active dialogues with universities, research facilities and companies in Japan and around the world, using open innovation to accelerate the creation of novel businesses. For example, the division has established a segment for joint research with Kyushu Institute of Technology on novel polymer materials, located on the Institute's campus. This segment is engaged in the development of semiconductor photoresist materials and novel adhesives for automobiles and electronic components.



Kyushu Institute of Technology Molecular Engineering Institute, a joint-research segment with Kyushu Institute of Technology, located on the Institute's campus

Key Topic Group-Wide Initiatives: The Safety Quartet

About the Safety Quartet

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. To advance its globalization, in April 2020 the ADEKA Group launched the Global Regulations on the Safety Quartet, broadening the scope of the Safety Quartet to its overseas bases.

Advancing the Safety Quartet on the basis of fundamental principles, the ADEKA Group applies the PDCA cycle (plan, do, check, act) to drive continuous improvement, constantly raising the level of performance. At the beginning of each fiscal year, subject to confirmation by relevant departments in the Environmental and Safety Division, ADEKA sets the Division's policies and specific measures based on them. Each department then formulates and executes annual plans based on the Divisional policies and measures. The status of implementation is confirmed by means of audits and presentations of improvement case studies and reviewed at fiscal year-end in the Safety Quartet Review Meeting and at the Safety Quartet Group Company Liaison Meeting. Further improvements are then incorporated in formulating Divisional policies and measures for the following fiscal year.



Basic Principles

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

Safety Quartet Promotional Framework



Topics Receipt of the 2019 Good Risk Sense Award

In recognition of "practice of a business continuity management system based on the Safety Quartet and continuous accident-free record since the opening of Soma Plant," ADEKA won the 2019 Good Risk Sense Award (Chemical Daily Award). The Good Risk Sense Award is presented annually by the Risk Sense Research Society.

Plan

FY2020 policy of the Environmental and Safety Division

The ADEKA Group is promoting the Safety Quartet (occupational, environmental, product quality, equipment) on a global basis, striving for zero incidents on all four members of the Safety Quartet*. The Group is proud to contribute as a global corporate Group to the achievement of a sustainable society.

* Zero labor accidents, zero environmental accidents, zero quality complaints and product accidents and zero major equipment failures.

Do

Executed in FY2020 based on Divisional policy

- 1) Cultivation of safety culture
Advancement of 5S activities, activities against near-miss accidents, etc.
- 2) Strengthening of the foundations of safety
 - Video training on safety awareness
 - Updating and dissemination of the Basic Actions*
 - Compliance with the Product Inspection Record Management Standards, a framework for preventing tampering with quality data
 - Start of application of the New Chemical Management System
 - Start of application of the Receiving Specifications Management System (Chemicals)
 - Preparation for introduction of the Quality Information Management System (Foodstuffs)
 - Response to the positive-list system for food receptacles, containers, and packaging as provided under the Food Sanitation Act (deadline extended to May 2025)
 - Convening of first Equipment Safety Conference (sharing of management information from each workplace)

* A collection of explanations of basic actions for safety management in plants and research activities, illustrated with photos for easy comprehension. As of April 2021, 44 examples have been collected.

Check

Safety Quartet audits and presentations of improvement case studies

- 1) Audits of safety culture (audits by the Environmental and Safety Division, conducted from October to December)
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; confirmation of 5S at each workplace
- 2) Audit of foundations of safety (PL audit, trade management audit, RSPO audit, conducted from October to December)
Status of compliance with rules on quality safety was confirmed, based on the Safety Quartet Checksheet.
- 3) Presentations of improvement case studies on the Safety Quartet (December)
12 teams (including three overseas teams) shared examples and case studies of Safety Quartet activities (FY2020).

Act

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

- 1) Safety Quartet Review Meeting (February)
- 2) Safety Quartet Group Company Liaison Meeting (February)



Jun Sasaya
Senior General Manager
General Manager, Environmental and Safety Division

Strengthening measures on environmental issues in the Safety Quartet to achieve carbon neutrality

Guided by the Safety Quartet, the ADEKA Group's original concept on the environment and safety, the Group marshals its Group-wide capabilities to ensure stable production and improve quality. As it strives to achieve carbon neutrality, an issue of global importance, the ADEKA Group is moving forward with a Safety Quartet featuring reinforced measures on environmental issues. Through global conferences and other awareness-raising measures, the Group is working hard to instill this Safety Quartet at overseas production sites. The ADEKA Group is proud to contribute to society by supplying products that satisfy customers and taking action on the environment. In this way the Group aims to become a corporate Group that is essential to society.

Key Topic Procurement

The ADEKA Group sources raw materials from business partners in every part of the world. To address social issues of global concern, the Group works closely with business partners throughout its supply chain, contributing to the development of a sustainable society.

Socially Responsible Procurement

In July 2020, the ADEKA Group formulated the ADEKA General Purchase Policy and the ADEKA Purchase Guidelines.

To spread awareness of the Policy and Guidelines within the Group, the Group is posting them on in-house message-board sites, explaining their key points and familiarizing employees with their content.

Meanwhile, the Group is asking its business partners to submit certificates of agreement to the Guidelines. As of March 31, 2021, a total of 226 business partners, accounting for 75% of the Group's purchases by value, have agreed to their provisions. The ADEKA Group is continuing to obtain business partners' understanding of the Policy and Guidelines, while striving to conduct sustainable procurement activities.

Also, as part of its Business Continuity Plan (BCP), the Group is working hard to strengthen its supply chain against risk, by retaining multiple suppliers for main raw materials and making successive amendments to the supply chain.

ADEKA General Purchase Policy

1. We will provide just and equitable business opportunities to all our business partners. When conducting transactions, we will comprehensively take into consideration not only the quality, price, and supply ability but also the effort in ensuring inventiveness, ecological standards as well as safety work environment. We will agilely keep up with changes in the market and the environment to build a mutually growing relationship.
2. In conducting procurement activities, we will comply with all relevant legislation and rules and will not violate social norms or corporate ethics. Through consideration for the global environment and respect for social rights, we will contribute with our procurement activities toward a society with sustainable development. Furthermore, we will fulfill our social responsibilities as a corporation.

ADEKA Purchase Guidelines

We establish these ADEKA Purchase Guidelines in order to enable business partners to further comprehend the ADEKA General Purchase Policy. In terms of purchase activities, there is increasing demand from society that a company should actively make efforts to fulfill its corporate social responsibility (CSR).

For the promotion of CSR, it is indispensable to cooperate with our business partners, to pursue ADEKA's efforts with them. We ask you to conduct your activities in line with these Guidelines and to endeavor to do the same with your business partners.

1. Just and equitable transactions
2. Mutual growth with business partners
3. Corporate ethics and compliance
4. Contribution toward sustainable society
5. Respect for human rights and securing of appropriate labor environments

Sustainable Procurement of Palm Oil

Palm oil is used in a dizzying array of products, notably including foodstuffs (such as edible oils and margarine) and chemical products (such as soap, detergents and cosmetics). Because it is highly efficient to produce and significantly cheaper than other oils, demand for palm oil is rising sharply, driving the development of large-scale oil-palm plantations. This trend has fomented a number of problems, including environmental degradation from logging and burning of rainforests, poor working environments on the plantations and violations of human rights.

In July 2017, the ADEKA Group joined the Roundtable on Sustainable Palm Oil (RSPO), an NPO dedicated to the sustainable production and use of palm oil, as a full member. The ADEKA Group obtained RSPO certification for its supply chain in April 2018 and began production and sale of certified products in its food business

in October 2018. Later, the circle of certified ADEKA Group production sites widened, extending to ADEKA FOODS (Asia) SDN. BHD. in Malaysia in April 2019 and ADEKA (Singapore) PTE. LTD. in Singapore in April 2020. In cosmetics operations, Chiba Plant acquired supply-chain certification in June 2020 and began supplying certified products.

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



Conflict Minerals

As a company that seeks mutually beneficial coexistence with communities, ADEKA does not purchase raw materials that contain conflict minerals, due to their deleterious impact on human rights and other problems. To determine the status of conflict-mineral use by each supplier, we ask suppliers to complete and return the Environmentally Hazardous Substance Survey for each raw material when concluding a quality warranty agreement.



Haruhiko Tomiyasu
Director and Senior Managing
Executive Officer

Key Topic Logistics

In recognition of its CSR, the ADEKA Group works closely with its logistics partners, led by ADEKA Logistics Corporation, to achieve sustainable logistics. The partners maintain thorough compliance, consider the environment in all phases of their operations and work to ensure safety and security.

Participation in Efforts to Promote "White-Glove Logistics"¹

In September 2020 the ADEKA Group proclaimed a Declaration of Independent Action aimed at promoting "white-glove logistics." The purpose of the Declaration, as detailed below, was to reduce burdens on drivers and enhance efficiency, thereby ensuring the continuity of safe transport of ADEKA products.

1. Cooperation on proposals to improve logistics

When business partners or logistics operators request improvements for streamlining, etc. in logistical operations, the Group confers in good faith on the matter and works diligently to develop its own proposals.

2. Use of pallets

Pallets and other tools are used to make cargo handling less burdensome and time-consuming.

3. Modal shift² toward use of ships and rail

In long-distance shipping, the Group is continuing to switch from truck logistics to use of ferries, RORO ships³ and rail.

4. Promotion of written shipping contracts

The Group is further promoting the use of written shipping contracts.

5. Consideration of compliance status when selecting contractors

When selecting logistical operators, the Group considers prospective contractors' records in terms of compliance.

6. Suspension and cancellation of operation during unusual weather, etc.

When unusual weather such as typhoons, torrential rain or heavy snowfall occurs or is expected, the ADEKA Group confers with logistical operators to suspend or cancel operation, thereby ensuring drivers' safety.

7. Promotion of joint shipping

The ADEKA Group promotes joint shipping with other companies, increasing logistical efficiency by improving loading ratios, reducing the number of vehicles used, etc.

1. White-glove logistics movement: A movement to achieve 1) improved productivity in truck shipping with greater logistical efficiency and 2) safe, clean, strain-free work environments in the logistics industry that are amenable to women and operators 60 years of age and older. The purpose of this movement is to ensure the stable logistics required by modern living and industrial activities and support economic growth. (Citation and source: website for the movement to promote white-glove logistics)
2. Modal shift: Switch of cargo shipping from trucks and the like to low-environmental-impact modes of transportation such as rail and marine shipping
3. RORO ship: A roll-on, roll-off (RORO) ship is a ship on which trucks and trailers laden with cargo can drive directly on and off ships, carrying their cargo without loading and unloading.

Reducing Environmental Impact in Logistics

To bolster cost-competitiveness while implementing eco-friendly logistics, ADEKA is conducting a modal shift and joint shipping with other companies.

Modal-shift rate
FY2020 result:
15.6%
(Target for FY2020: 20%)

Joint-shipment rate
FY2020 result:
0.9%
(Target for FY2020: 1.5%)

For the modal-shift rate, ADEKA set a target of 20% by fiscal 2020. The Company worked vigorously to shift its cargo shipments to marine shipping and rail. However, in fiscal 2020, due to the COVID-19 pandemic, marine and railway container shipping volume declined, resulting in a modal-shift rate of 15.6%.

Similarly, ADEKA set a target of reaching a joint-shipment rate of 1.5% by fiscal 2020, holding discussions and coordinating with other companies to increase the use of joint shipping. In the fiscal 2020 results, however, despite stepping up sales efforts such as searching for new partners, the joint-shipment rate was 0.9%.

Building Quality and Safety into Logistics

The ADEKA Group holds annual discussions with its logistics partners about safety. At these safety conferences, participants trade case-study reports of accidents, complaints and other trouble and attend expert lectures, developing a shared awareness of safety issues. In fiscal 2020, in view of the COVID-19 pandemic, the safety conference was cancelled in favor of sharing information by dissemination of written materials.

Working through ADEKA Logistics, the ADEKA Group conducts regular interviews with and various audits of logistics partners. By means of these ongoing efforts, the ADEKA Group is striving to boost the quality of its logistics.

Procurement and Logistical Activities with Sustainability in Mind

As its operations expand in scale, the ADEKA Group is intensifying cooperation with bases overseas to optimize material procurement globally.

Recent changes in the social environment have increased demands that companies advance CSR through sustainable procurement and logistical activities, using renewable energy,

biochemical feedstocks and the like. By bolstering cost-competitiveness, building synergies with stakeholders and boosting the resilience of supply chains, the ADEKA Group will make doubly sure to obtain stable procurement of materials and guarantee logistics.

Key Topic ADEKA Group Products that Contribute to Society

By supplying eco-friendly products that reduce energy consumption and environmental impact and ADEKA Innovative Value (AIV) products that contribute to rich and fulfilling lifestyles, as well as high-value-added products tailored to the needs of the market, ADEKA is contributing to the enrichment of people's lives and a sustainable society.

Reactive Emulsifiers to Lessen Environmental Impact by Decreasing Emissions of VOCs

ADEKA REASOAP Series

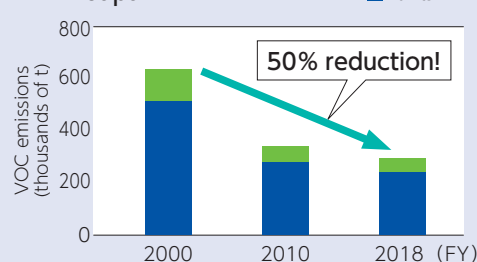


ADEKA developed its first reactive emulsifiers in the 1980s, for use in producing high-quality acrylic-plastic emulsions for water-based paints. Sales of these products expanded, as the emulsifiers bolstered water-based paints' performance. Thanks to these reactive emulsifiers, Japan leads other countries in switching from solvent-based to water-based paints, attaining a 50% drop in emissions of volatile organic compounds (VOCs) since fiscal 2000. This technology has not only spread to China, South Korea and various European countries but is also the world's only series of reactive emulsifiers approved by the US Food and Drug Administration (FDA). As a result, the market for this series has expanded to applications in water-based adhesives for packaging and labels used in contact with food, thereby contributing to the global environment.

Application: Adhesive (for food packaging and labels)



Trend in VOC emissions in Japan



Industrial Margarines that Support Good Flavor and Reduce Food Loss

Marvelous



Marvelous is a bread-baking margarine whose unique combination of yeast mixture and high-dispersion oil formula knead functional properties into bread. This product preserves the unmistakable moistness and texture of freshly baked bread and extends its shelf life by 50% (according to a comparison by ADEKA). Marvelous requires no oil-temperature management and is easy to knead into bread dough, enhancing the stability and efficiency of the bread-baking process.

This new approach serves to reduce food loss, which is a major problem for society. In recognition of this benefit, Marvelous won the Nikkei Marketing Journal Award of the 2020 Nikkei Superior Products and Services Awards, sponsored by Nikkei.



Plastic Additives that Contribute to a Recycling Society

ADK CYCLOAID Series



With pollution from waste plastic remaining a persistent social problem, the plastics industry is called on to deliver further enhancements to functionality, as part of the march toward a recycling-oriented society. To scale back environmental impact while enriching people's lives, ADEKA is developing environment-friendly plastics that afford the same or better functionality as conventional plastics, under the brand ADK CYCLOAID.

Applications: Automotive parts (interior and exterior)



Highly Safe Insect Growth Regulator for Paddy-Rice Pest Insects

APPLAUD®



In the 1970s, demand for increased yield and quality in paddy rice was burgeoning in Japan, as the nation pursued a policy of reducing acreage under production for this staple crop. One problem farmers confronted was the huge damage done at harvest time by derbidiae and leafhoppers, two groups of insect pests, and great hope was placed in the development of high-performance pesticides to counteract them. Nihon Nohyaku's APPLAUD (active ingredient: buprofezin) became the world's first growth regulator for paddy-rice pest insects developed to provide greater safety and labor-saving effectiveness than the organic-phosphate-based and carbamate chemicals then prevalent.

APPLAUD inhibits molting of the target insects in the larval stage, restrains egg-laying by the adult females and interferes with the hatching of eggs, reducing the population density of the forthcoming generation of insects. This unique action mechanism sustains the pest-control effect over long periods. Moreover, APPLAUD is highly species-selective, only slightly affecting honeybees, which are the pests' natural enemies, and other beneficial insects. This sharply reduced impact on biodiversity is one of the superior qualities that makes APPLAUD such a standout product.

In addition to protecting paddy rice, APPLAUD has found a stable market as a pesticide against horticultural pests such as scale insects and whiteflies, which are damaging to fruit and vegetable crops. In recent years, Nihon Nohyaku has begun deploying APPLAUD in new treatment methods in Central and South America, as an insecticide against scale insects that infest banana plantations. Having served as a core pest insecticide for over 30 years, APPLAUD is expected to continue to contribute to agricultural production worldwide as environmentally harmonious pest-control agent.



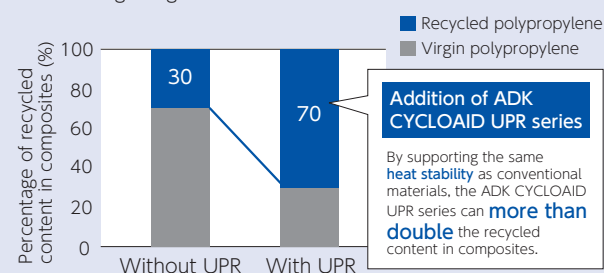
- 1988 Recipient of the Okochi Memorial Technology Prize
- 1990 Recipient of the Science and Technology Agency's Director General's Award
- 1992 Recipient of the Medal of Honor with Purple Ribbon (awarded by the government of Japan for academic and artistic accomplishments)

* Nihon Nohyaku: A consolidated subsidiary of ADEKA

Additives That Enhance the Performance of Recycled Plastics

ADK CYCLOAID UPR Series

These additives contribute to the easing of environmental impact by boosting the recycled content of composite materials, thereby reducing consumption of scarce resources and slowing the growth of landfills.



Addition of ADK CYCLOAID UPR series
By supporting the same heat stability as conventional materials, the ADK CYCLOAID UPR series can **more than double** the recycled content in composites.

Environment-Friendly PVC

ADK CYCLOAID PNB Series

Mainly targeting polyvinyl chloride (PVC), this polyester-based plasticizer* is biomass-based, providing a good fit for a recycling-oriented society. Made from natural plant materials, this series contributes to the achievement of a low-carbon society. In particular, ADK CYCLOAID PNB-205 is certified by the Japan Organics Recycling Association as a Biomass Mark product (No. 200253).

* Plasticizer
An additive that is added to polymers to make them more supple and easier to process.



Environment

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

Targets and Results for Fiscal 2020 and Targets for Fiscal 2021

Self-evaluation: ○ Roughly according to plan △ Below plan

Item	Targets for FY2020	Results for FY2020	Self-evaluation	Targets for FY2021
Promote energy conservation (ADEKA manufacturing division alone)	● Reduce energy intensity by 1.0% or more year on year	● Energy intensity of 0.2016kL/t 3.4 points below target	△	—
	● Reduce CO ₂ emission intensity by 1.0% or more year on year	● CO ₂ emission intensity of 0.4322t-CO ₂ /t 1.9 points below target	△	● CO ₂ intensity in existing products Improvement of 1% or more from previous year ● 12% reduction in 2030 from FY2013 (ADEKA Group, Scope 1 + 2)
Reduce industrial waste (ADEKA)	● Promote and maintain complete zero emissions (less than 0.1%) through recycling	● Landfill disposal volume of 44.0 t (0.09% of industrial waste generated)	○	● Promote and maintain complete zero emissions through recycling
	● Promote appropriate disposal of industrial waste	● Confirm appropriate management of waste by audit	○	● Promote appropriate treatment of industrial waste
	● Achieve 95% or higher rate of food recycling by FY2020 (target for food manufacturers)	● 95.5%	○	● Achieve 95% or higher rate of food recycling by FY2021 (target for food manufacturers)

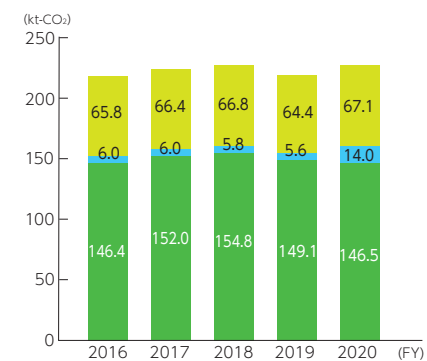
Initiatives on Global Warming Prevention

Initiatives for Reducing CO₂ Emissions

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

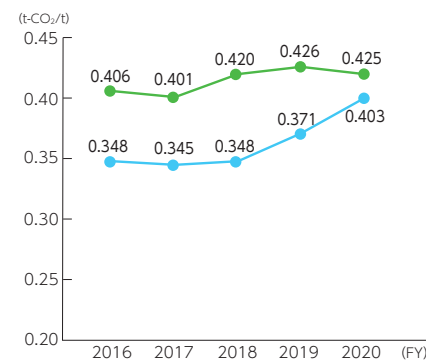
Greenhouse Gas Emissions

■ ADEKA ■ Group companies in Japan ■ Overseas companies

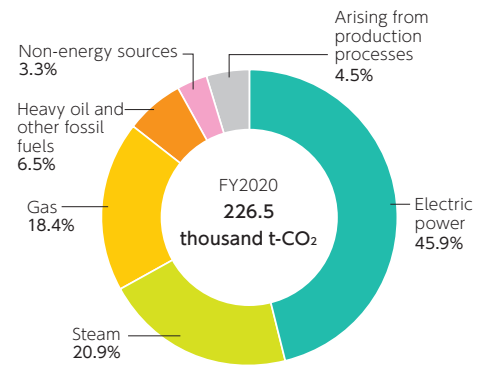


Greenhouse Gas Emission Intensity Index (from energy consumption)

■ ADEKA (the manufacturing division) ■ Group companies in Japan (the manufacturing division)

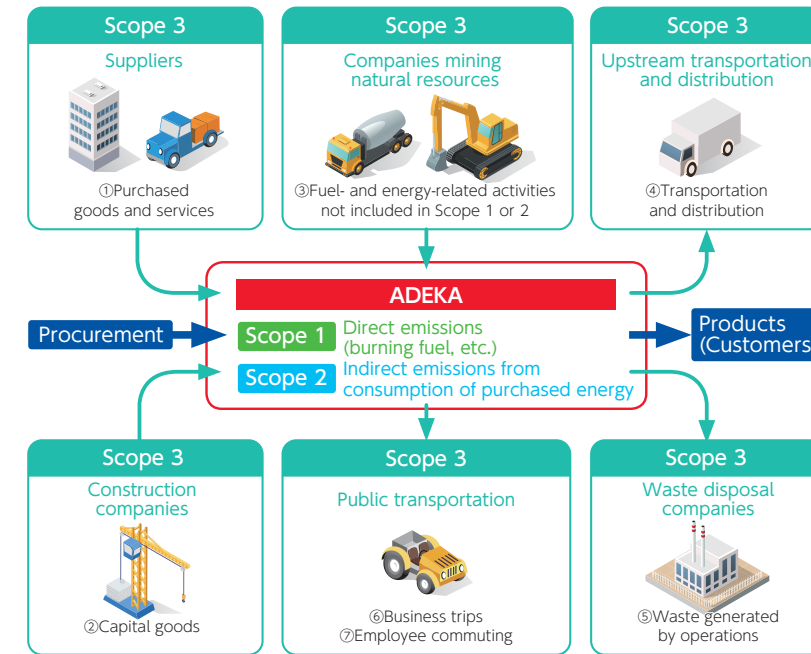


Breakdown of Greenhouse-Gas Emission Volumes (CO₂ equivalents)



Note: Not including 0.5% CFCs

Flow Chart of ADEKA's Scope 3 Emissions



CO₂ Emissions and Scope 3 Breakdown (Scope: ADEKA)

Scope category	Emissions (kt-CO ₂)
Scope 1	60.9
Scope 2	84.5
Scope 3	557.8
Category ① Purchased goods and services	476.1
Category ② Capital goods	25.8
Category ③ Fuel- and energy-related activities not included in Scope 1 or 2	30.0
Category ④ Transportation and distribution	13.2
Category ⑤ Waste generated by operations	14.3
Category ⑥ Business trips	0.3
Category ⑦ Employee commuting	0.7
Total	703.2

(Scope: Consolidated figures for ADEKA)

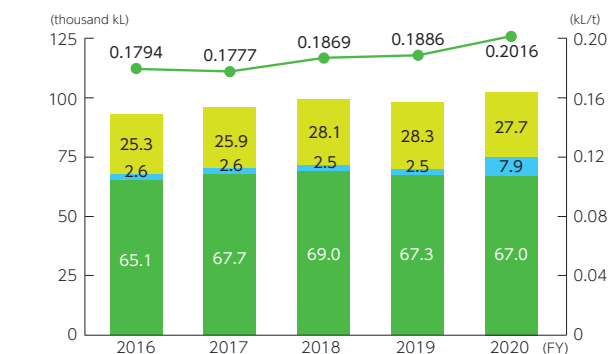
Scope category	Emissions (kt-CO ₂)
Scope 1	74.5
Scope 2	152.0

Energy-Saving Activities

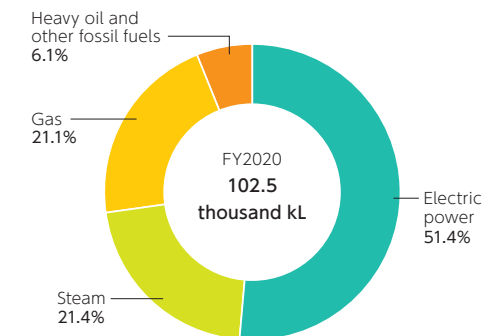
In fiscal 2020 ADEKA changed the lineup of goods it produces. As new equipment came into operation, our plants' energy consumption increased. Thanks to energy-saving activities, however, we were able to reduce our energy consumption by 541 kL crude-oil equivalent.

Energy Consumption by Crude Oil Equivalent and Energy Intensity Index

■ ADEKA ■ Group companies in Japan ■ Overseas companies ● Energy intensity (the manufacturing division)



Breakdown of Energy Consumption



Status of Key Activities at Production Sites in FY2020 (Energy-Saving Activities)

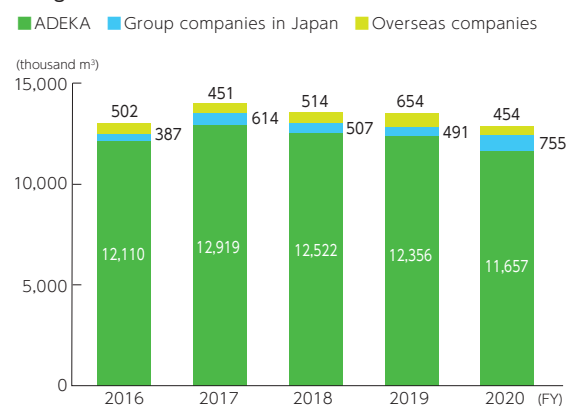
Location	Key Activity
Kashima Plant	● Adjustment of control of the number of air compressors
	● Reducing heat loss by improving thermal-insulation materials
	● Use of equipment that generates hot water using drain water from steam, etc.
	● Reducing power consumption by switching to LED lighting
	● Reducing electricity and steam consumption by shutting off lighting, HVAC, pumps, etc. when not needed
Chiba Plant	● Reduction of steam volume by upgrading steam traps
	● Reduction of power consumption by switching to LED lighting
Mie Plant	● Reduction of steam volume by upgrading steam traps
	● Installation of inverters on incinerator
Fuji Plant	● Reducing electricity consumption by improving equipment performance

Initiatives to Reduce Environmental Impact

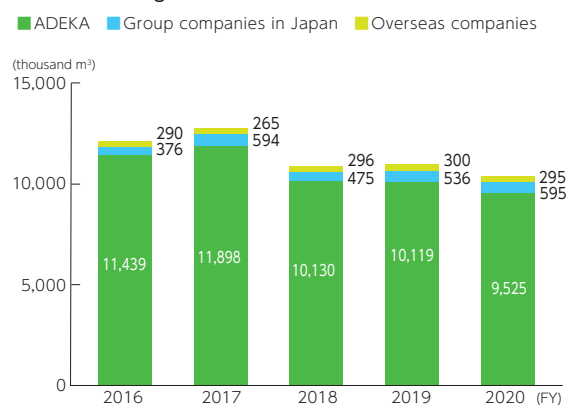
Preventing Water Pollution

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

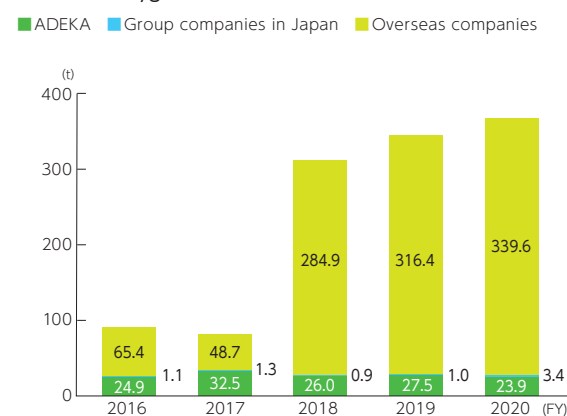
Usage of Water



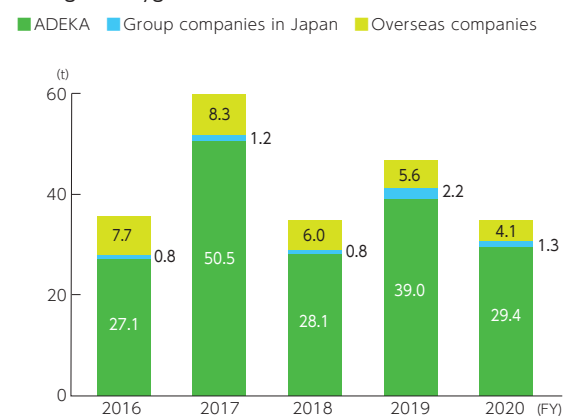
Water Discharge



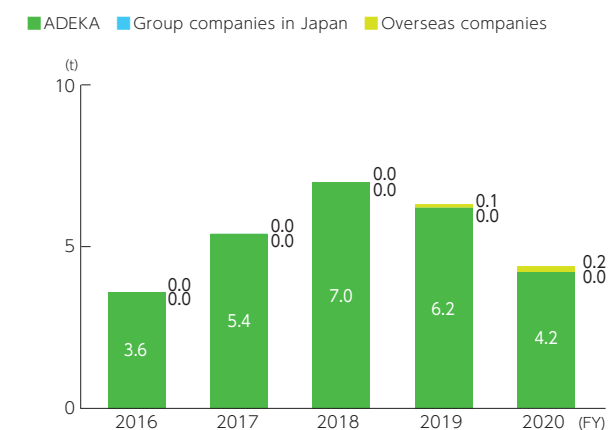
Chemical Oxygen Demand Emissions



Biological Oxygen Demand Emissions



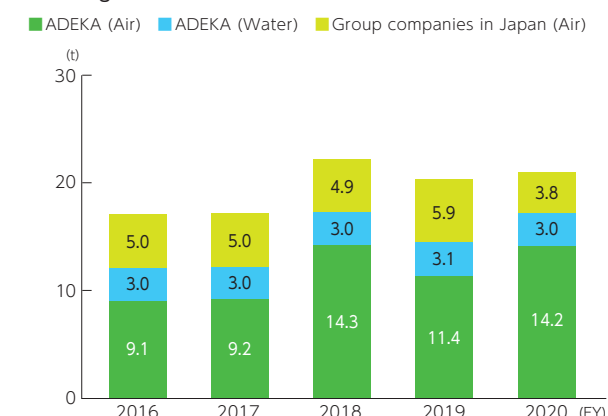
Soot/Dust Emissions



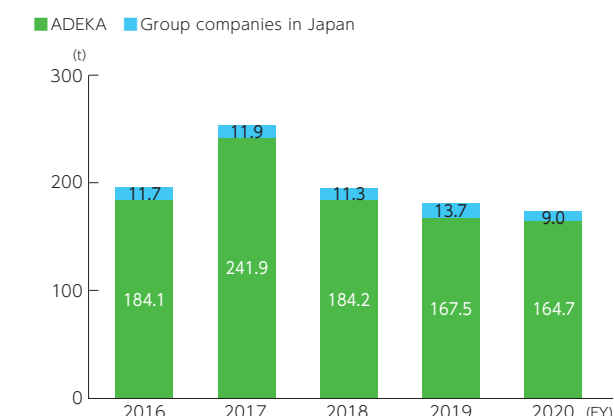
Appropriate Management of Chemical Substances

Since 1997, the ADEKA Group has maintained a pollutant release and transfer register (PRTR), calculating the volume of chemicals it uses and emits through its manufacturing processes that are subject to Japan's Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof. The Group constantly strives to manage this volume appropriately.

Discharge of PRTR Substances



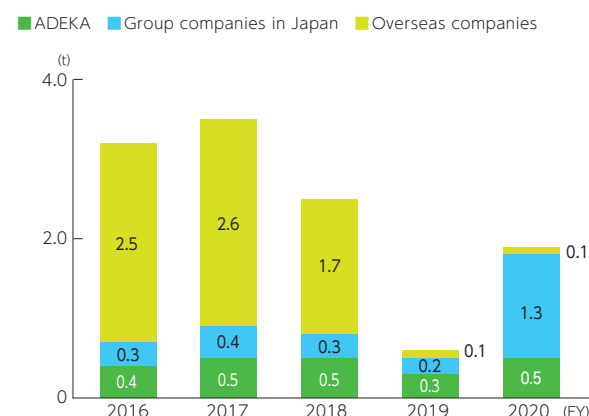
Transfer of PRTR Substances



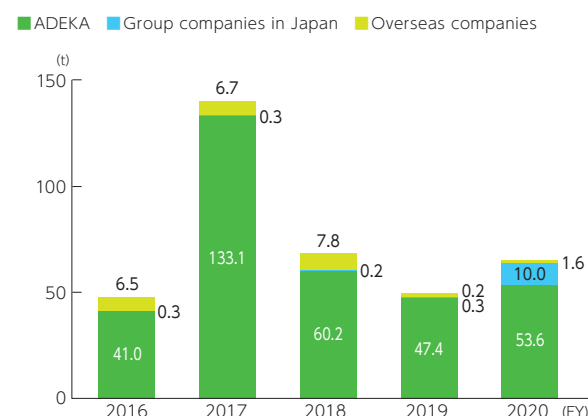
Preventing Air Pollution

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

SOx Emissions



NOx Emissions



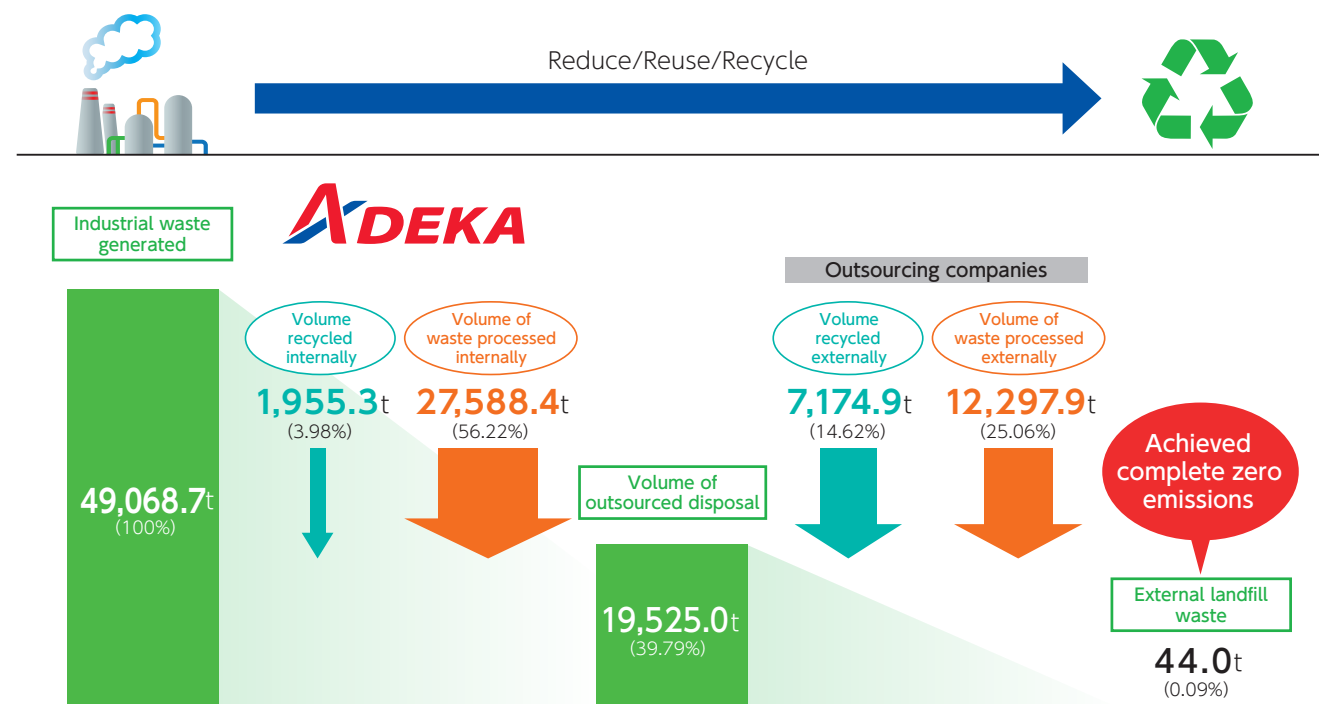
Discharge and Transfer of Chemical Substances (Scope: ADEKA (production and research divisions), Oxirane Chemical CORP.)

Ordinance Designation Number	Substance	Discharge				Transfer	
		Air	Public Waters	Soil	Landfill Waste	Sewage	External Transfer
53	Ethylbenzene	0.0	0.0	0.0	0.0	0.0	8.5
65	Epichlorohydrin	0.1	0.0	0.0	0.0	0.0	0.0
80	Xylene	0.0	0.0	0.0	0.0	0.0	23.0
125	Chlorobenzene	0.6	0.0	0.0	0.0	0.0	15.0
128	Chloromethane	0.2	0.0	0.0	0.0	0.0	0.0
157	1,2-Dichloroethane	2.1	0.0	0.0	0.0	0.0	73.0
186	Dichloromethane	0.4	0.0	0.0	0.0	0.0	6.7
207	Dibutylhydroxytoluene	0.0	0.0	0.0	0.0	0.0	0.9
232	N,N-dimethylformamide	0.0	0.0	0.0	0.0	0.0	0.4
272	Copper salts (water-soluble, except complex salts)	0.0	0.0	0.0	0.0	0.0	1.9
277	Triethylamine	0.0	0.2	0.0	0.0	0.0	8.4
300	Toluene	5.6	0.0	0.0	0.0	0.0	7.3
318	Carbon disulfide	6.4	0.0	0.0	0.0	0.0	0.0
392	N-hexane	2.2	0.0	0.0	0.0	0.0	9.2
395	Water-soluble salts of eriodisulfuric acid	0.0	2.8	0.0	0.0	0.0	1.0
453	Molybdenum and its compounds	0.0	0.0	0.0	0.0	0.0	2.3
458	TRIS (2-ETHYLHEXYL)	0.2	0.0	0.0	0.0	0.0	16.0
Sub-total		17.7	3.0	0.0	0.0	0.0	173.5
Other substances (48 types)		0.3	0.0	0.0	0.0	0.0	0.2
Total		18.0	3.0	0.0	0.0	0.0	173.7

Appropriate Management of the Disposal of Industrial Waste

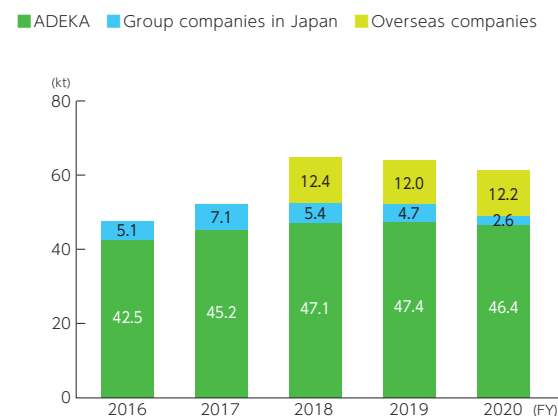
ADEKA and domestic ADEKA Group companies conduct regular inspections of industrial-waste treatment contractors, to ensure that the industrial waste entrusted to them is treated appropriately. We also hold meetings on the status of waste management with each business location, including those of industrial-waste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

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

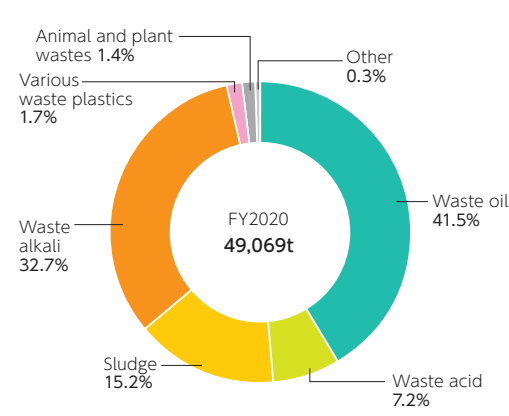


Figures in brackets are the relative proportions of industrial waste.

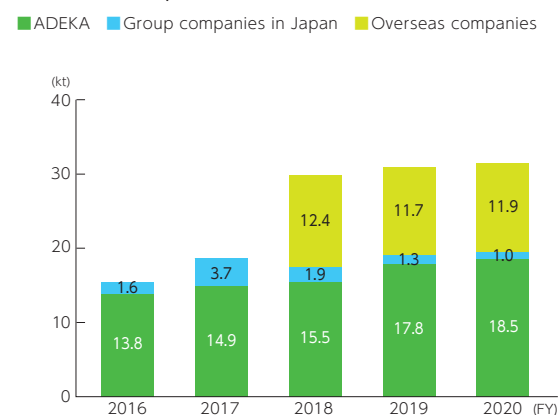
Industrial Waste Generated



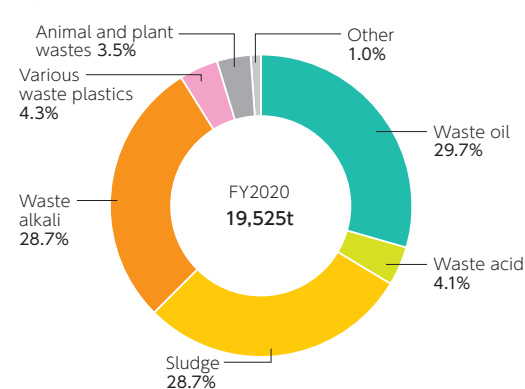
Breakdown of Industrial Waste



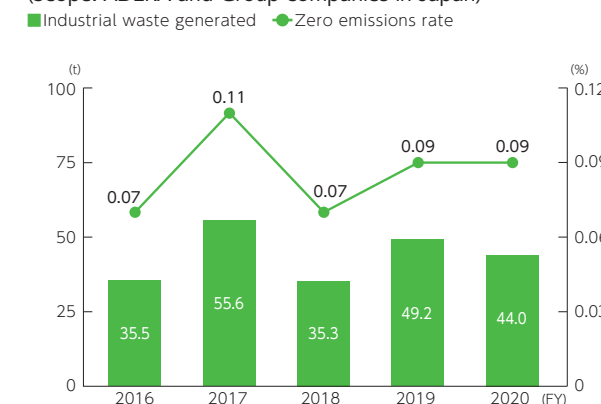
Outsourced Disposal of Industrial Waste



Breakdown of the Total Volume of Waste Treated by External Contractors

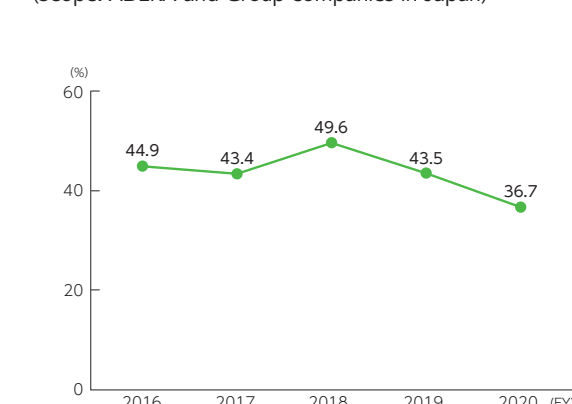


Zero Emissions Rate for Landfill Disposal of Industrial Waste (Scope: ADEKA and Group companies in Japan)



Note: The Nihon Nohyaku Group, which uses a different formula for calculating final landfill volume, is not included in this graph.

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



Promoting Biodiversity

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

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

ADEKA Joins the Clean Ocean Material Alliance

In order to reduce ocean plastic waste, it is important to promote the sustainable use of plastics and accelerate the development and spread of alternative materials such as bioplastics and paper products that offer superior biodegradability.

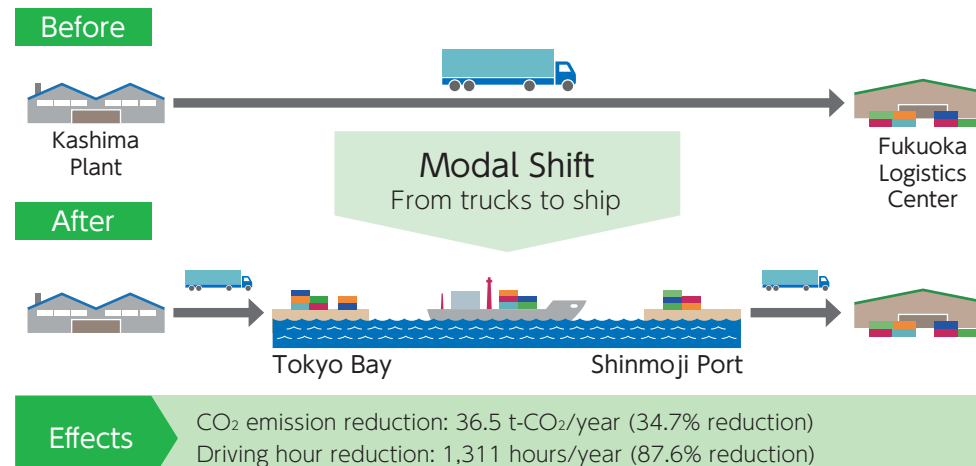
ADEKA is part of the Clean Ocean Material Alliance, which was established under the leadership of the Ministry of Economy,

Trade and Industry of Japan. The Alliance serves as a platform for accelerating innovation by enhancing cross-industry collaboration among a wide spectrum of stakeholders. ADEKA is leveraging its accumulated R&D capabilities from the development of plastic additives in order to develop alternative materials.

Topics Eco-Friendly Logistics

The ADEKA Group is moving ahead with modal shift. For example, in the transportation of goods from plants to regional warehouses, we are moving away from overland (truck) hauling in favor of marine shipping using containers. In the chemical business, we improved the efficiency of truck transport, by means such as reducing the use of specialized vehicles. In the food business, the Group conducted a modal shift, using marine trailers to carry goods to regional warehouses instead of overland hauling.

ADEKA's Modal Shift Outline



Effects

- CO₂ emission reduction: 36.5 t-CO₂/year (34.7% reduction)
- Driving hour reduction: 1,311 hours/year (87.6% reduction)

Environmental Accounting

Environmental Accounting

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

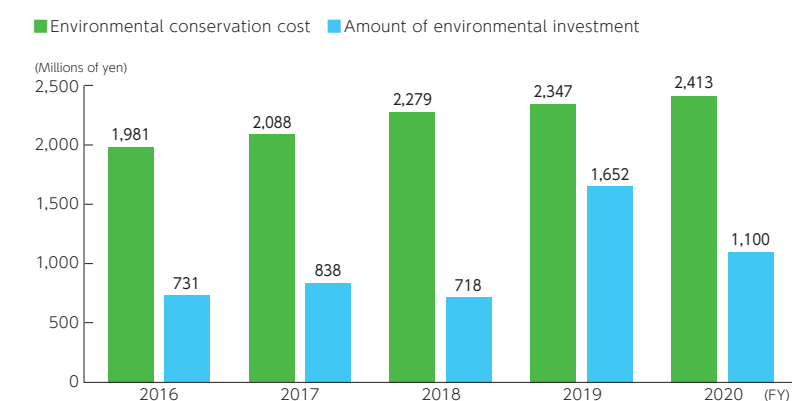
Environmental Conservation Costs (thousands of yen)			
Category	Description of Main Initiatives	Environmental Conservation Cost	Amount of Environmental Investment
1. Business area cost		2,313,885	1,100,243
(1) Pollution prevention costs	Prevention of air, water and soil pollution and of noise, stench and land subsidence	1,277,107	320,508
(2) Global environmental conservation costs	Preventing global warming (conserving energy), preventing damage to the ozone layer	462,089	319,134
(3) Resource recycling costs	Reducing and recycling resources and minimizing the generation of waste material	574,689	460,601
2. Upstream/downstream cost	Green procurement, reducing the environmental burden imposed by containers and packaging, collecting and re-commercializing products	10,778	0
3. Administration cost	Environmental ISO, disclosure of environmental information, environmental impact monitoring, greening	82,266	0
4. R&D cost	R&D expenses for environmental conservation	0	0
5. Social activity cost	Greening and beautification of areas outside the offices and plants, donating and supporting environmental conservation organizations	3,671	0
6. Environmental remediation cost	Purification efforts to improve water quality and remove soil pollution, restoration of nature	2,687	0
Total		2,413,287	1,100,243

Environmental Conservation Effect					
Classification	Environmental Performance Indicators	Unit	FY2019	FY2020	Year-on-year
Resources for business activities	Quantity of specific managed substances input	t	54,480	19,245	35.3%
Goods and services produced by business activities	Quantity of used products, containers and packaging circulated and used	t	695	911	131.1%
	Quantity of containers and packaging used	t	5,425	5,385	99.3%
Other	Emissions of environmentally hazardous substances from logistics	t	60,161	86,108	143.1%
	Volume of materials and products transported	million t-km	0	0	0

Economic Effects with Environmental Conservation Measures (millions of yen)	
Details of Effects	Amount
Income earned by recycling, profits from the sale of valuable resources, etc.	117,366
Reduction in costs through introducing resources from the environment into business activities	203,464
Reduction in the burden imposed by business activities on the environment and costs related to the generation of waste material	27,886
Reduction in costs related to dealing with environmental damage	0
Reduction in other costs	19,946
Total	368,662
Degree of effects (Calculated by dividing the economic effects resulting from environmental conservation activities by the costs of these activities)	10.5%

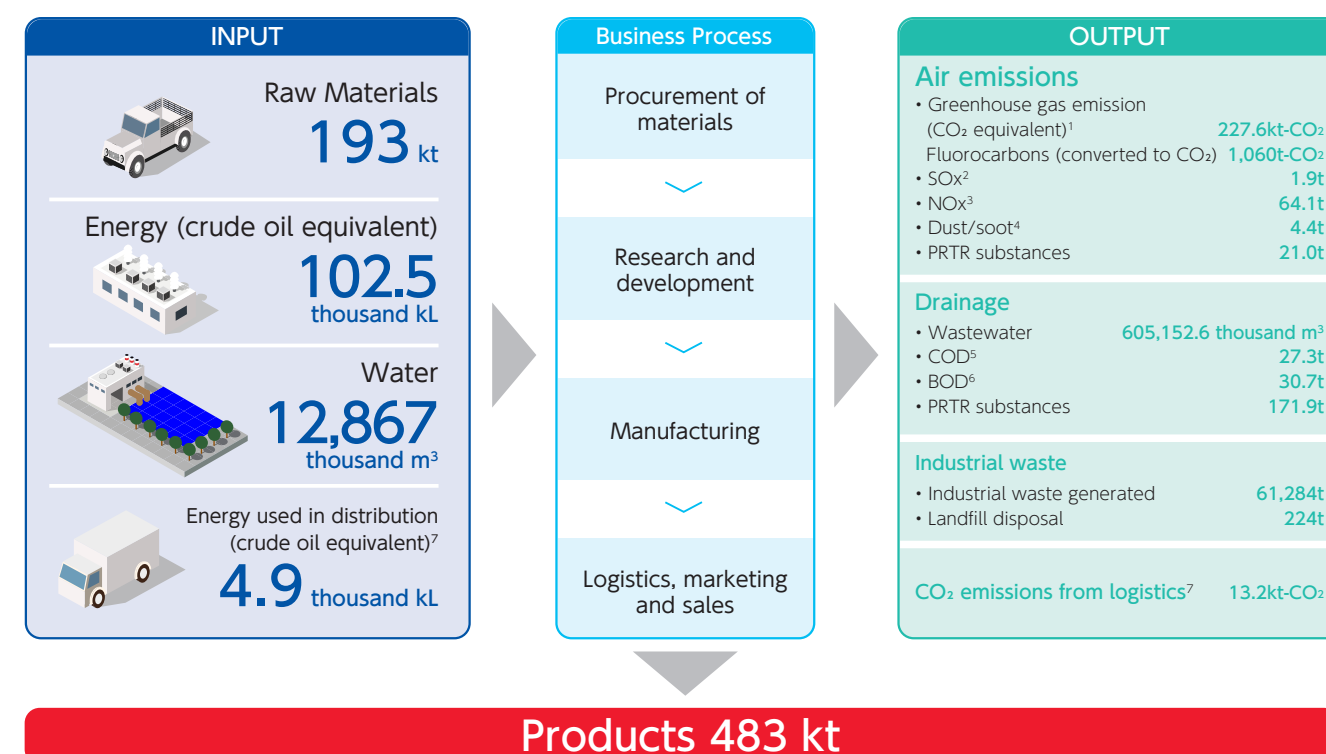
Cost of Environmental Initiatives and Amount Invested

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



Material Flow

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



- Total emissions arising from energy sources, non-energy sources and processes
- Sulfur oxides generated during the use of fuels that contain sulfur
- Nitrogen oxide generated during combustion in plant boilers and incinerators
- Fine particles generated during the combustion of fuels and other materials

- Amount of oxygen consumed during the oxidation of organic substances
- Amount of oxygen required during the mineralization and gasification of contaminants in river water and industrial wastewater by microorganisms
- Scope: ADEKA

Environmental Risk Management Reports

As part of a planned project to disassemble structures on its properties, ADEKA carried out a soil-and-groundwater survey at its Head Office in Arakawa Ward, Tokyo from July 2019 to December 2020. This survey turned up certain substances that exceeded the standard levels stipulated in the Soil Contamination Countermeasures Act and the Environmental Ordinance to Ensure Tokyo Citizens' Health and Safety.

The Company reported these results to the Metropolitan Tokyo government and disclosed them publicly in August 2021.

Under the guidance of the relevant government authorities, ADEKA will continue to respond and take action against pollution, through measures such as cleanup of polluted sites and continuous monitoring.

Society

The ADEKA Group coexists harmoniously and in mutual benefit with society through business activities that respond to the needs and expectations of each stakeholder. 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.



Better Living Conditions and Communication

Creating Value That Meets Society's Expectations: Quality Safety and Responsible Procurement

Strengthening Our Quality Control Framework

● Reassessment of Quality Inspection Practices

From the 2017 to the 2020 fiscal year, the ADEKA Group has conducted a series of surveys on quality control. As a result, the Group confirmed that there were no cases of intentional tampering of inspection or other data.

● Promoting Quality Improvement Efforts

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

● Product Quality and Safety Measures

The ADEKA Group's policy on measures for quality and safety is twofold: 1) robust implementation of measures to prevent complaints and prevent recurrence of complaints; and 2) strengthening of its management framework overseeing the entire supply chain.

When we receive information from customers about quality, we convey it promptly and accurately to the appropriate departments. If the information involves a defect, we investigate the causes and conduct countermeasures. The details of countermeasures are confirmed and reviewed at related meetings, in audits and so on.

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

● Equipment Safety

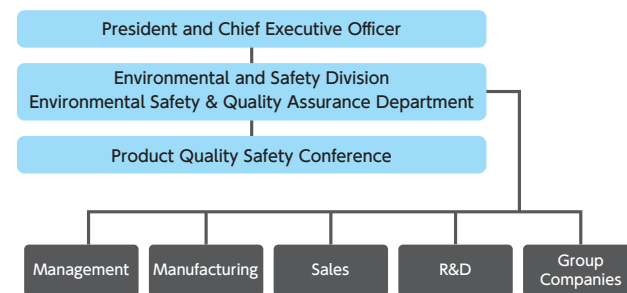
ADEKA and its Group companies in Japan established a definition for "major equipment failure"* in December 2018 and are operating on that basis. Since that time, these companies have upheld a status of zero major equipment failures. In fiscal 2020 the Group launched the practice of holding Equipment Safety Conferences, at which each place of operation shares information about equipment safety at its facilities.

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

● Food Safety and Hygiene

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

Overview of Quality Management System



AIB food-safety guidance and auditing system

The American Institute of Baking (AIB) food-safety guidance and auditing system is the foundation of a robust system of food-safety management. This food-safety management system is based on Good Manufacturing Practice (GMP), which in turn is linked to the general hygiene-management program that underpins Hazard Analysis and Critical Control Points (HACCP).

Each month, employees conduct autonomous inspections at their own plants, with the aim of eliminating potential harm to foodstuffs, particularly by reducing contamination incidents. A key requirement of this practice is the uncovering of deficient points and areas for improvement.



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

● Control of Chemical Substances

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

● Communication with Customers

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

● Construction of Sustainable Supply Chains

ADEKA is committed to the construction of a sustainable supply chain. To this end, Kashima Plant joined the Supplier Ethical Data Exchange (Sedex)* in August 2019 and underwent the Sedex Members Ethical Trade Audit (SMETA), an auditing scheme provided by Sedex, in February 2020. Going forward, the ADEKA Group will continue to encourage the use of Sedex in its plants, to eliminate risk related to labor practices and promote the building of sustainable supply chains.

● 2019: Response to self-assessment questionnaire (SAQ) by Kashima Plant (East)

● 2020: SMETA audit of Kashima Plant (East), response to SAQ by Chiba Plant



Remote auditing of raw-material and packaging-material manufacturers (Akashi Plant)

● Sedex

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

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

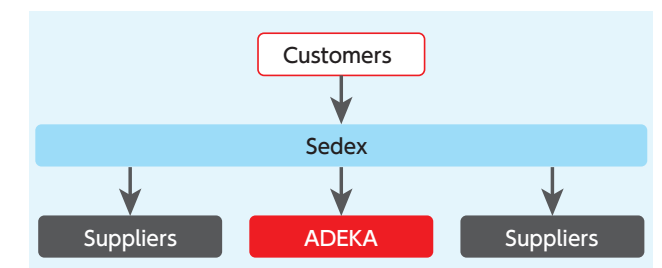
Use of Sedex consists of the following two stages:

1) Response to SAQ

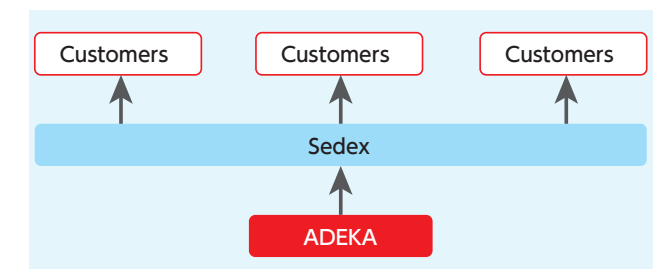
ADEKA completes an SAQ online regarding issues such as work environment, human rights, health and safety, the natural environment and compliance and publishes the results to customers selected by the Company who are Sedex members. The content of the SAQ is prepared based on laws and regulations that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

2) Undertaking of SMETA audit

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



Customers can manage information from multiple suppliers (including ADEKA) in bulk.



Suppliers (such as ADEKA) can answer the same query from multiple customers with a single response.

* Sedex is a nonprofit organization (NPO) established in the United Kingdom in 2004. It is the world's largest platform for managing and sharing supply-chain data online for the purpose of achieving ethical business practices across global supply chains.

Dialogue with Stakeholders

The ADEKA Group achieves sustainable growth by advancing its business activities in good faith, meeting the needs and expectations of stakeholders.

Local Society

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



Participation in a regional-community support program (Amfine Chemical Corporation)



Presentation of a regional personnel training scholarship fund to Wanju County, North Jeolla Province, South Korea (ADEKA Korea Corporation)



Area cleaning activities around Mie Plant

Security and Disaster Preparedness

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



Firefighting training (Soma Plant)



Contest on correct use of fire extinguishers (Mie Plant)



Fire response training (Kashima Plant)



Contribution to an educational project fund in the Town of Shinchi (Soma Plant)



Gift of Christmas cake to a support facility for the disabled (Kashima Plant)



Gift of snacks to a childcare institution (Fuji Plant)



Forklift safety training (Soma Plant)



Lifesaving lessons as part of disaster preparedness training (Fuji Plant)



Demonstration-training on handling leaks of hazardous waste (ADEKA Foods (Changshu) Co., Ltd.)



Cleanup activities in the area around the plant (Kashima Plant)



Gift of Christmas cake to two nearby facilities (Akashi Plant)



Participation in the City of Soma's softball tournament (Soma Plant)



Receipt of the Shizuoka Prefecture Labor Bureau Director's Award for Excellence (Fuji Plant)



Training in nighttime evacuation during a power failure (Akashi Plant)



Training in preventing accidents that can occur at night (Kashima Plant)

Shareholders and Investors

The ADEKA Group conducts appropriate and impartial disclosure while intensifying constructive dialogue with shareholders and investors, striving for medium-to-long-term improvement in corporate value.

● Proper Disclosure of Information

ADEKA strives to disclose accurate corporate information in a fair and timely manner to all stakeholders under its disclosure policy. ADEKA imposes a specified "silent period" before the date of disclosure of the financial statements, in which the Company refrains from commenting on the accounts and does not convey any information that is pending before settlement of the accounts. ADEKA discloses appropriately any information about its accounts that may significantly impact the investment decisions of shareholders and investors.

● Online Disclosure

ADEKA makes every effort to disclose information of interest to stakeholders in a timely and appropriate manner through its websites. To prevent the spread of COVID-19, the Company conducted the results briefing for fiscal 2020 by telephone conference and distributed a video of the president's presentation. Moreover, ADEKA took particular care to explain the Company's operations in the most accessible terms, targeting general consumers and individual investors.

● IR Activities

The Company conducts a vigorous program of investor-relations (IR) activities, providing results briefings and results-briefing tools to institutional investors and analysts. In fiscal 2020, ADEKA conducted 88 IR meetings and provided institutional investors with a briefing on polymer additives, a core business segment of the Company, and posted a video and other materials related to the briefing on its website. June 2021 saw the convening of the first "small meeting with the president" for institutional investors. 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.

● General Meeting of Shareholders

ADEKA redistributes its profits to shareholders based on an overall consideration of the management environment, business performance and financial condition. With the understanding of its shareholders, ADEKA applies its internal reserves by placing priority on strengthening its management base and investing in growth businesses from a mid-to-long-term perspective.

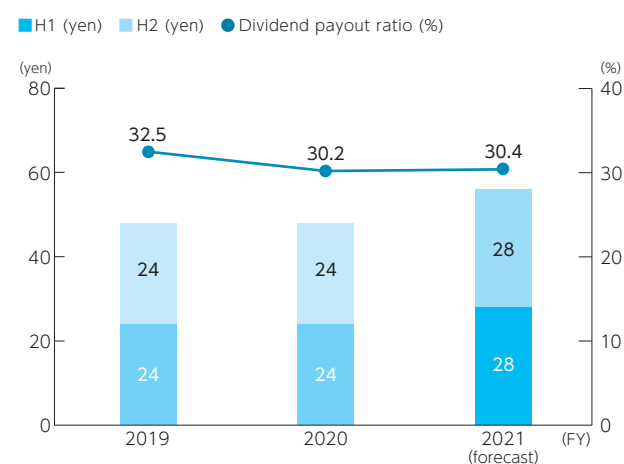
In view of the COVID-19 pandemic, shareholders were encouraged to refrain from attending the fiscal 2020 general meeting of shareholders in person. For the benefit of those who chose not to attend, the Company distributed video and audio of part of the proceedings of the meeting as on-demand digital content.

● Returning Profits to Shareholders

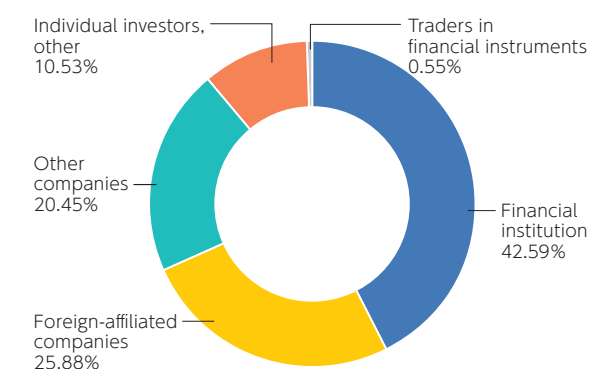
ADEKA redistributes its profits to shareholders based on an overall consideration of the management environment, business performance and financial condition.

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

Annual Cash Dividends



Distribution of ADEKA's Public Shares by Investor Type (As of March 31, 2021)



Human Rights and Human Resources

Expanding Opportunities for Utilizing Human Resources

Promoting a Work-Life Balance

The ADEKA Group emphasizes the importance of a work-life balance, which encourages each employee to demonstrate their capabilities fully. Also, ADEKA is introducing a system to support flexible and diverse working styles and foster awareness. In April 2021, the Group officially introduced a telework system and reduced the core-time portion of its flex-time system, loosening the bonds between work and particular times and places.

● Optimizing Working Hours

As part of its efforts to provide employees with a healthy, dynamic and supportive work climate, ADEKA is striving to reduce long work hours Company-wide. For example, the Company is establishing days when everyone leaves work at a set time. The Company is also adjusting work hours through the labor-management committee. In fiscal 2020, average overtime clocked in at 12.8 hours per month, compared with 14.6 hours per month in the previous fiscal year.

In fiscal 2019 Japanese companies were required to provide at least five days of annual paid leave to their employees. ADEKA had begun encouraging this practice in the previous fiscal year. In fiscal 2020, the rate at which employees took paid leave was 64%. All employees took five days' paid leave or more.

● Maintaining a Balance Between Work and Childcare or Nursing Care

ADEKA has introduced programs to support employees in balancing work with childcare or nursing care. For employees who take childcare leave, the Company provides support for obtaining knowledge and skills they can use when they return to work. In fiscal 2020, a total of 29 employees made use of this program. ADEKA also provides skills upgrading for employees on childcare leave, to ensure that taking childcare leave does not negatively impact their evaluations or hinder career advancement. A total of 26 employees (9 women and 17 men) took childcare leave in fiscal 2020, while none took nursing-care leave. The return-and-retention rate for employees who took childcare leave was 100%. Our program for shorter work hours after return to work from childcare leave was taken up by 35 employees, while 72 employees took sick/injured childcare leave.

Targets and Results for Fiscal 2020

Theme	Mid-term Target	Ultimate Target	Targets for FY2020	Results for FY2020
Work-life balance	Support plan for nurturing the next generation (April 2018 to March 2021)	Aim for more than five eligible male employees and over 80% of eligible female employees to utilize childcare leave during the fiscal year	Target utilization of childcare leave: more than five male employees and more than 80% utilization rate for female employees	In fiscal 2020, 17 men and 100% of women took childcare leave
		Continue initiative to reduce overtime working hours	Continue initiative to reduce overtime working hours (Promote flexible work practices and correct long work hours as part of transformation of workstyles)	ADEKA continuously implemented measures to reduce overtime working hours. As a result, the average overtime work hours per month decreased from 14.6 hours in fiscal 2019 to 12.8 hours in fiscal 2020
Promoting active roles for women	Plan on promoting the active roles of women in the workplace (April 2016 to March 2021)	Raising the proportion of managers who are women to 5% by 2021		Proportion of managers who are women in FY2020: 3.3%

Targets for Fiscal 2021

Theme	Mid-term Target	Targets for FY2021
Promoting active roles for women and training the next generation	The ADEKA Corp. General Employer Action Plan (April 1, 2021 to March 31, 2026)	Raising the proportion of managers who are women to 5% or more by FY2025
		Creating flexible workstyles aimed at supporting a balance between work and raising a family
		Increasing the number of men who take childcare leave to 10 a year or more

General Employer Action Plan (Scope: ADEKA)

(The Action Plan is based on the Act on Promotion of Women's Participation and Advancement in the Workplace and the Act to Advance Measures to Support Next-Generation Child-Rearing.)

Period: April 1, 2021 to March 31, 2026

Target 1	Raising the proportion of women in management positions to 5% or more	Advancement of Women in the Workplace
-----------------	--	--

Measures

From April 2021	<ul style="list-style-type: none"> An in-house task force was launched to promote the advancement of women in the workplace. Measures are implemented to foster a culture supportive of active roles for women in the workplace. The Company is working to implement hiring activities that do not discriminate by gender, so that women are hired as engineers in plants and the percentage of women among new hires increases. The paid accumulated special leave system is expanded to include sick/injured childcare leave, infertility treatments, etc., to create an environment in which women can continue working with peace of mind.
From October 2021	ADEKA is instituting career-plan training, to improve awareness of promotion opportunities. The Company is also planning to improve and circulate understanding of its personnel system and conducting other in-house training.
From April 2022	Based on the above measures, the Company will propose strategies and action plans and advance measures to implement them.
From April 2023	The Company will drive the PDCA cycle to strengthen existing measures and add new ones.

Target 2	Creating flexible workstyles aimed at supporting a balance between work and raising a family	Advancement of Women in the Workplace	Training the Next Generation
-----------------	---	--	-------------------------------------

Measures

From April 2021	The Company officially introduced a telework program and shortened core time in its flex-time system, promoting workstyles free from the constraints of time and space.
From April 2022	We will analyze issues, strengthen measures and consider the addition of new initiatives.

Target 3	Increasing the number of men who take childcare leave to 10 a year or more	Advancement of Women in the Workplace	Training the Next Generation
-----------------	---	--	-------------------------------------

Measures

During fiscal 2021	The Company is conducting in-house training, etc. to inform employees of the childcare leave program.
From April 2021	The Company is raising the limit on the number of days in the paid accumulated special leave system that can be taken during childcare leave and is adding new days.
From April 2022	We will analyze issues, strengthen measures and consider the addition of new initiatives.

Childcare and Nursing Care Support Programs (Scope: ADEKA)

Bold text indicates provisions that exceed minimum regulatory requirements.

Program	Details	Number of Employees who Used the Program in FY2020
Maternity leave	6 weeks before birth (14 weeks in the case of twins) and 8 weeks after birth	11
Spousal maternity leave	3 days or less in cases where the spouse has given birth or less in cases where the spouse has given birth	54
Sick/injured childcare leave	Until the child reaches 1 year of age, in principle an extension of up to 1 year may be approved under special circumstances (Calculated from the 1st day of childcare leave, special accumulated leave may be approved for up to 5 consecutive days . The period of special accumulated leave will be regarded as paid leave .)	26 (including 17 male employees) (percentage of employees who returned to work: 100%)
Childcare nursing leave	For employees raising children below grade 4 of elementary school , it is possible to take up to 10 days of leave per year, regardless of the number of children , for situations in which they have to take care of an injured or sick child (Including vaccinations and health screenings for the child, as well as suspension of classes.)	72
Nursing care leave of absence	A total of up to 365 days for each person requiring care	0
Nursing care leave	A total of up to 20 days per year for each person needing care	5
Short working hour system	Childcare: Until the end of the child's 4th year in elementary school Nursing care: A total of up to 365 days, combined with nursing care leave of absence (Both may be reduced up to a maximum of 2 hours in 15-minute units.)	35

Promoting Diversity

The ADEKA Group is overhauling its fields of work activity to ensure that individual employees can put their unique capabilities to work regardless of nationality, age, gender, ethnicity or disability, in aspects such as recruitment, hiring and promotions.

● **Hiring of Mandatory Retirees**

ADEKA is implementing a program of rehiring interested mandatory retirees up to 65 years of age (unless special reasons exist not to do so). In fiscal 2020, the Company rehired 63.6% of that year's mandatory retirees. The rehired employees play a precious role in passing on skills and knowledge to the next generation and serve as experts in the knowledge, experience and skills they have acquired over many years. The Company supports a wide range of work formats, including full-time work and a three-day work week. In fiscal 2020 the Company had 26 employees aged 60 and over.

● **Employment of Persons with Disabilities**

The ADEKA Group is committed to leveraging the capabilities of persons with disabilities and encouraging their self-actualization. To this end the Group prepares workplace environments in which the disabled can flourish and works hard to expand the scope in which they can be active. In fiscal 2020 2.12% of employees, 24 people, were persons with disabilities. The Group will continue its proactive efforts to employ persons of all abilities.

● **Active Roles for Women in the Workplace**

The ADEKA Group is a strong advocate of active roles for women in the workplace. Of the 70 fresh graduates the Group hired in April 2020, 16 were women. The Company employs 279 female employees, comprising 15.4% of the Company workforce. For those on childcare leave, the Group provides interested individuals with support in upgrading knowledge and skills for use after they return to work; in fiscal 2020, 10 employees made use of this program.

In April 2021, the Group launched in-house "task teams" to advance active roles for women. The Group is continuing to reinforce its efforts and add new measures to cultivate a workplace culture in which women can realize their potential.

Cultivating Human Resources

The ADEKA Group recognizes employees as key company resources. We therefore view employees as assets and respect the aspirations of each individual while striving to cultivate human resources that will lead the next generation. In fiscal 2020 the Group moved many of its training programs online, as part of efforts to counteract the COVID-19 pandemic. Depending on the nature of each program, some programs are now conducted in real time using online conferencing systems, while others consist of on-demand distribution of prepared content. The Group aims to provide training that is flexible in terms of both time and space.

ADEKA Human Resources Principles

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

● **Language Learning**

ADEKA conducts in-house language lessons at each location and department. In fiscal 2020, 38 employees took advantage of the program, while a further 32 employees used the Company's support for classes at outside language schools. Moreover, employees heading to overseas posts complete training programs before their posting, on a selective basis.

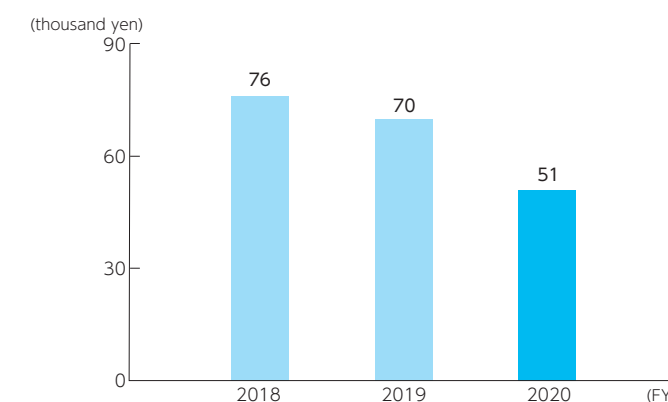
● **Global Human Resources Training**

As part of its leadership training efforts, the ADEKA Group carries out "global human resources training." Candidates for senior positions at overseas affiliates train in areas such as marketing, financial accounting and labor management and take one-on-one language lessons to sharpen their language skills. Although this program was suspended in fiscal 2020 due to the COVID-19 pandemic, it is expected to begin its fifth year in fiscal 2021.

● **Overseas Secondment Program**

To teach the linguistic and intercultural skills and understanding of business customs they will need to succeed overseas, ADEKA dispatches employees, particularly younger ones, to other countries for periods of about six months. Destination countries include the United States, China, Singapore and Canada. In fiscal 2020 the program was suspended and postponed, to prevent the spread of COVID-19.

Training Costs per Employee (Scope: ADEKA)



● Business-School Secondment System

Using a system for online attendance of outside business schools, younger-generation and core employees study topics such as marketing and leadership theory. Through these studies, participants learn about the actions they need to take and viewpoints they need to adopt to reach their goals in terms of a wide variety of perspectives and roles. In fiscal 2020, a total of 50 employees were seconded to these business schools.

● New-Employee Mentoring System

To bring new hires up to full capability as quickly as possible, and to burnish the guidance and leadership skills of core employees, ADEKA operates a mentoring system. Under this system, each new employee is assigned a mentor (advisor and guide), who provides the new employee with continuous support.

Global Human Resources Development Programs

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

Overview of the Educational System (Scope: ADEKA)

Position category	Training Relevant to "Nurturing Human Resources who Lead Reforms (Basic Philosophy)"								Training Relevant to "Nurturing Human Resources who can be Trusted (Basic Philosophy)"			
	Level	Position-specific training	Selective training		Overseas Secondment Program	Optional training			In-house OJT	Activities for local communities	Compliance education	
						Correspondence courses	Language training	Cafeteria				
Management positions	Department managers					All job positions	All job positions	All job positions	All job positions	All job positions	Encouraging proactive participation in volunteer activities such as a cleaning projects outside the premises of the office building	All job positions
	Deputy department managers	Training for new deputy department managers										
	Section/Group managers (Class 1)		Enrollment in a business school 2nd-position levels									
	Section/Group managers (Class 2)	Training for newly appointed section managers										
General staff	Assistant managers	Training for new assistant managers	Mentor training	Enrollment in a business school 1st-position levels	Overseas Secondment Program (for staff in their 20s and 30s)	All job positions	All job positions	All job positions	All job positions	All job positions	Encouraging proactive participation in volunteer activities such as a cleaning projects outside the premises of the office building	All job positions
	Chief	Training for new chief										
	Class 1	Training for new Class 1 employees										
	Class 2											
	Class 3	Training for new employees										

Human Resources Data

Item		FY2018	FY2019	FY2020
Number of consolidated employees		5,154	5,189	5,378
Number of non-consolidated employees	Overall	1,702	1,771	1,812
	Male	1,459	1,509	1,533
	Female	243	262	279
Employee average age	Overall	38.5	38.3	38.5
	Male	38.7	38.5	38.7
	Female	37.5	37.0	37.2
Employee turnover rate	Overall	2.6%	2.5%	2.1%
	Male	2.7%	2.4%	2.2%
	Female	1.6%	3.3%	1.4%
Women as percentage of employees		14.3%	14.8%	15.4%
Women as percentage of managers		2.9%	2.8%	3.3%
People with disabilities as percentage of employees		1.83%	2.13%	2.12%
Percentage of employees who are rehired retirees ¹		75.0%	100.0%	63.6%
Number of employees working shortened hours	Male	0	0	1
	Female	27	29	34
Childcare leave utilization rate	Male	11.3%	17.6%	27.4%
	Female	100%	100%	100%
Number of employees taking childcare leave	Male	7	9	17
	Female	13	12	9
Number of employees taking nursing care leave of absence		0	1	0
Number of employees taking nursing care leave		-	2	5
Percentage returning to workplace after childcare leave	Male	100.0%	100.0%	100.0%
	Female	100.0%	95.2%	100.0%
Job retention rate after childcare leave	Male	100.0%	100.0%	100.0%
	Female	100.0%	95.2%	100.0%
Percentage taking annual paid leave		69.2%	72.6%	64.0%
Number of new graduates hired	Overall	91	100	70
	Male	73	77	54
	Female	18	23	16
Average length of employment	Overall	15.5 years	15.2 years	15.6 years
	Male	15.7 years	15.5 years	15.9 years
	Female	14.3 years	13.6 years	13.7 years
Average hours of annual training/education per employee		115.0 min	143.6 min	51.0 min
Percentage taking refreshment leave		85%	82%	18% ²
Percentage receiving health check-up		100%	100%	100%
Repeat health check-up rate		79.3%	73.0%	91.0%
Average monthly wage		373,678 yen	376,577 yen	378,253 yen
New graduate starting salary (university graduates, includes housing allowance)		228,090 yen	238,290 yen	238,290 yen
Non-prescribed work time (per month)		15.1 hours	14.6 hours	12.8 hours

¹ Including transfers of employees to posts at affiliated companies

² Due to the impact of the worldwide COVID-19 pandemic, the rate of uptake of refreshment leave has declined significantly.

Occupational Health and Safety

The ADEKA Group recognizes safety as its most important issue. To improve employees' safety awareness and create safe workplaces, the Group has switched over to the ISO 45001 occupational health and safety management system and is conducting activities via the Health and Safety Committees and the Zero Accidents Committees in each workplace.

● Security and Disaster Prevention

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

● Issues in the Safety Track Record in Fiscal 2020

In fiscal 2020, the number of work-related accidents in the ADEKA Group, including both those resulting in absence and those not resulting in absence, was 12. In comparison with fiscal 2019, the number of work-related accidents at ADEKA declined from 12 to 3, while the number for all other Group companies in Japan rose from two to five and the number at overseas Group companies was unchanged at four.

A look at the breakdown of work-related accidents in fiscal 2020 by type reveals that six of these accidents were falls or cases of lower-back pain. As measures against these accidents, the Group provided guidance in self-assessment of capabilities and shared information about furnishings that can be used to reduce lower-back pain. As a result of these actions, the number of work-related falls and cases of lower-back pain to September 2021 declined dramatically year-on-year to a single incident. The ADEKA Group will continue to encourage situational awareness and share information with the aim of achieving zero work-related accidents.

● Shift to a New System of Occupational Health and Safety Management

In March 2021, the British standard OHSAS 18001 was superseded by the new international standard for occupational health and safety management systems, ISO 45001, which was officially published in 2018.

The shift from OHSAS 18001 to ISO 45001 Group-wide, including at overseas subsidiaries, is expected to be completed in November 2021.

Number of Accidents by Year

FY	2016	2017	2018	2019	2020
Accidents with lost workdays	9(4)	11(3)	12(2)	8(4)	4(1)
Accidents without lost workdays	5(4)	10(9)	6(5)	10(10)	8(7)

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

Frequency Rates of Accidents Resulting in Lost Workdays¹

FY	2016	2017	2018	2019	2020
ADEKA and its domestic manufacturing sites	0.71	0.17	0.75	0.56	0.19
Overseas sites	2.43	1.78	4.83	0.45	0.47
Average among chemical plants ²	0.88	0.81	0.90	0.94	0.93

¹ Rates calculated by dividing the number of employees involved in an accident resulting in lost workdays with the total working hours (one million hours).

² Source: Survey on Industrial Accidents by the Ministry of Health, Labor and Welfare of Japan; frequency rates are by calendar year.

● Health and Productivity Management Measures

The ADEKA Group recognizes the importance of Health and Productivity Management. In April 2021 the Group published the ADEKA Group Health and Productivity Management Declaration. The Group has also assembled a Health Management Promotion Project Team, under the direct supervision of the president of ADEKA, and is promoting Health and Productivity Management on that basis.

The project team brings together the Human Resources Department, industrial medical and healthcare staff and health-insurance associations and works closely with Group labor unions, preparing measures for management and improvement of employees' health and strengthening systems for these purposes.



● Measures for Mental Healthcare

ADEKA is committed to supporting and improving employees' mental and physical health. Stress checks are made available to all employees, with an uptake rate of over 90%. Based on the results of group analysis, the Company considers measures for each workplace and carries out improvements to the work environment according to need. Consultation with physicians is arranged based on the results of stress checks, while health consultations with industrial healthcare staff are available at a clinic at the Company's Head Office whenever necessary, supporting employees' self-care efforts.

In fiscal 2020, certain measures were introduced in the context of the COVID-19 pandemic. In level-based training, discussions of mental-health topics were circulated by video. At the management level, information on line care was distributed by e-mail. Correspondence education was made available on demand regardless of time and place, including a wide variety of classes on mental and physical health management. ADEKA supports efforts to improve employees' health and raise awareness of health matters.

Stress Checks: Rate of uptake Company-wide

FY2018	FY2019	FY2020
99.6%	99.5%	99.5%

● Overseas Activities in Occupational Health and Safety

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

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

● Regular Health Check-Ups

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

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

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

Promoting Upgrading of Work Environments

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

● 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.

Respect for Human Rights

Respect for Human Rights and Fair Treatment

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

The ADEKA Group is committed to the eradication of unfair discrimination on the basis of gender, nationality, age, ethnicity, race, religion, creed, physical disability, etc., and the elimination of bullying and sexual harassment. We strive to treat people fairly, respecting their individual aptitudes and skills.

The ADEKA Group strives to eliminate all violations of human rights, such as child labor and forced labor, not only from all ADEKA Group companies but also from the entire ADEKA Group supply chain in Japan and around the world.

● Measures Against Infectious Diseases

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

Amid the ongoing COVID-19 pandemic, ADEKA exercises an array of initiatives to keep its employees safe. Employees are encouraged to work from home where possible, or to stagger their work hours. Restrictions on travel, both domestic and international, are currently in force. Alcohol dispensers are placed throughout ADEKA worksites for hand sanitation, and employees are encouraged to wash and sanitize their hands. Coughing etiquette is taught and temperature checks are carried out. In these and other ways, ADEKA has stepped up its thoroughgoing efforts to manage employee health. Some parents may need to take their children out of school temporarily to prevent the spread of COVID-19. In such cases the Company takes a flexible approach to support employees who are raising children. The scope of sick/injured childcare leave may be temporarily expanded. If the employee is needed at work, measures such as changing days off may be considered according to the employee's home situation.

Placing first priority on safety, the Company takes measures to continue business operations while preventing the spread of the coronavirus.

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

Key Labor-Management Meetings

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

Governance

The ADEKA Group, under its management policies of “contributing to society through our business” and “harmonious and mutually beneficial coexistence with communities,” strives to meet public expectations and demands. At the same time, the ADEKA Group is consistently enhancing its brand and corporate value by reinforcing its corporate governance and rigorously managing compliance.



Corporate Governance

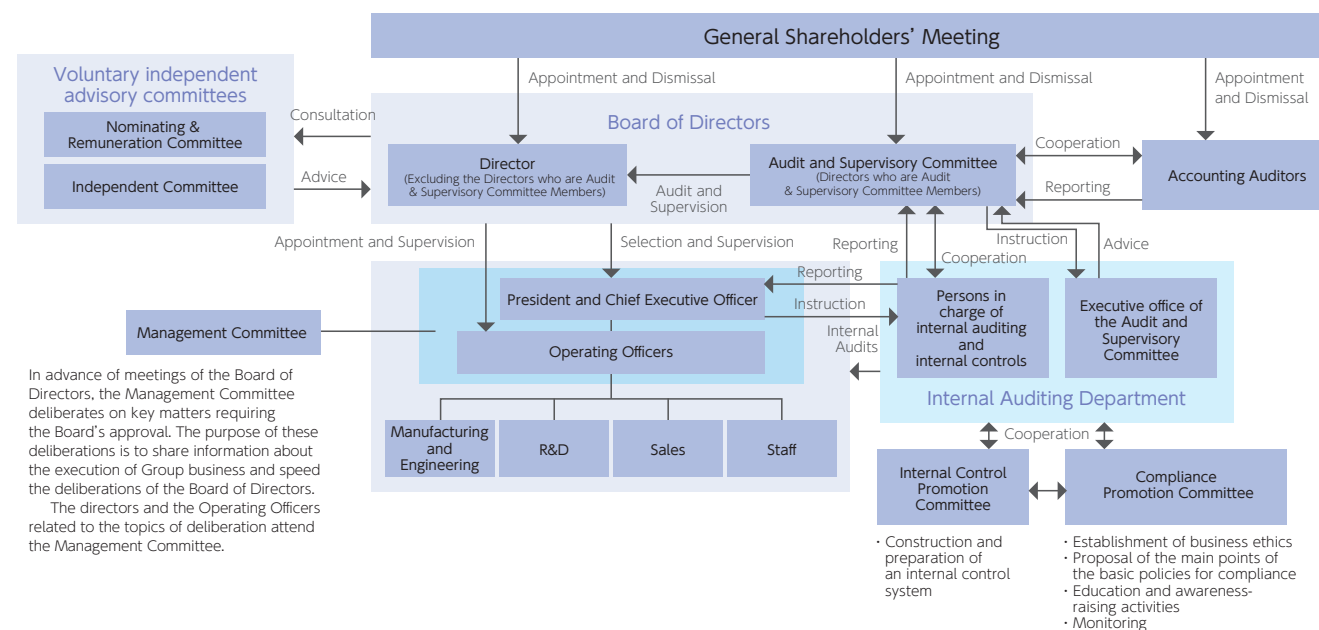
Basic Stance on Corporate Governance

The ADEKA Group places 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 powers) in the execution of operations. To buttress the supervisory functions and framework of the Board

of Directors, at the ordinary general meeting of shareholders for fiscal 2020 convened on June 18, 2021, the Company resolved to revise its Articles of Incorporation, changing the structure of ADEKA from a “Company with Audit & Supervisory Board” to a “Company with Audit and Supervisory Committee.” Going forward, ADEKA will continue to take committed action to reform its management structure and strengthen corporate governance.

Structure of Management System as of June 18, 2021



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 2020, the Board of Directors conducted 12 ordinary meetings and seven extraordinary meetings for a total of 19 meetings.

To clarify executive responsibilities and powers and provide

timely decision-making and efficient management, ADEKA has introduced an operating-officer system. ADEKA has also established a number of committees, such as the Internal Control Promotion Committee, the Compliance Promotion Committee and the Risk Management Committee. These bodies 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 judgement.

Corporate Governance Overview as of June 30, 2021

Item	ADEKA
Governance structure	Company with Audit and Supervisory Committee
Chairman of the board of directors	President and Chief Executive Officer
No. of directors (of which: Audit and Supervisory Committee members)	17 (5)
Independent external directors (of which: Audit and Supervisory Committee members)	6 (3)
Number of female directors	1
Term of directors who are not Audit and Supervisory Committee members	1 year
Term of directors who are Audit and Supervisory Committee members	2 years
No. of operating officers	17
Of which: Also serving as directors	9

Strengthening Corporate Governance

The ADEKA Group is moving forward with the construction of a highly effective corporate-governance system, based on the ADEKA Group Corporate Governance Guidelines. This system is crafted so that every organization, including the Board of Directors, Management Committee and voluntary advisory committees (Nomination and Remuneration Committee and Independent Committee), as well as all officers and employees, can fulfill their roles in a coordinated fashion.

Progress of the Corporate Governance System

- 2006 Nomination of one external director
- 2008 Revision of the officer-remuneration system, including elimination of the officer retirement benefit system
- 2015 Creation of the Corporate Governance Guidelines
Adoption of a system of two external directors
- 2017 Introduction of stock compensation plan using restricted stock compensation
- 2020 Establishment of the Nomination and Remuneration Committee
- 2021 Reorganization as a Company with Audit and Supervisory Committee; adoption of a system of six external directors

Compliance with the Corporate Governance Code

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

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

Nomination and Remuneration Committee

To ensure transparency and fairness in the processes for nominating director candidates and determining officer remuneration, in November 2020 ADEKA established the Nomination and Remuneration Committee as a voluntary, independent advisory body. The Nomination and Remuneration Committee is composed of two independent external directors and the president and CEO. In response to requests for advice from the Board of Directors, the Nomination and Remuneration Committee deliberates and advises the Board of Directors on matters such as nomination of director candidates and director compensation.

Incentive Compensation for Officers

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

Performance-based remuneration is paid on a particular schedule each year as officers' bonuses. This remuneration is calculated on the basis of three factors: financial value as evaluated from business results in the fiscal year (consolidated net sales, consolidated operating profit and consolidated profit); social value as evaluated from contributions to addressing environmental issues and the like in the fiscal year; and 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.

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 president and CEO of ADEKA drafts a succession plan. The purpose of this plan is to ensure that the next person elevated to the post of CEO is 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. The succession plan does not specially provide for deliberation on approval by or reporting to the Board of Directors. However, before agenda items for the nomination of officer candidates (including candidates for CEO) 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 succession 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. This system maintains the transparency and objectivity of the processes by which successors to senior management positions are nominated.

Assessment of the Effectiveness of the Board of Directors

At ADEKA, 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 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 2020 Assessment Result

- The Board of Directors is managed appropriately and efficiently. The Board is sufficiently effective to decide important items with respect to management and to supervise the execution of duties appropriately. Moreover, the Board is taking appropriate steps to respond to the indications, opinions and other feedback obtained from the previous year's analysis and evaluation.
- The Board of Directors needs to strengthen its supervision of Group companies' systems for governance, compliance and risk management and intensify its discussions of issues.

Anti-Takeover Measures

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

Internal Control System

ADEKA recognizes that internal controls are vital processes for uniting the Board of Directors, managers and other Company personnel in providing reasonable guarantees that duties will be performed efficiently and effectively; financial reporting will be trustworthy; related laws and regulations, as well as the Articles of Incorporation, will be strictly complied with; and preservation of assets will be achieved. Based on that understanding, the Internal Control Promotion Committee (established in March 2007) leads the Company's efforts to build and strengthen the Company-wide internal control system.

The Internal Control Promotion Committee builds, operates and checks the internal control system, based on the Companies Act, and ensures the appropriateness of its financial reporting, based on the Financial Instruments and Exchange Act.

Measures to Reinforce the Board of Directors

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.

Audit Framework

In June 2021, ADEKA reorganized to become a Company with Audit and Supervisory Committee. The Audit and Supervisory Committee consists of five directors, of whom three are independent external directors. This Committee audits and supervises the directors' execution of their duties. 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 double reporting line.

The Audit and Supervisory Board met seven times in fiscal 2020. The attendance rate of the external Audit & Supervisory Board members at these meetings was 100%.

Compliance

Basic Stance on Compliance

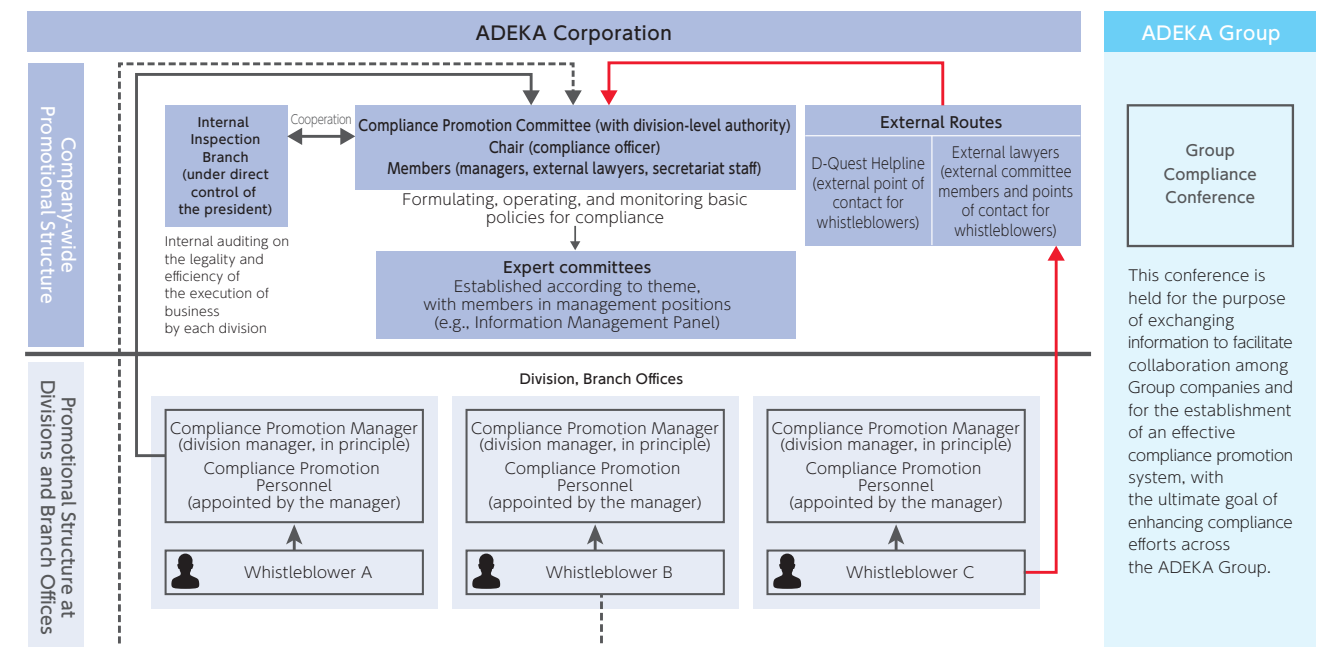
The management policies of the ADEKA Group support effective responses to changes in the social and managerial environment. They are intended to realize sound management and harmony with international society by sufficiently protecting stakeholders' interests.

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. In addition, representatives and compliance officers of major Group companies meet twice a year for the Group Compliance Conference. Also, the company conducts a survey on compliance awareness biannually, targeting all executives and employees of major Group companies. Survey results are used to improve activities in a united Group effort to enforce compliance rigorously.

Compliance Structure



Dates of Convening of the Compliance Promotion Committee and Content (four times in fiscal 2020)

Ordinal number	Date	Content
64 th	April 15, 2020	• Fiscal 2019 activity report of the Compliance Promotion Committee
65 th	July 30, 2020	• Approval of the overview of compliance leader training in fiscal 2020 • Approval of the proposal to convene a briefing on the Antitrust Act in fiscal 2020
66 th	October 21, 2020	• Approval of e-learning course (Setting Policies for Preventing Harassment and the Power Harassment Prevention Act) • Approval of overview for seminars on insider-trading regulations for fiscal 2020 • Approval of operating procedures for compliance leader training in fiscal 2020
67 th	February 9, 2021	• Approval of policy for conduct of compliance awareness survey in fiscal 2021 • Approval of fiscal 2021 basic policy on compliance • Approval of proposal for implementation of training on responding to whistleblower reports, for members of the Group Compliance Conference

Group Compliance Conference (held twice in fiscal 2020)

The ADEKA Group holds a Group Compliance Conference 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.

Ordinal number	Date	Content
32 nd	September 12, 2020	Status reports on compliance efforts at each Group company
33 rd	March 29, 2021	Training to develop skills for responding to whistleblower reports

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.

Under normal circumstances, level-based compliance-training events and seminars (Antitrust Act seminars, seminars on insider-trading regulations and compliance seminars) are conducted as group sessions. This year, however, due to the COVID-19 pandemic, lectures were pre-recorded and distributed as on-demand video.

Basic e-Learning Courses

The system of basic e-learning courses was introduced to enable each workplace to conduct on-site training efficiently, at any time or location as convenient or necessary. Original training materials composed in familiar formats such as PowerPoint, PDF and Excel are converted into e-learning content by a simple process, to enable course-participation management. All 13 Japan-based subsidiaries that are members of the Group Compliance Conference (only Nihon Nohyaku Co., Ltd. is excepted) have adopted educational accounts for all employees and are expanding the adoption and use of this training system to strengthen Group compliance.

Compliance Training as of June 30, 2021

Type of training	Course title	Period	Number of participants
e-learning	Insider-trading regulations	From April 2020 to March 31, 2021	1,393
	Learning about compliance from case studies (part 1 of 2)	From October 2020 to March 31, 2021	2,012
	Learning about compliance from case studies (part 2 of 2)	From October 2020 to March 31, 2021	2,042
	Education on security export controls (export administration regulations)	From November 2020 to January 31, 2021	812
	Basic knowledge of international taxation and overseas donations	From December 2020 to March 31, 2021	1,063
	Power Harassment Prevention Act	From January 2021 to March 31, 2021	1,956
	ADEKA Clean Aid compliance training (on harassment)	March 2021	156

Strengthening Group Compliance

In fiscal 2020, one-on-one interviews were conducted with the representatives and compliance officers of affiliates in Japan. Feedback was provided on the results of a survey of compliance awareness conducted in fiscal 2019, along with proposals for improvement.

Main Topics

- (1) Sharing and creating awareness of ADEKA Group management policies and the Group Code of Conduct
- (2) Strengthening of Group compliance systems
 - i) Feedback of results of surveys on compliance awareness
 - ii) Educational support to affiliated companies
- (3) Response to global compliance risk

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

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

Monitoring and Evaluation

Bribery Risk Assessment

Every year ADEKA conducts bribery risk assessment, confirming the progress of efforts by companies to prevent overseas bribery and obtaining a grasp of current conditions. To reinforce efforts to prevent bribery, ADEKA offers e-learning courses and implements risk assessment online.

Compliance Consultation and Internal Reporting System

The ADEKA Group has maintained an internal reporting system since 2003, and it received nine reports in fiscal 2020. Users can provide information anonymously to protect them from the negative repercussions of reporting non-compliance issues. Details about the cases and the actions taken are shared with Audit & Supervisory Board members and outside legal counsel, and reported to the Board of Directors.

Number of Internal Reports

FY	2016	2017	2018	2019	2020
Reports	9	9	8	6	9

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

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

Management of Chemicals and Export Controls

In close liaison with overseas bases, ADEKA complies strictly with laws of each country concerning regulations on the inspection and manufacture of chemical substances, as well as laws and regulations related to the Globally Harmonized System of Classification and Labelling of Chemicals (GHS) used in safety data sheets, and responds appropriately to HS codes (customs classification numbers). 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.

Tax Matters

One of the basic and important responsibilities companies must fulfill is appropriate payment of taxes in compliance with the applicable tax laws in each country. In the fiscal year under review, ADEKA provided e-learning on basic knowledge regarding international taxation and overseas donations.

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 meets regularly (twice a year). This Committee is chaired by the officer in charge of risk management and consists of managers of major staff departments, with the Legal Affairs & Publicity Department serving as the secretariat. In addition to discovering and evaluating risks in each department and operating

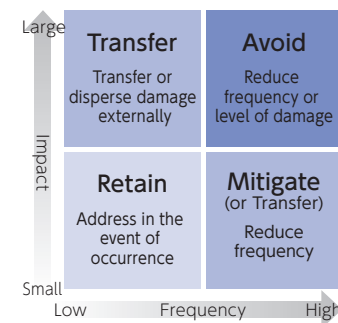
and reviewing the risk-management framework, the Committee prepares the ADEKA Group Risk Management Manual. When emergencies arise, departments responsible for each risk category are specified based on the Manual and systems are implemented to minimize any damage. In cases of acute emergency and importance, 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, risk assessment surveys are conducted with the general managers of divisions and business locations. Information-management, security and business continuity risks are mapped and tested based on the frequency of occurrence and impact, and measures are examined.

Overview of Risk Management



Selection of Countermeasures



Strengthening Global Risk Management

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

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, is carrying out an array of measures aimed at strengthening information security and information management. In fiscal 2020 the Subcommittee provided training for all directors and employees on dealing with targeted e-mail attacks (January to March 2021).

Acquisition of Management System Certification

- **ISO 22301 (Business continuity management system (BCMS))**
Head Office relevant departments, Soma Plant and ADEKA LOGISTICS CORP. (Nov. 2013)
- **BS25999 (Business continuity management system (BCMS))**
ADEKA FINE CHEMICAL TAIWAN CORP. (Aug. 2008)
- **ISO 9001 (Quality Management Systems)**
Mie Plant (Jun. 1993)
Kashima Plant, Kashima Plant-West (Apr. 1996)
Fuji Plant (Jan. 1997)
Chiba Plant (Jul. 1997)
ADEKA POLYMER ADDITIVES EUROPE SAS (Jul. 1997)
OXIRANE CHEMICAL CORP. (Oct. 1997)
Soma Plant (Aug. 1998)
ADEKA CLEAN AID CORP. (Oct. 1999)
ADEKA KOREA CORP. (Jan. 2000)
AMFINE CHEMICAL CORP. (Oct. 2001)
ADEKA ENGINEERING & CONSTRUCTION CORP. (Mar. 2002)
KUKDO CHEMICAL (KUNSHAN) CO., LTD. (Mar. 2004)
ADEKA FINE CHEMICAL (SHANGHAI) CO., LTD. (May 2005)
ADEKA FINE CHEMICAL (CHANGSHU) CO., LTD. (May. 2005)
TOKYO ENVIRONMENTAL MEASUREMENT CENTER CO., LTD. (Aug. 2005)
UEHARA FOODS INDUSTRY CO., LTD. (Nov. 2005)
ADEKA (SINGAPORE) PTE.LTD. (Apr. 2006)
ADEKA FINE CHEMICAL TAIWAN CORP. (Jul. 2006)
ADEKA FINE CHEMICAL (THAILAND) CO.,LTD. (Dec. 2006)
AM STABILIZERS CORP. (Mar. 2013)
ADEKA AL OTAIBA MIDDLE EAST LLC (Sep. 2018)
- **ISO 14001 (Environmental Management Systems)**
Mie Plant (Dec. 1996)
Kashima Plant, Kashima Plant-West (Mar. 1998)
Fuji Plant (Apr. 2000)
Chiba Plant (May. 2000)
Soma Plant (Aug. 2000)
Akashi Plant (Mar. 2001)
OXIRANE CHEMICAL CORP. (Mar. 2001)
TOKYO ENVIRONMENTAL MEASUREMENT CENTER CO., LTD. (Feb. 2003)
ADEKA KOREA CORP. (Jan. 2006)
ADEKA FINE CHEMICAL (CHANGSHU) CO., LTD. (Jul. 2006)
ADEKA FINE CHEMICAL TAIWAN CORP. (Feb. 2007)
AMFINE CHEMICAL CORP. (Sep. 2007)
ADEKA FINE CHEMICAL (SHANGHAI) CO., LTD. (Jan. 2009)
ADEKA FOODS (CHANGSHU) CO., LTD. (Aug. 2009)
ADEKA FINE CHEMICAL (THAILAND) CO.,LTD. (Jan. 2010)
ADEKA POLYMER ADDITIVES EUROPE SAS (Aug. 2010)
ADEKA AL OTAIBA MIDDLE EAST LLC (Dec. 2019)
ADEKA FINE CHEMICAL (ZHEJIANG) CO.,LTD. (Oct. 2020)
- **FSSC 22000 (Food Safety System Certification)**
Kashima Plant-West (Dec. 2011)
Kashima Plant (Dec. 2014)
Akashi Plant (Mar. 2015)
ADEKA FINE FOODS CORP. (Apr. 2016)
ADEKA (SINGAPORE) PTE.LTD. (May. 2016)
ADEKA FOODS (CHANGSHU) CO.,LTD. (Sep. 2016)
ADEKA FOODS (ASIA) SDN.BHD. (Oct. 2017)
- **HACCP (Hazard Analysis and Critical Control Point)**
ADEKA (SINGAPORE) PTE.LTD. (Aug. 2004)
ADEKA FOODS (ASIA) SDN.BHD. (Apr. 2015)
- **TPM Award (Total Productive Maintenance)**
Chiba Plant: 1994 Excellence Award
Mie Plant: 1995 Excellence Award
OXIRANE CHEMICAL CORP.: 1995 Excellence Award
Akashi Plant: 2000 Excellence Award
Kashima Plant, Kashima Plant-West: 2007 Excellence Award
—Special Award for TPM Achievement
Fuji Plant: Award for TPM Excellence, Category A (2010)
- **ISO 45001/OHSAS 18001 (Occupational Health and Safety Management Systems)**
Mie Plant (Sep. 2000)
Kashima Plant, Kashima Plant-West (Nov. 2002)
Soma Plant (Dec. 2002)
Akashi Plant (Mar. 2003)
Chiba Plant (Oct. 2003)
Fuji Plant (Dec. 2003)
ADEKA FINE CHEMICAL TAIWAN CORP. (Jun. 2007)
ADEKA FINE CHEMICAL (CHANGSHU) CO., LTD. (Jul. 2009)
ADEKA FOODS (CHANGSHU) CO., LTD. (Aug. 2009)
ADEKA KOREA CORP. (Apr. 2010)
ADEKA POLYMER ADDITIVES EUROPE SAS (Dec. 2013)
ADEKA AL OTAIBA MIDDLE EAST LLC (Sep. 2018)
ADEKA FINE CHEMICAL (ZHEJIANG) CO.,LTD. (Oct. 2020)



ADEKA CORPORATION

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

Contact Information

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