AsahiKASEI

Care for People, Care for Earth

Asahi Kasei Group

Sustainability Report 2023

ASAHI KASEI CORPORATION

INDEX

Regarding photos used on the cover

A number of photos used in this report are winning entries from our "2nd Sustainability Photo Contest" held in fiscal 2022 among all Asahi Kasei Group employees and executives. More than 1,000 photos were submitted from our group locations around the world, a great many of which convey our commitment to "Care for People, Care for Earth."

Note on PDF functions:

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Editorial Policy

Introduction

The Asahi Kasei Group issued our first Environment Report in 1991, and we began issuing a CSR Report in 2006 with content expanded to include social responsibilities. Through these reports, we have further enriched communication with our stakeholders and continually worked to fulfill our accountability.
In line with a trend mainly in Europe to combine financial and non-financial information in a single integrated report, in 2014 we issued an Asahi Kasei Report replacing our Annual Report and CSR Report. At the same time, since then we disclose information on the details of our CSR activities using this website.
Since fiscal 2019, we have termed this report the "Sustainability Report" both on our website and in its downloadable form. In the report, we present the Group's approach to sustainability and contributions to achieving a sustainable society through our business activities, in accordance with the concept "Care for People, Care for Earth." The framework for our activities is organized into Environment (E), Society (S), and Governance (G), and comprehensive information is provided on policies, systems, activities, numerical data, etc.
For your reference, we also have a table indexing our content with the assessment categories of ESG rating agencies.

Reporting period

The primary focus is fiscal 2022 (April 2022 – March 2023). Some information pertains to the period subsequent to this.

Scope

Information herein pertains to Asahi Kasei Corp. and consolidated subsidiaries as of March 31, 2023, unless otherwise noted.
Data with differing scopes or coverage is presented in footnotes.
The report on ESH & QA activities applies to Japanese and overseas Group companies that are implementing the same activities.
Use the link below to access activity reports and a list of implementing business sites.

› Asahi Kasei Group's ESH & QA

Inquiries

Please contact us via the website or telephone if you have an inquiry in relation to our sustainability initiatives.
To submit an inquiry through the website, please use the following form:

› https://www.asahi-kasei.com/contact_us/contact/

Guidelines consulted

We reference the following guidelines and framework when disclosing information related to sustainability.

- GRI Sustainability Reporting Standards (GRI Standards)
- Ministry of the Environment "Environmental Reporting Guidelines (2018)"
- SASB (Sustainability Accounting Standards Board) Standards
- International Organization for Standardization "ISO 26000"

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Management Message

Contributing to Sustainability with Dedication to Life and Living

Deeper communication in times of dramatic change

Our business environment continues to change more dramatically than before. We have been seriously affected by events around the world, with rising geopolitical risks such as trade friction between the United States and China, the pandemic, and the Russia-Ukraine situation. Of course, we always expect that various things can happen, but since several events and incidents beyond our expectations have occurred, I thought a lot during the past year about how we should tackle changes in the business environment, what the company's position in the world is, and how we should cooperate with outside parties.

After becoming president in April 2022, I gained a broader perspective of the business environment. This renewed my sense of the importance of communication. Although communication sounds simple, true communication is profound, and is only achieved when we see things from other person's perspective. In Asahi Kasei, we have long had a culture of addressing one another by name rather than using formal titles. This avoids emphasizing people's hierarchical ranks, which allows people to speak their minds more freely. Recently we have had to be more careful when it comes to video conferencing. Online tools are very convenient, but intentions are not conveyed as easily as they are in person. For instance, I might try to make a joke, but it's difficult to gauge the other person's reaction when talking remotely. Did I just not hear them laugh? Did they simply not get my joke? It's hard to tell. While there are benefits of convenience, I think we have to be more careful too. In order to make communication more meaningful, I try to be approachable, to create an atmosphere where it is easy for people to talk to me.

Being close to people and growing together with society

In 1922, founder Shitagau Noguchi established Asahi Fabric Co., Ltd., the predecessor to Asahi Kasei, and the following year, he succeeded in manufacturing synthetic ammonia in Japan for the first time at a plant in Nobeoka, Miyazaki Prefecture. Since then, the company has continued to grow for over 100 years.
However, when he started the company, I doubt Noguchi expected it to continue for 100 years. He started the business using technology in his field of specialty to develop society at a time when Japan was still modernizing. Since then, the company has continued to create and take on challenges, producing products for the wider world so that it can contribute to society through new and innovative things. I believe that this continued desire to move forward step by step has resulted in Asahi Kasei lasting for 100 years.

Our Group Mission, to contribute to life and living for people around the world, shows the universal significance of why we as a company exist. Our current mission statement was adopted in 2011, but long before then, employees already had the feeling that this was a company that was always close to people. This feeling is evident in the fact that while we have developed as a B2B company, we have also engaged in businesses aimed at the general public, such as consumer goods and homes. It is from a century ago that we inherited the idea of being a company that is close to people and grows together with society.

Companies must change according to what people need. Companies cannot survive unless they meet the expectations of society. It is extremely important to keep this in mind as we move forward. These days, society expects companies to be sustainable. In our current medium-term management plan, we aim to create a virtuous cycle of two aspects of sustainability: contributing to sustainable society, and sustainable growth of corporate value. Both the company and society need to be sustainable. As we advance these two aspects of sustainability, the important thing is for everyone to fully embrace what it means. When something changes in a business or in a job, the way to grow corporate value and contribute to sustainable society may need to change, too. This is why I tell our company's leaders to explain this to their personnel in a way that they can appreciate, and to maintain effective communication about it.

Drawing together with Care for People, Care for Earth

Even a hundred years from now, Asahi Kasei's approach will remain the same. We will continue to understand the issues that society faces in each era, and focus on creating innovative businesses and products that provide solutions as we continually transform ourselves. This will further deepen trust with our diverse stakeholders, and our basic stance will continue far into the future.

Based on this premise, our vision for the Asahi Kasei Group in 2050 is expressed as “Care for People, Care for Earth.” This vision signifies our determination to contribute to the future of society through the two main pillars of “living in health and comfort” and “harmony with the natural environment.” I want our company to be one that gives everyone the feeling that Asahi Kasei will use its technological capabilities to solve various social issues and create an exciting future. We must be a company that strives daily to solve various social issues, and provide new products and services to society. I’m confident that we at Asahi Kasei can do this, as we have always advanced with people at the forefront. These days, however, it is difficult for an individual company to accomplish something alone, so we will leverage various forms of collaboration for Care for People and Care for Earth.

Promoting various measures to achieve sustainability

As we pursue the two aspects of sustainability, contributing to sustainable society and sustainable growth of corporate value, we are advancing transformation in the critical areas of green, digital, and people (GDP). Furthermore, by combining and maximizing intangible assets such as diversity, an energetic culture, intellectual property, and know-how, we will continue to transform to meet the needs of society in every era.

Technologies and businesses that contribute to greenhouse gas (GHG) emissions reductions

Climate change, including global warming, is a pressing issue that the world has to address. As a company, we must aim for growth by developing and providing to the world products and technologies that can contribute to solutions. In that respect, our Material sector, along with the Homes sector, has great potential. Asahi Kasei is tackling the issue of global warming in two ways: reducing our own GHG emissions from business activities, and contributing to GHG emissions reductions throughout society. Due to the characteristics of the chemical industry, the Material sector's GHG emissions are significant. Achieving the world's ambitious goal of carbon neutrality by 2050 requires us to review our production processes and improve our technologies to reduce our own emissions. On the other hand, we also have technologies that contribute to the environment. We could say that the outlook of our company rests on the extent to which we can supply products that help society achieve GHG emissions reductions. Asahi Kasei has many excellent and extremely cutting-edge technologies, so it is vital that we use these to create many new products while considering the value chain. For example, in the case of hydrogen, which is attracting worldwide attention as an energy source, we have strengths in manufacturing equipment. However, just having manufacturing equipment by itself does not make a hydrogen business viable. We need to consider how hydrogen is produced, transported, and used. This is why we are forming alliances with energy, infrastructure, and logistics companies, in order to quickly create what the world needs. Success depends on how we form our value chain. With outstanding and unique technologies, it is extremely important that we leverage our strengths to lead the value chain while contributing to the realization of a carbon-free society.

Raising the “A-Spirit” to continually transform

When aiming to achieve sustainability, human resources are critical. Since our previous medium-term management plan, we have been saying that people are our most valuable assets and that everything starts with people. We can no longer expect to make sales simply by producing good materials. The success or failure of a business depends on employees being able to connect with the outside world, having personal connections, and being active. In order to grow sustainably, it is important for us to value connections with diverse stakeholders and continue to create innovative products and businesses. This is only possible with human resources. And this is why each and every employee is needed to be proactive.

The cradle of Asahi Kasei is Nobeoka, a place far from the center of Japan. The company was also not affiliated with any of the large industrial groups, so it was sometimes referred to as a maverick. We are proud of these roots, and since our founding we have valued an energetic spirit, and have used this as the driving force behind our business. “A-Spirit” (Asahi Kasei spirit) expresses this heritage, and represents the spirit of a pioneer and the spirit of taking challenges to go beyond the status quo. But in recent years, as the organization has grown larger, I sometimes feel that this A-Spirit has faded somewhat. What is important is that Asahi Kasei continues to be energetic. While reflecting on the past to learn from our failures as we take on new challenges, we will focus even more on developing human resources with an enterprising spirit who can bring change, and build an organization that can nurture this talent.

Co-creativity and life-long growth of diverse individuals

As a company that operates a wide range of businesses, the diversity of our human resources is a feature and strength. We place emphasis on diversity, equity, and inclusion, not only to encourage the success of each individual, but also to enhance co-creativity based on a variety of perspectives.

A key element in this is expanding opportunities for women. Although the number of women in managerial positions is increasing year by year, it is still not at a satisfactory level, so further progress is needed. However, rather than simply pursuing numerical targets, we must steadily move forward with a sense of understanding and belief that this is how Asahi Kasei should be. We are promoting gender diversity as a key initiative, including supplementing the areas in which we are lacking by hiring personnel from outside.

Another key part of our human resources strategy is life-long growth. This is aimed at energizing our more seasoned employees while encouraging all employees to develop their careers autonomously. However, employees may not be convinced if it feels like they're being told to continue growing for the sake of the company. When we asked plant employees how they felt, many of the veteran employees had that reaction. But when we asked employees if they could come up with ways to make their lives more fulfilling and more rewarding at work, most responded that they could do that and would like to. If the idea of “life-long growth” becomes accepted and everyone continues to work in a healthy and active way, the younger generation will look up to them and be inspired. This is the aim of life-long growth.

Creating value together with suppliers

In order to resolve through business such social issues as the environment, human rights, labor, safety, and hygiene, it is important for us to work together with the entire supply chain. We formulated supplier guidelines in 2021, and have been promoting understanding among our business partners.

Asahi Kasei is proud to be second to none when it comes to our business attitude and corporate culture of creating better products together with our suppliers. We have been in the textile business since our founding, but one of the characteristics of Japan's textile industry is the length of its supply chain. There is a long process that leads all the way to the apparel industry, from spinning and weaving to dyeing and sewing. Over our 100-year history, the experience we have gained working with many suppliers is the foundation of our company.

As a company that operates globally, we must always be conscious of the respect for human rights. To confirm that there are no human rights violations, either within the Asahi Kasei Group or in the supply chain, we identify industries and regions at high risk and prioritize measures. Even in Japan, human rights issues may be occurring in places that we cannot see. We must pay close attention to whether wages are appropriate, including overtime payments, and whether any harassment is taking place. If there is a problem at a supplier, it is important that we work together to consider how to resolve it, how we can make improvements, and what we can do.

Strengthening risk management

Amid rising geopolitical risks and increasing uncertainty in the business environment, we reviewed and reorganized the group-wide risk management system in fiscal 2022. As the President I am ultimately responsible, but with another Executive Officer assisting me, we have clarified the management framework and the roles of those involved. We also categorized risks into Group Risks and Business Risks to identify and visualize each specific risk.

I believe that the key to risk management is whether effectiveness is assured. The question is whether or not we can carry out our plans when an unfavorable event occurs. We need to thoroughly verify the functions that enable us to reliably communicate with sites where there has been an occurrence, and to execute concrete measures without delay. We are establishing a system that allows us to quickly implement a PDCA cycle.

Uniting with stakeholders toward the next 100 years

The Asahi Kasei Group was established through relationships with various stakeholders, and with their understanding and cooperation, we have continued to take on many challenges over the past century. I believe that the most important thing for Asahi Kasei now and in the future is whether we share the same vision for the future as our stakeholders. This entails thinking from another perspective. For example, we may sometimes have different opinions from our shareholders and investors. Nevertheless, we must consider and ask ourselves, “If I were an investor, what would I expect from Asahi Kasei?” I believe that being successful through relationships with various stakeholders is the result of continually looking at things from another perspective.

For the next 100 years, the Asahi Kasei Group will evolve by continuing to care about life and living to create businesses that align with people's needs. We will deepen our understanding of what society expects from us and the mission we must fulfill, demonstrating our A-Spirit to take on the challenge of further transformation.

President
Koshiro Kudo

Sustainability Vision - Asahi Kasei Group's Vision

Asahi Kasei's Group Philosophy and Sustainability Goals

The Asahi Kasei Group conducts corporate activities to provide new value to society by realizing its Group Vision of "living in health and comfort" and "harmony with the natural environment." We aim to achieve two mutually reinforcing aspects of sustainability: contributing to sustainable society and sustainable growth of corporate value.

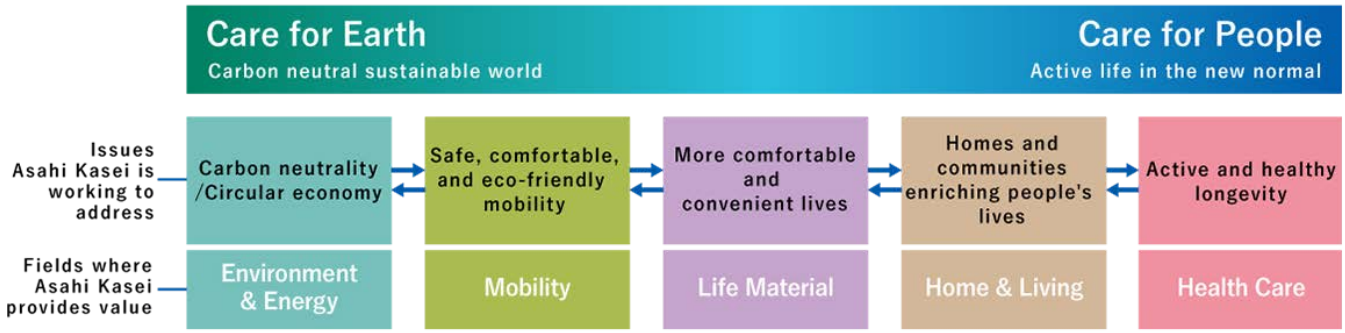
The Direction of Sustainability with a View Toward 2050

As exemplified by the problems of climate change and the COVID-19 pandemic that have affected people around the world, Asahi Kasei's commitment to "Care for People, Care for Earth" has become even more important.
Given this context, the Group will take on the following two challenges as we look toward 2050. From the perspective of "Care for Earth," we aim to achieve a carbon-neutral and sustainable world, and from the perspective of "Care for People," we aim to achieve active life in the new normal.

As we look ahead to 2050, we can expect to see a variety of social issues. We believe that we will be able to help resolve these issues while expanding our business opportunities.
For example, in terms of "Care for Earth" (achieving a carbon-neutral and sustainable world), we can contribute to electric vehicles, a hydrogen society, carbon recycling, and achieving a circular economy among other important subjects, primarily through our businesses in the Material sector with, battery materials, an alkaline water electrolysis system, CO_2 separation and recovery, recycling technology, and use of biomass, etc. We can also contribute in the Homes sector by supplying insulation materials and net zero energy homes (ZEH).

Note: To achieve a carbon-neutral world, it is essential to reduce GHG emissions from our business activities. For more information on the Asahi Kasei Group's policy toward carbon neutrality, please click here

In terms of “Care for People” (achieving active life in the new normal), we will contribute to the development of homes and communities that can withstand storm and flood damage and extreme heat as climate change progresses. We will also contribute through our health care and other businesses, with pharmaceuticals and medical devices, to help people live healthy and vibrant lives.



In addition to aiming to provide value to society through our two challenges, we will enhance the fundamental activities that support our business activities, such as corporate governance, compliance, respect for human rights, and safety and quality. Our group will also pursue our two sustainability goals of contributing to a sustainable society and sustainable growth of corporate value.

› Asahi Kasei Group's Materiality

Initiatives for Achieving a Carbon-neutral and Sustainable World

The Asahi Kasei Group is working to develop products and services in a wide range of fields from upstream to downstream in the value chain, including raw materials, manufacturing processes, energy, product use, and product recovery, with the aim of realizing a carbon-neutral sustainable world.

Initiatives for Achieving a Hydrogen-based Society

Significance of the initiatives	Hydrogen is a key factor for carbon neutrality
Our vision	Contribute to a hydrogen society and green hydrogen production centered on water electrolysis technology
Specific initiatives	Development and provision of large-scale alkaline water electrolysis system

Hydrogen, which is attracting attention as a fuel for automobiles and power generation, as a raw material for chemicals, and as a means of storing and transporting energy, is a key factor for carbon neutrality. Based on our knowledge of chlor-alkali electrolysis systems and electrochemistry as well as our technological development capabilities, in 2020 we launched a 10-MW alkaline water electrolysis system in Namie Town, Fukushima Prefecture, to demonstrate the efficient supply of hydrogen produced using renewable energy. As expectations for hydrogen rise worldwide, with Japan and other countries around the world announcing their hydrogen strategies, we have also conducted demonstration trials in Germany. Furthermore, as well as developing a 100-MW large-scale water electrolysis system that is in demand around the world, we are also working to establish technology for integrated control of green chemical plants that use hydrogen produced by the water electrolysis system. Our aim is for early commercialization through collaboration with partner companies up and down the supply chain and through participation in projects around the world.

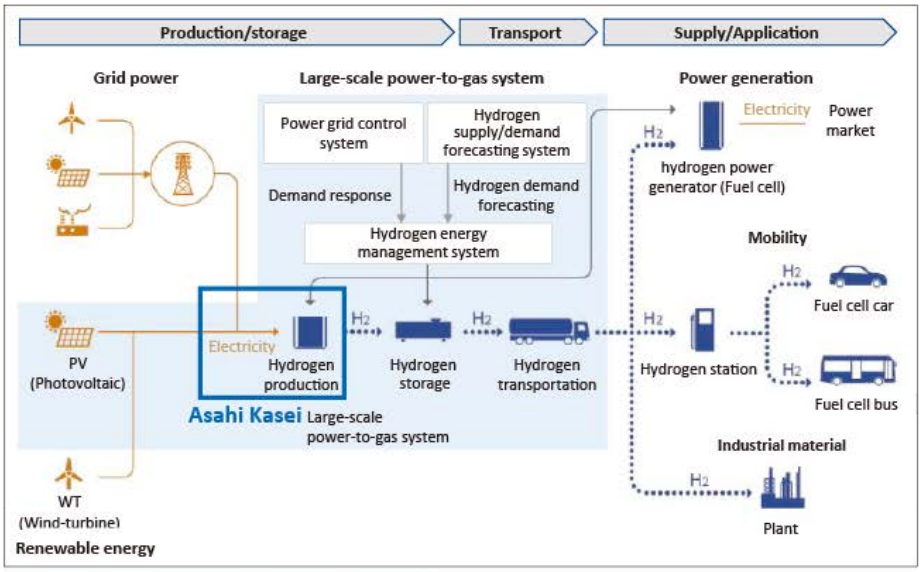
Alkaline water electrolysis system to accelerate hydrogen society

Environment & Energy

10-MW alkaline water electrolysis system using renewable energy at the Fukushima Hydrogen Energy Research Field (FH2R)

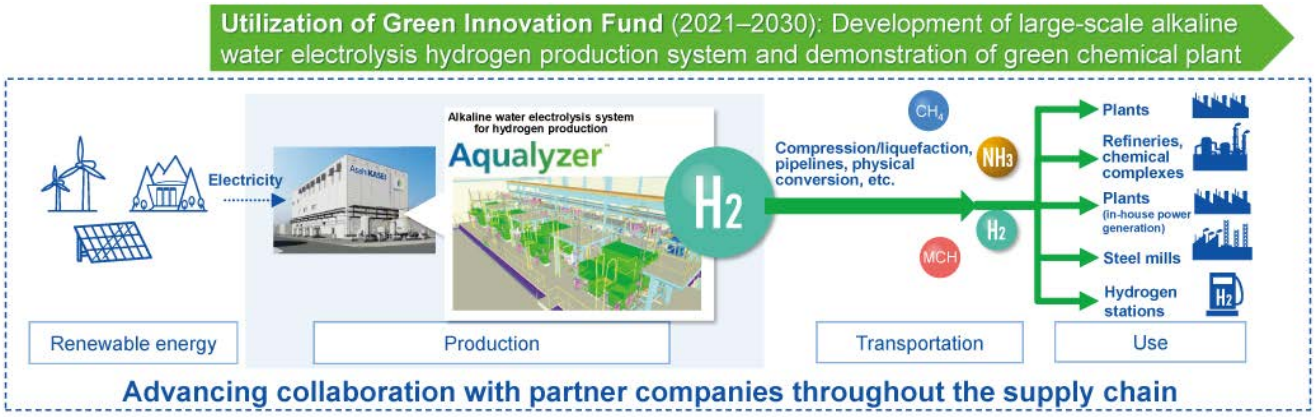
FH2R Source:NEDO

10MW-class alkaline water electrolysis plant



NEDO: Hydrogen social construction technical development project/ Hydrogen energy system technical development/Technical development concerning business model construction and the large scale actual proof of a re-energy use hydrogen system

Source:NEDO

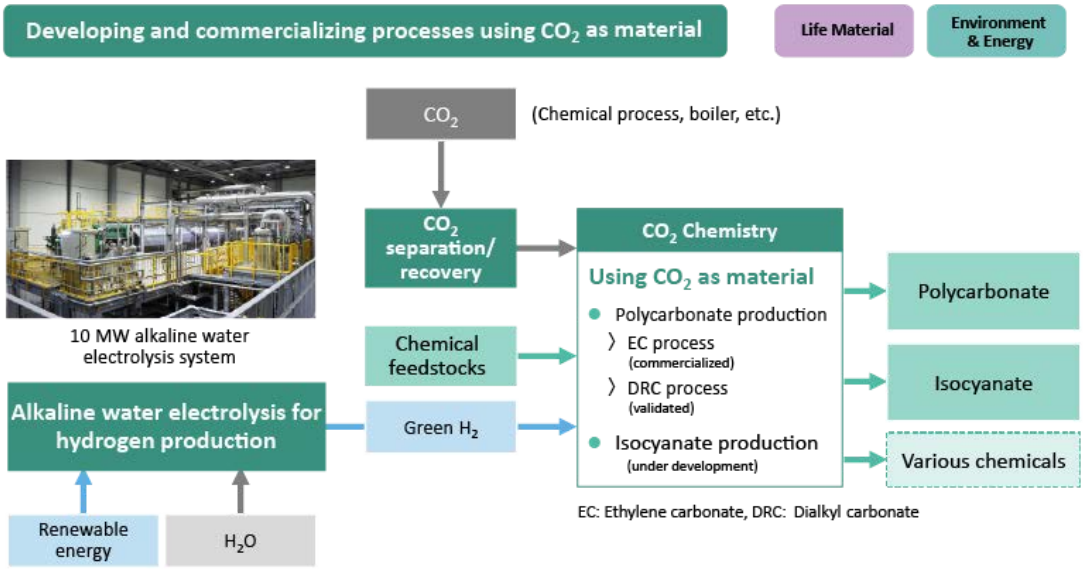


› Aqualyzer™ large-scale alkaline water electrolyzer

Producing Chemicals using CO_2

Significance of the initiatives	CO_2 recycling is an important element of a sustainable society
Our vision	Practical application of CO_2 chemistry in addition to polycarbonate
Specific initiatives	Production of functional specialty chemicals based on carbonyl group introduction technology

We are also focusing on CO_2 chemistry, which enables the production of chemical products using CO_2 as a raw material.
In the area of polycarbonate production technology, the EC process has been used in practical applications and is being licensed around the world. The DRC process, which is a further refinement of the EC process, has already been demonstrated as viable and is attracting attention as a technology that enables production regardless of the location of petrochemical plants. We are also developing a technology to produce isocyanate (raw material for polyurethane) from CO_2. We have also started to use the EC process as a basis for the production of electrolyte materials for LIBs, which will become even more essential in society going forward. With regard to CO_2 separation and recovery, we are developing a system that uses our catalyst technology to efficiently separate and recover CO_2 from power plant and factory exhaust gas using a special zeolite (a type of mineral) with a precisely controlled pore structure.

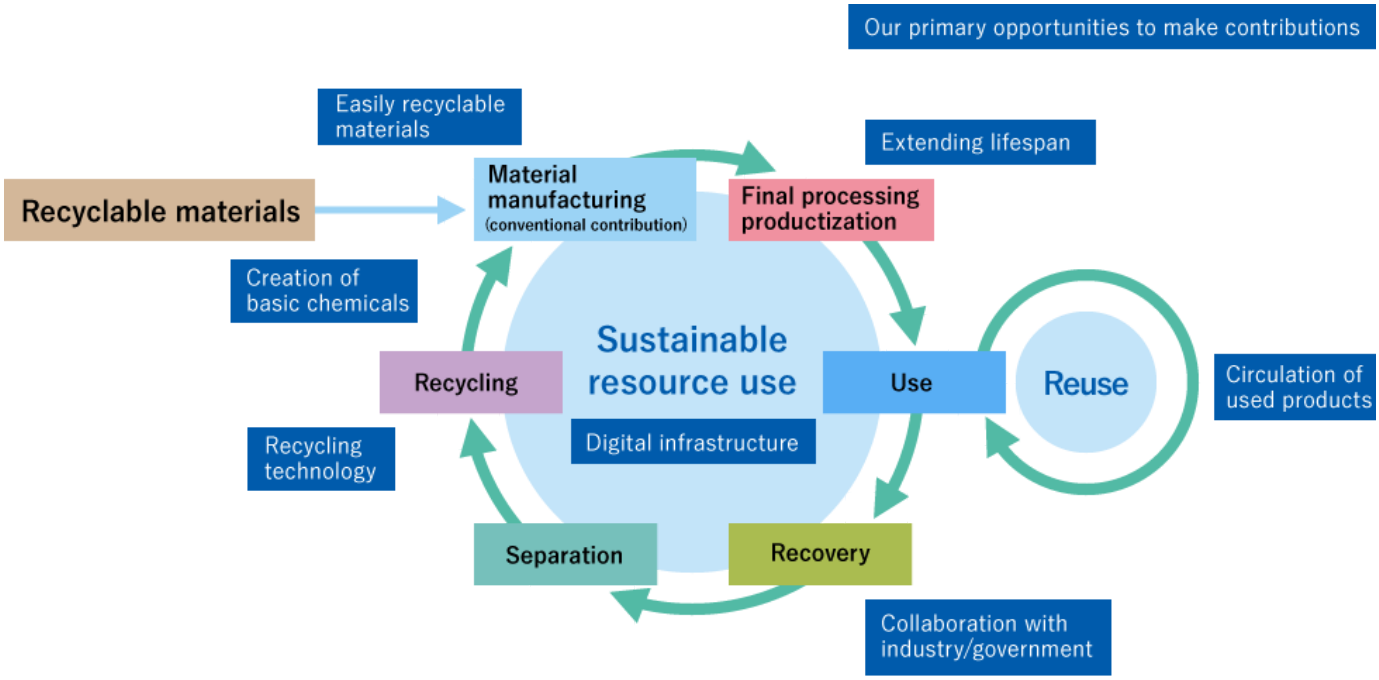


Deploying technologies, products, and services to Achieve a Circular Economy

Significance of the initiatives	Promoting sustainable resource usage is essential for decarbonization
Our vision	Development and practical application of technologies and infrastructures that have become bottlenecks in achieving the circular economy
Specific initiatives	"BLUE Plastics" Project

In an age when global environmental conservation is a major concern, resource recycling and the use of recycled plastics are being promoted as ways to recycle plastic waste as resources to supply highly convenient products while being considerate of the environment.
However, until now, it has been difficult to prove the recycling chain for products made from recycled plastic and the recycling rate of materials.
We are developing a digital platform based on our belief that, to make a resource-recycling society a reality, it is necessary to visualize the recycling chain of recycled plastics to create an environment in which people can use them with confidence. The social issue of balancing resource recycling with convenience is difficult to solve through the efforts of individual companies alone, so we aim to create a widely accessible platform that can be used by a broad range of people, from every kind of company involved in the recycling chain to consumers.

› Initiative for Achieving a Circular Economy

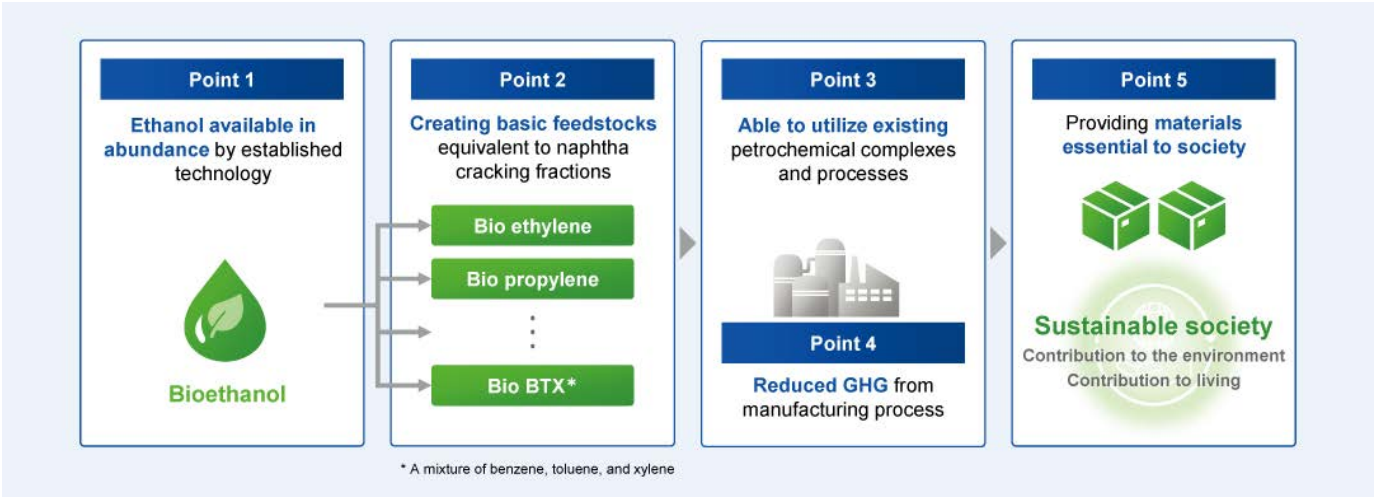


Manufacture of Basic Chemicals from Bioethanol

Significance of the initiatives	Reducing the use of fossil resources and CO_2 emissions, making non-recyclable materials sustainable
Our vision	Contribute to the production of chemical products that do not rely on fossil resources through the practical application of technology in society
Specific initiatives	Manufacturing basic chemicals* from bioethanol

* Ethylene, propylene, C4, benzene, toluene, xylene

Despite the 3R (reduce, reuse, recycle) efforts currently underway in various countries, not all materials are suitable for recycling. There are a variety of materials that are technically difficult to recycle and those that are difficult to recover, and there are materials that can be recovered but are difficult to separate. In addition to the 3Rs, if we increase the use of biomass-derived plastics, the use of fossil resources can be reduced, and further CO_2 reduction effects can be expected.
We are currently developing new technology to produce basic chemicals from bioethanol by applying the catalyst and process technology cultivated in our petrochemical business. Conventionally, it is possible to produce ethylene from ethanol through catalytic dehydration. If commercialized, our new technology will enable the production not only of ethylene, but also light olefins such as propylene, and aromatics such as benzene, toluene, and xylene, in a single plant. This will make it possible to manufacture many daily necessities from biomass raw materials, including products that have been considered difficult to manufacture using non-petroleum resources.

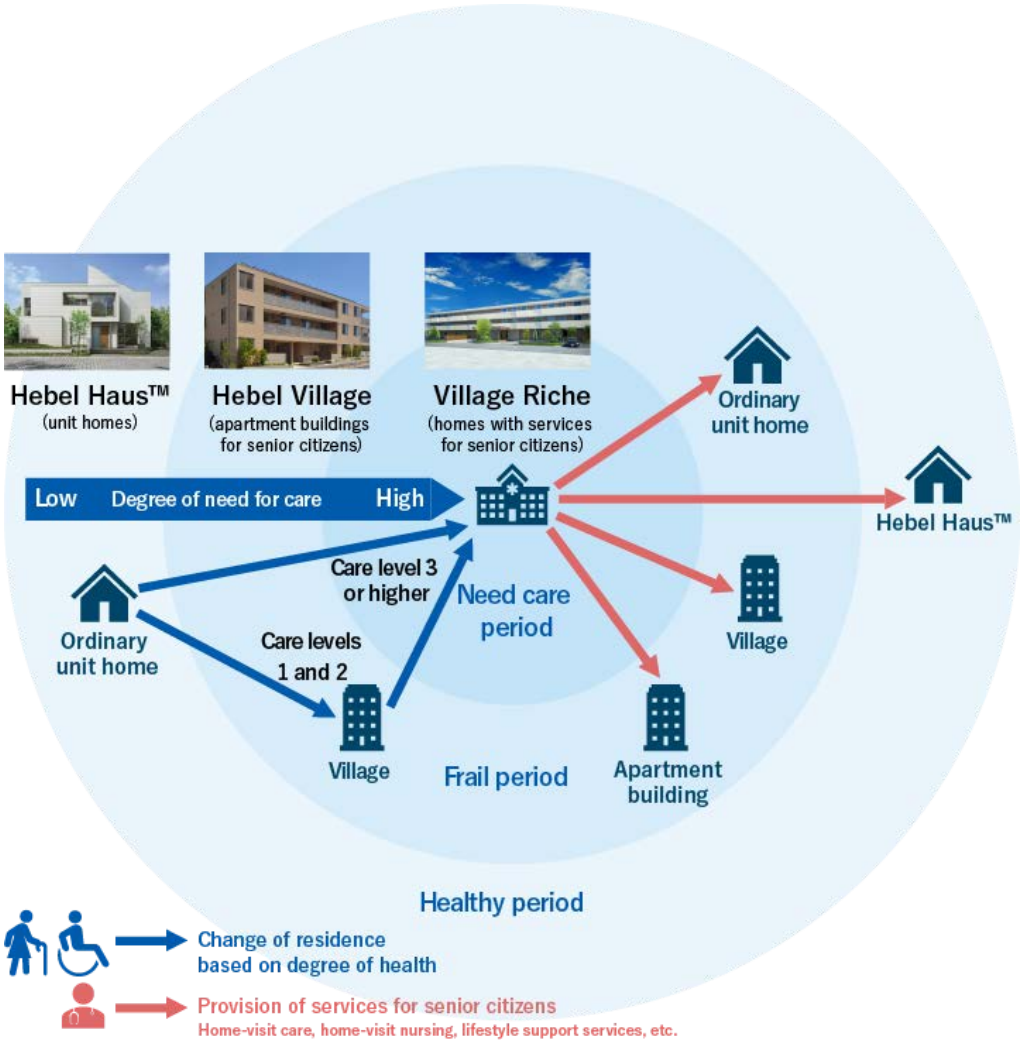


Active life in the new normal

Achieving Healthy Longevity in an Era of Centenarians

Significance of the initiatives	Responding to health-related lifestyle issues that are increasing due to the declining birthrate and aging population
Our vision	Provide homes and services according to changes in health and family circumstances
Specific initiatives	Providing secure apartment buildings for senior citizens and homes with services for senior citizens

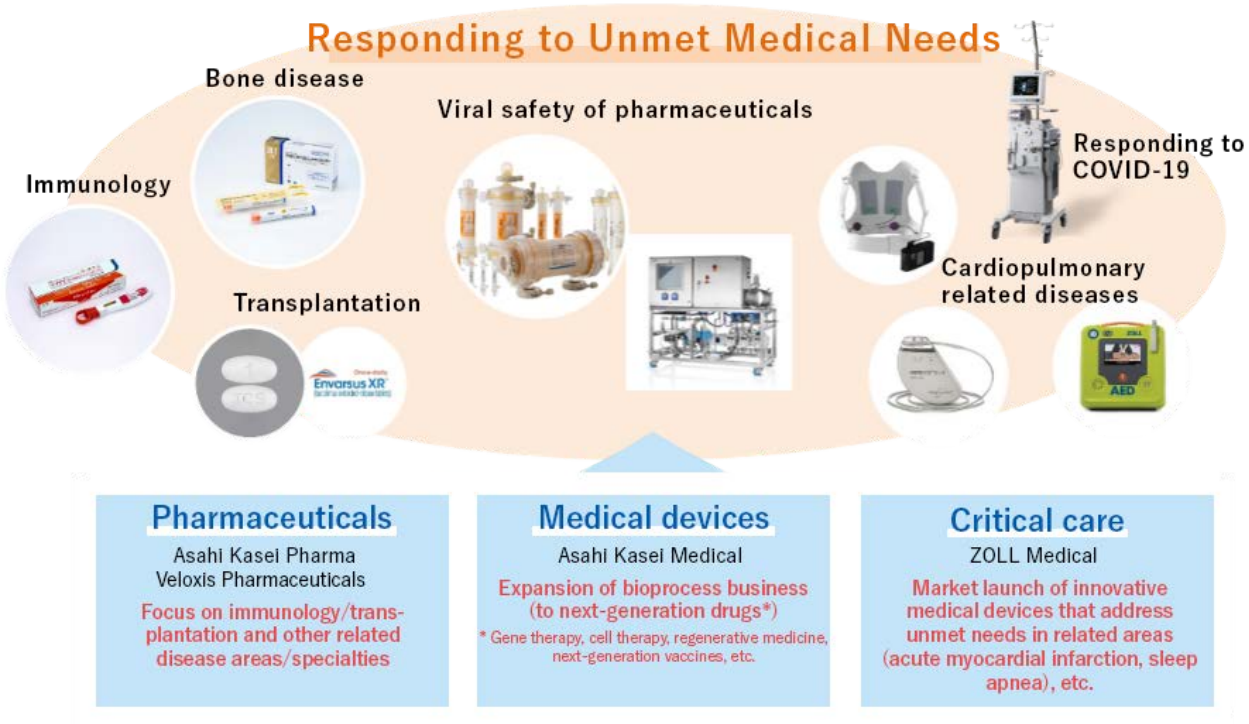
This is an era where people often live into their hundreds. As senior citizens' values with regard to homes become more diverse, the Group provides optimal homes based on their level of health.
There is the "healthy period," when people are active and healthy; the "frail period," when people's minds, bodies, and social skills decline; and the "need care period," when people need support. Each stage requires a different type of home.
For senior citizens in the healthy to frail stage of life, we offer "Hebel Village" secure rental homes for seniors, which allows them to live a more enjoyable life that will be comfortable and secure for many years to come.
For senior citizens in need of care, we provide "Village Riche" housing, which includes extensive care services.
We contribute to the formation of a society of healthy longevity by providing senior citizens who feel anxious and inconvenienced living in their own aging homes with the option of changing their residence while they are still healthy to one that is safe, reliable, and conducive to healthy longevity. We also provide security for the future through senior citizen homes that includes services for those who require extensive care.



Contributing to the Resolution of Unmet Medical Needs

Significance of the initiatives	Responding to unresolved health-related medical issues that are increasing due to the aging population, etc.
Our vision	Provide superior products and services globally
Specific initiatives	Development and marketing of pharmaceuticals, medical devices, and related services/materials

As health-related issues are becoming more common due to the aging of the population and other factors, the Group believes that addressing unmet medical needs will become ever more vital. The Group aims to provide superior products and services globally through its involvement in both pharmaceuticals and medical devices.
In the pharmaceuticals field, we will continue to make contributions in the immunology and transplantation fields.
In the medical devices field, we will focus on serious cardiopulmonary diseases and related fields (acute myocardial infarction, sleep apnea).
In addition, in our bioprocess business, we will address the area of next-generation pharmaceuticals such as gene therapy, cell therapy, regenerative medicine, and next-generation vaccines to further improve the safety and productivity of pharmaceutical formulations.



Related information

› Medium-term Management Plan

We will strive to further improve our corporate value through the implementation of our medium-term management plan.

Sustainability Management

Policies and Framework | Materiality and SDGs | Initiatives and Member Organizations We Participate In | Relationships with Stakeholders

In 2021, to further promote initiatives aimed at making a sustainable society a reality, we established the Asahi Kasei Group Sustainability Policy.

Asahi Kasei Group Sustainability Policy

The Asahi Kasei Group is contributing to life and living for people around the world. We strive for two mutually reinforcing aspects of sustainability: “contributing to sustainable society” and “sustainable growth of corporate value.” By creating value for “contributing to sustainable society” we seek to gain high earnings that lead to “sustainable growth of corporate value" which enables us to make further contributions in a virtuous cycle.

In order to achieve this, we pursue the optimal corporate governance while practicing the following.

Value creation through contribution to sustainable society

- Resolving issues for People and the Earth through our high value-added businesses (Care for People, Care for Earth)
- Leveraging our strengths of diversity and capability to change for the creation of value (Connect, Communication, Challenge)

Responsible business activities

- Complying with laws/regulations and respecting international standards regarding business activities (Compliance)
- Prioritizing ESH (environment, safety, and health), human rights, and quality assurance throughout all of our activities
- Performing appropriate information disclosure and dialogue with our stakeholders

Empowerment of personnel

- Respecting diversity and inclusion
- Encouraging each employee’s growth, performance, and challenging spirit

› Asahi Kasei Group Sustainability Policy (131.4KB)

Our Group Mission is "contributing to life and living for people around the world," and we have grown by continually contributing to solutions for society. Our commitment has remained constant ever since our founding with the aim of improving people's standard of living.
Today, discussions about achieving sustainability are taking place around the world. Since sustainability is a challenge that concerns people and the global environment, we believe that the pursuit of "living in health and comfort" and "harmony with the natural environment" as set forth in our Group Vision will lead to sustainability.
"Sustainable growth of corporate value" in conjunction with "contributing to sustainable society" is also important. "Contributing to sustainable society" leads to earnings which enhance the corporate value of the Asahi Kasei Group, which in turn enables further "contributing to sustainable society."

To make this virtuous cycle a reality, we will strive to create value by contributing to a sustainable society, conduct our business activities in a responsible manner, and promote the empowerment of our employees based on our approach of "Care for People, Care for Earth."
Our ultimate aim is to continue to proactively contribute to the world as a leader in solving challenges for society, carrying on the commitment we have had since the founding of our company.

Message from the Head of Sustainability Strategy Planning

The Asahi Kasei Group aims to achieve two aspects of sustainability in a virtuous cycle: contributing to sustainable society and sustainable growth of corporate value. The basic approach behind this is summarized in our Sustainability Policy.
Based on responsible business activities in terms of environmental conservation, process safety, occupational health and safety, quality assurance, respect for human rights, and compliance with laws and regulations, we strive to provide value in our products and services for a sustainable society. The SDGs were adopted at the United Nations Summit in 2015, and we have already passed the halfway mark to the target year of 2030. Although the world's progress has been disrupted by the pandemic, natural disasters, and conflicts and tensions between nations during this time, the goals have not changed.
While keeping an eye on the issues facing the world, the Asahi Kasei Group strives to use its diverse technologies and businesses to create new things, so that we can help solve these issues.
I look forward to your continued understanding and support going forward.

Tatsuhiko Tokunaga
Executive Officer
Senior General Manager, Sustainability Strategy Planning Dept.
Asahi Kasei Corp.

Management Framework

The Asahi Kasei Group considers sustainability as a pillar of management and incorporates it into both its medium-term and annual management plans, in addition to discussing it at Board of Directors meetings. We have also established a Sustainability Committee to promote sustainability group-wide.
The Sustainability Committee consists of the President, Executive Officers for Business Sectors, and Executive Officers for business administration and technology functions, and is responsible for disseminating information, orienting sustainability-related activities, and so on. The Sustainability Committee coordinates with the Risk Management & Compliance Committee, the ESH & QA Committee, and the DE&I Committee, which all handle more technical and specific matters.
All four of these committees are chaired by the President of Asahi Kasei. We have also established the Human Rights Committee and the Global Environment Committee as subcommittees of the Sustainability Committee.

Framework for Sustainability Strategy (as of August 1, 2023)

Sustainability Management

Policies and Framework | **Materiality and SDGs** | Initiatives and Member Organizations We Participate In | Relationships with Stakeholders

Asahi Kasei Group efforts for the SDGs

Transforming our world: the 2030 Agenda for Sustainable Development was adopted by the UN Sustainable Development Summit in September 2015. The agenda includes 17 Sustainable Development Goals (SDGs) and 169 targets such as ending poverty and inequality, and taking action on climate change.
Through its diverse array of businesses and technologies, the Asahi Kasei Group contributes to achievement of the SDGs in accordance with the Group Vision of providing new value to society by enabling “living in health and comfort” and “harmony with the natural environment.”

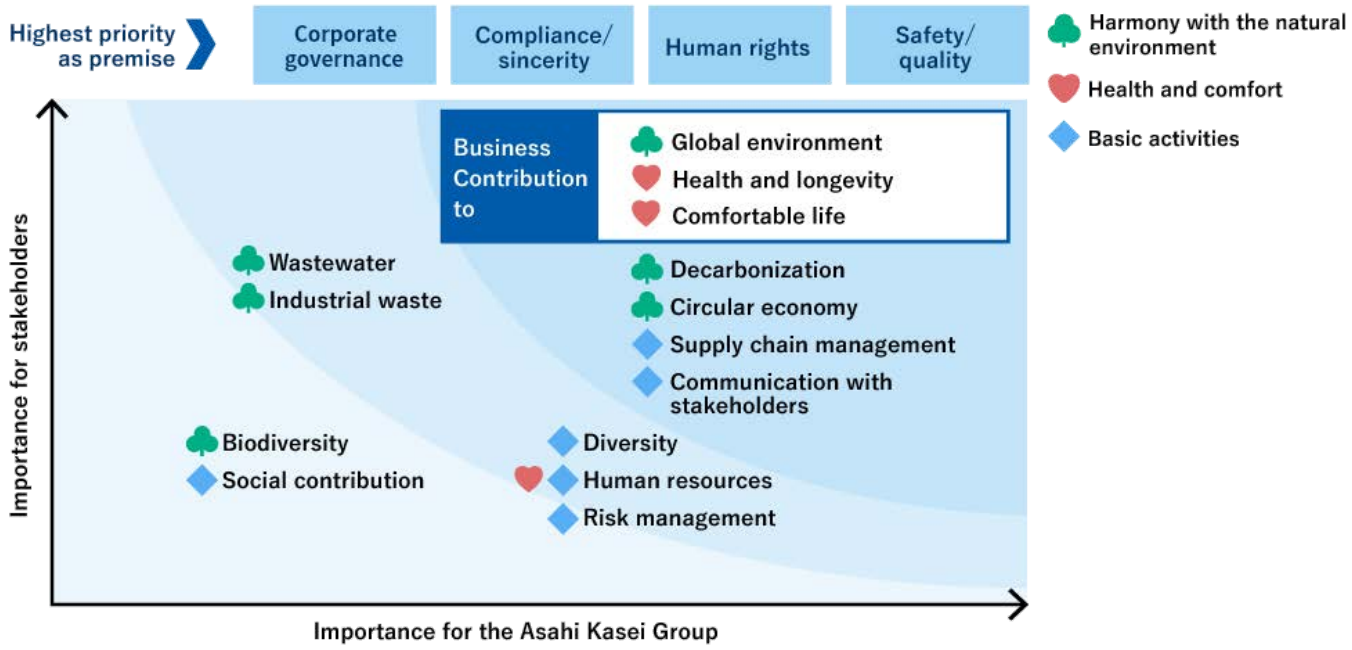
Asahi Kasei Group's Materiality

In fiscal 2017 we designated the priority issues and subjects to address as the materiality of the Asahi Kasei Group. Since then, as climate change has progressed and sustainability-related trends have accelerated worldwide, we reviewed our materiality in May 2021 and added "Decarbonization" and "Circular economy" as matters of the highest importance.

Identifying Our Materiality

1. Identifying Issues
   We referred to international guidelines including ISO 26000 and the GRI Standards, as well as the evaluation items used by major ESG evaluation organizations (FTSE, etc.), to identify issues according to the demands of societies and our mission, vision, and values.
2. Determining the Impact
   We assessed the level of impact on both society and the Asahi Kasei Group and mapped it onto two axes.
3. Evaluating Validity
   We confirmed the validity of the plan by examining it from a variety of perspectives, such as through deliberations among divisional managers, discussions with other companies, and interviews with outside directors.
4. Deliberation and Approval
   After deliberation by the Management Council, the proposal was approved by the Board of Directors.

The relationships between this materiality and the sustainable development goals (SDGs) are shown in the following table. We will continue to advance our initiatives while incorporating the perspectives of various stakeholders.



Materiality List

Theme	Materiality	Related SDGs	Supervising organization (Joint supervision: Sustainability Strategy Planning Department)	Main KPIs	Target	Results
Coexistence with the Environment We position initiatives for the global environment as important issues, and we are working on measures regarding climate change, preventing pollution, development of a circular economy, and other initiatives. Using our diverse technologies, we will also develop materials and products that contribute to conserving energy and reducing CO_2 emissions.	Global environment*		Strategic Business Units and Core Operating Companies Corporate Research & Development	Environmental Contribution Products	(1) At least double our GHG reduction contribution by FY2030 (compared to FY2020) (2) Increasing the proportion of sales of Environmental Contribution Products (total sales excluding Health Care sector)	(1) FY2022: 20% increase (2) FY2022: 32%
	Decarbonization		Corporate ESH, Strategic Business Units, and Core Operating Companies Corporate Research & Development	GHG emissions	FY2030: Reduction of 30% or more (compared to FY2013) FY2050: Carbon neutral	FY2022: 28% reduction
	Circular economy		Corporate ESH, Strategic Business Units, and Core Operating Companies Corporate Research & Development	—	—	—

Theme	Materiality	Related SDGs	Supervising organization (Joint supervision: Sustainability Strategy Planning Department)	Main KPIs	Target	Results
	Wastewater		Corporate ESH	Number of accidents involving environmental pollution and number of significant issues	FY2022 Target: • Maintain zero environmental accidents and serious environmental incidents • Zero environment incidents (air, water, etc.)	FY2022 Results: • Environmental pollution incidents/significant issues: None • Problems with water, air quality, etc.: 2 • Freon leaks: 18
	Industrial Waste		Corporate ESH	—	FY2022 Target: Reduce industrial waste and promote recycling • Ascertain actual status of plastic waste generated and processed, and promote thermal reductions • Plastic waste consigned to landfill: 0 tons	FY2022 Results: • Ascertained current amount of plastic waste generated and processed based on the Act on Promotion of Resource Circulation for Plastics • Amount of plastic waste consigned to landfill: 1.5 tons, target not achieved
	Biodiversity		Corporate ESH	Awareness-raising Activities	FY2022 Target: Promote preservation of biodiversity • Promote initiatives in line with the next National Biodiversity Strategy of Japan	FY2022 Results: • Participation in the 30by30 Alliance and demonstration project for certification of sites coexisting with nature • Held tree planting and seed watching events as an initiative for employees to get closer to nature with 444 MMP awarded

Theme	Materiality	Related SDGs	Supervising organization (Joint supervision: Sustainability Strategy Planning Department)	Main KPIs	Target	Results
Living in health and comfort We will contribute to healthy and comfortable lifestyles and affluent living with our distinctive products and technical capabilities.	Health and longevity*		Strategic Business Units and Core Operating Companies Corporate Research & Development	—	—	—
	Comfortable life*		Strategic Business Units and Core Operating Companies Corporate Research & Development	—	—	—
Basic Activity We will strengthen the base for business development, leading to the creation of new value.	Corporate Governance		General Affairs	Effectiveness assessment and improvement	—	—
	Compliance/sincerity		General Affairs	—	—	—
	Risk Management		General Affairs	—	—	—
	Safety/quality		Corporate ESH/Corporate Quality Ensurance	Major security incidents Disabling injury frequency rate	FY2022 Target: • Zero serious industrial accidents • Zero industrial accidents • Industrial accident intensity: 0.5 or less (average)	FY2022 Results: • Serious industrial accidents: None • Industrial accidents: 2 • Industrial incident intensity: 1.58
	Human rights		Human Resources/Corporate Procurement & Logistics	—	—	—
	Human Resources		Human Resources	—	—	—

Theme	Materiality	Related SDGs	Supervising organization (Joint supervision: Sustainability Strategy Planning Department)	Main KPIs	Target	Results
	Diversity		Human Resources	Proportion of women in managerial positions who play a leading role	Proportion of women working as managers and Group Masters FY2030 Target: 10%	Proportion of women working as managers and Group Masters June 2023 result: 3.9%
				Number of Group Masters	FY2024 Target: 360	2022 Result: 294
	Supply chain management		Corporate Procurement & Logistics	Administered CSR Procurement Questionnaire	—	—
	Communication with stakeholders		Investor Relations/Human Resources/General Affairs and others	—	—	—
	Community fellowship		Corporate Communications	Amount of activity (in monetary terms)	—	—

*Contribution through business

Sustainability Management

Participation in initiatives (major initiatives)

Network Japan WE SUPPORT Global Compact	The Asahi Kasei Group supports the United Nations Global Compact. › UN Global Compact
TCFD Task Force on Climate-related Financial Disclosures (TCFD)	TCFD was established by the Financial Stability Board (FSB) in 2017. Asahi Kasei endorses the TCFD Recommendations published by the TCFD and has announced specific initiatives. › TCFD
GX League	The GX League is an initiative led by the Ministry of Economy, Trade and Industry (METI) involving efforts to transform the overall economic system through measures such as decarbonization and carbon neutrality. Asahi Kasei is a member of the GX League. › GX League
Challenge Zero Challenge Net Zero Carbon Innovation (Challenge Zero)	Challenge Zero is an initiative promoted by the Japan Business Federation (Keidanren) in coordination with the Japanese government to support companies and groups in their efforts to achieve a decarbonized society. Asahi Kasei supports this initiative and has announced specific efforts and policies: › Challenge Zero
Clean Ocean Material Alliance Clean Ocean Material Alliance (CLOMA)	The Clean Ocean Material Alliance (CLOMA) is a platform established to accelerate innovation by strengthening collaboration among a wide range of stakeholders across industry sectors amid a need to implement worldwide initiatives to overcome the marine plastic litter problem, a global-scale challenge. › Clean Ocean Material Alliance

Battery Association for Supply Chain (BASC)	The Battery Association for Supply Chain (BASC), established as a general incorporated association on April 1, 2021, is an organization engaged in activities such as the international standardization of the battery supply chain (industries related to battery materials, components, and raw materials) and the creation of a battery ecosystem, with the aim of achieving a decarbonized society. › BASC
RE100	RE100 is an international collaborative initiative consisting of companies committed to running their business operations on 100% renewable energy. Asahi Kasei Homes is a member of this initiative, and it has announced specific targets and is working to achieve them. › RE100
Keidanren Biodiversity Declaration Initiative	The Keidanren Biodiversity Declaration Initiative is a support effort by the Japan Business Federation (Keidanren) to promote autonomous, active efforts by companies to partake in biodiversity preservation activities, with the aim of achieving harmony between the environment and the economy. Asahi Kasei supports this initiative and has announced specific efforts and policies. › Keidanren Biodiversity Declaration Initiative
Pinfa (Phosphorus, Inorganic & Nitrogen Flame Retardants Association)	Through Asahi Kasei Europe GmbH , its European headquarters, Asahi Kasei has become the first Japanese resin manufacturer to join Pinfa (Phosphorus, Inorganic & Nitrogen Flame Retardants Association), an organization dedicated to improving the safety and lowering the environmental impact of both non-halogenated flame retardants and plastic products that use non-halogenated flame retardants. › Pinfa
Clean Fuel Ammonia Association	Ammonia shows promise as an energy carrier for hydrogen. This association aims to establish a value chain from supply to utilization of CO_2-free ammonia through technology development/evaluation, economic evaluation, policy recommendations, international collaboration, and other efforts. › Clean Fuel Ammonia Association
Japan Hydrogen Association	The Japan Hydrogen Association advances global collaboration in the hydrogen field as well as the creation of hydrogen supply chains. As a chemical manufacturer that utilizes hydrogen, Asahi Kasei will take an active role in offering proposals in the Association's working group activities with regard to issues that should be addressed to generate and expand demand for hydrogen. › Japan Hydrogen Association

Hydrogen Council	The Hydrogen Council is a global initiative that aims to promote the use of hydrogen to encourage the transition to clean energy for the realization of a sustainable society. As a Steering Member, Asahi Kasei works together with various companies and organizations in the supply chain, helping to promote the use of hydrogen while building a future business. › Hydrogen Council
30by30 Alliance	Asahi Kasei and Asahi Kasei Homes are participating in the 30by30 Alliance for Biodiversity, a program established by the Ministry of the Environment to conserve natural environments, with the goal of conserving biodiversity in 30% of Japan's land and sea areas by 2030. › 30by30 Alliance
Business Call to Action (BCtA), a multilateral alliance led by the United	Nations Development Programme (UNDP), challenges companies to advance core business activities that contribute to the achievement of the Sustainable Development Goals (SDGs). Asahi Kasei joined with an initiative to support the fiber industry in India through the creation of a comprehensive value chain for Bemberg™ cupro. › Business Call to Action (in Japanese)
Declaration for Partnership Building	In 2022, Asahi Kasei endorsed the Declaration for Partnership Building in support of the Council for Promoting Partnership Building to Open Up the Future, promoted by the Cabinet Office, the Small and Medium Enterprise Agency, and other organizations. Asahi Kasei Homes, Asahi Kasei Pharma, and Asahi Kasei Medical have also announced their endorsement of the Declaration for Partnership Building. › Declaration for Partnership Building portal site (in Japanese)
White Logistics Movement	The White Logistics Movement is aimed at ensuring stability in logistics needed for people's daily lives and industrial activity and contributing to economic growth in response to the truck driver shortage, which continues to intensify. The Ministry of Land, Infrastructure, Transport and Tourism, the Ministry of Economy, Trade and Industry, and the Ministry of Agriculture, Forestry and Fisheries are the advocates of the movement. Asahi Kasei has made a statement of voluntary action endorsing the movement and is working to improve logistics. › White Logistics Movement (in Japanese)

Membership in organizations (main organizations)

Name of organization	Asahi Kasei's role
Japan Business Federation (Keidanren)	Vice Chair Chair of Environment Committee Chair of Committee on Social Security
Japan Chemical Industry Association (JCIA)	Director

Sustainability Management

Relationships with Stakeholders

The Asahi Kasei Group's business operations depend on relationships of trust with our stakeholders. We believe that corporate value is raised by understanding the requirements and meeting the expectations of various stakeholders such as customers, shareholders and investors, business partners, local communities, the general public, and employees.
We provide many opportunities for communication to enable our business operations to be improved through dialog with stakeholders.

Communication with stakeholders

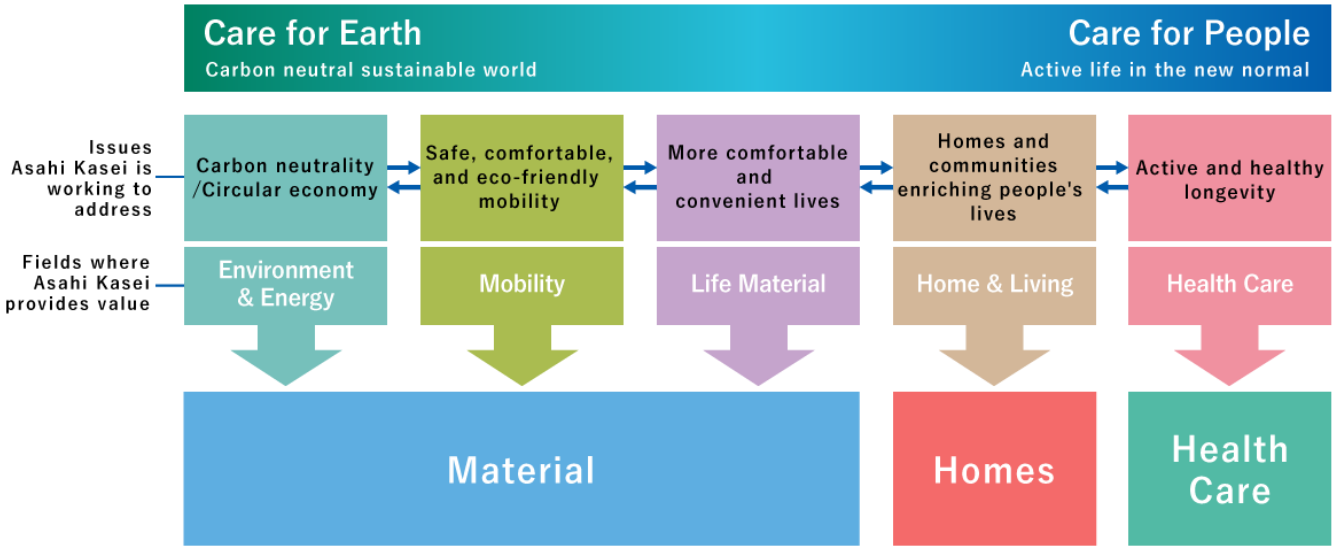
Main stakeholders	Basic premises	Main opportunities for communication
Customers	We believe that it is by maintaining customer satisfaction and providing reliable and enjoyable products and services that we contribute to society.	• Face-to-face discussion by marketing and sales personnel • Providing product and service information on websites • Taking inquiries via telephone, website, etc.
Shareholders and investors	We strive to disclose information in a timely and fair manner to enable our domestic and international investors to gain an accurate understanding of the Asahi Kasei Group.	• Briefings and meetings with securities analysts and institutional investors • Seminars for individual investors • Website disclosure of information • Taking inquiries via telephone, website, etc. • Shareholders meeting

Main stakeholders	Basic premises	Main opportunities for communication
Suppliers	A relationship of mutual trust with our suppliers is fostered through fair and principled purchasing practices based on regulatory compliance and respect for the environment and human rights.	• Safety discussion forums • CSR Procurement Questionnaire • Whistleblower System (Compliance Hotline)
Local communities and the general public	We work to honor and respect the local culture of each community where our operations are based, and to maintain effective dialog and communication with community members.	• Periodic community dialog meetings • Community outreach initiatives
Employees	The Asahi Kasei Group considers fulfilling and satisfying working conditions and workplace culture, in which employees feel motivated to achieve and take pride in their career, to be a key to business performance.	• Training and interviews • Discussion and interaction with management • Internal magazine and intranet • Whistleblower System (Compliance Hotline) • Employee awareness surveys, etc.

Contribution through Business Activities

In fiscal 2022, the Asahi Kasei Group launched its three-year Medium-term Management Plan 2024 focused on the theme "Be a Trailblazer." In order to help create a sustainable society, we will work to solve diverse social issues through our business activities.

In our medium-term management initiative, we express the stance of the Asahi Kasei Group, which will continue contributing to sustainable development for people and the Earth going forward, in the phrase “Care for People, Care for Earth.” With this as a perspective on the provision of value that is shared throughout our business activities, we will create new value that leads to a sustainable future in diverse locations and fields.



Areas of Contribution and Business Examples

* Under development

<table>
<tr><th colspan="2">Fields for provision of value</th><th>Care for People</th><th>Care for Earth</th></tr>
<tr><td rowspan="2">Material</td><td>Environment & Energy</td><td></td><td>

Clean energy

- Battery separators
  - Hipore™
  - Celgard™
- Alkaline water electrolysis system (green hydrogen)*
- Solar cell parts
  - Lightweight resins

Conservation of energy and improvement of the environment

- CO_2 sensors
- Water filtration modules
- Ion-exchange membranes

Carbon neutrality

- Next-generation CO_2 chemistry*
- New CO_2 separation and recovery system*

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<tr><td>Mobility</td><td>

Safety and reliability

- Airbag material
- Alcohol sensor
- Contactless pulse sensing*

Comfortable space

- Dinamica™ artificial suede
- Low VOC material
- Air conditioning CO_2 sensors

</td><td>

Fuel efficiency

- S-SBR for tires
- Weight-saving materials
- Daramic™ lead-acid battery separator

EV/HEV

- Lithium-ion battery (LIB) separators
  - Hipore™
  - Celgard™
- LIB-related materials
  - Lightweight resins

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Fields for provision of value		Care for People	Care for Earth
	Life Material	**Comfort and convenience** • 5G-related (glass fabric, etc.) › Regenerated cellulose fiber **Health** • Pharmaceutical and food additives › UVC LEDs for disinfection	**Food loss reduction and low environmental impact** • Saran Wrap™ • Ziploc™ › Water-washable printing plates
Homes	Home & Living	**Safety and reliability/Comfort and health** • Hebel Haus™ unit homes • Hebel Maison™ apartment buildings • High-quality pre-owned Hebel Haus™ homes	**Contribution to the environment** • Net zero energy houses/solar power generation systems, etc. • High-performance insulation

Fields for provision of value		Care for People	Care for Earth
Health Care	Health Care	**Acute conditions (critical care and circulatory)** › Recomodulin™ anticoagulant › Thermogard System™ › Therapeutic apheresis › LifeVest™ wearable defibrillator **Chronic conditions (orthopedics and dialysis)** › Teribone™ osteoporosis therapy › Reclast™ osteoporosis therapy › Kevzara™ rheumatoid arthritis therapy › Dialysis products › Honeken™ – Bone Checkup Project **Provision of safe biopharmaceuticals** › Planova™ virus removal filters › Bioprocess equipment › Next-generation antibody drug contract development and manufacturing organization (CDMO) › Biosafety testing contract research organization (CRO)	

Asahi Kasei Group's ESH & QA

ESH & QA Activities

The Asahi Kasei Group's operations span three sectors: Material, which includes the electronics business and the chemicals business that handle chemical substances; Homes, which includes the construction materials business; and Health Care, which includes the pharmaceuticals and medical care businesses. Having expanded into three sectors, we have renamed the activities previously identified as Responsible Care* to ESH & QA (Environment, Safety, Health, and Quality Assurance).
We remain committed to environmental protection, quality assurance, and health and productivity management through risk management and responsible business activities to achieve comfortable workplaces in accordance with our Group Vision of providing new value to society by enabling “living in health and comfort” and “harmony with the natural environment,” as well as with the Group Mission of contributing to life and living for people around the world.

* Responsible Care:
Advocated by the Japan Chemical Industry Association, represents the commitment and initiative to secure and improve safety and environmental protection at every step of the product life cycle through the individual determination and responsibility of each firm producing and handling chemical products, together with measures to gain greater public trust through disclosure and communication.

Risk management and responsible business activities of the Asahi Kasei Group

Message from the Executive Officer for ESH & QA

Masatsugu Kawase
Executive Officer for ESH & QA
Asahi Kasei Corp.

In May 2022 we celebrated the centennial of Asahi Kasei's founding. During the past hundred years we continued sustainable growth by successively cultivating new fields of business with every employee passionately taking on challenges. We are now turning to new challenges for the next hundred years together with 45,000 colleagues around the world.

The environment surrounding companies has been undergoing major changes with efforts for decarbonization and greater awareness of companies' place in society. Asahi Kasei's unchanging Group Mission is to contribute to life and living for people around the world. We aim to achieve a virtuous cycle of two mutually reinforcing aspects of sustainability by contributing to a sustainable society and achieving sustainable growth of corporate value. While advancing transformation regarding "GDP" (Green, Digital, People) we are rolling out various measures for environmental protection, quality assurance, and health and productivity management as we provide reliable solutions to customers.
Safe and stable operation is a prerequisite for the virtuous cycle of sustainability we seek, and essential for our existence as a going concern. As we have had serious accidents in recent years, we are working to avoid recurrence by strengthening preventative measures and curtailment measures, while fostering a culture of safety through our company-wide Life Saving Actions program. With regard to greenhouse gas emissions, we are targeting a 30% or more reduction of our own emissions by 2030 from the fiscal 2013 level, and aiming for the goal of net-zero by 2050. Furthermore, we continue to advance the development of products that contribute to reduced emissions throughout society. We believe such measures will enable us to provide high corporate value to our various stakeholders.

Policy

ESH & QA at the Asahi Kasei Group is guided by the following policy.

The Asahi Kasei Group ESH & QA and Health & Productivity Management Policy

Based on the Group Mission of “contributing to life and living for people around the world,” the Asahi Kasei Group gives the utmost consideration to health maintenance, operational safety, occupational health and safety, quality assurance, and environmental protection throughout the product lifecycle from R&D to disposal as preeminent management tasks in all operations.

- Based on health management activities, we advance and support efforts to maintain and promote the mental and physical health of employees, while improving the organizational climate through the empowerment of individuals and invigoration of organizations.
- We strive for stable and safe operation while preventing workplace accidents and securing the safety of personnel and members of the community.
- We flexibly anticipate the constantly changing needs of customers and society to create and provide products and services with quality that ensures safety and security.
- To counter climate change and preserve the global environment, we reduce the environmental burden of all operations.

In addition to maintaining legal compliance, we set self-imposed targets for continuous improvement, while performing proactive information disclosure and communication to gain public understanding and trust.

Revised on July 11, 2022

Management Framework

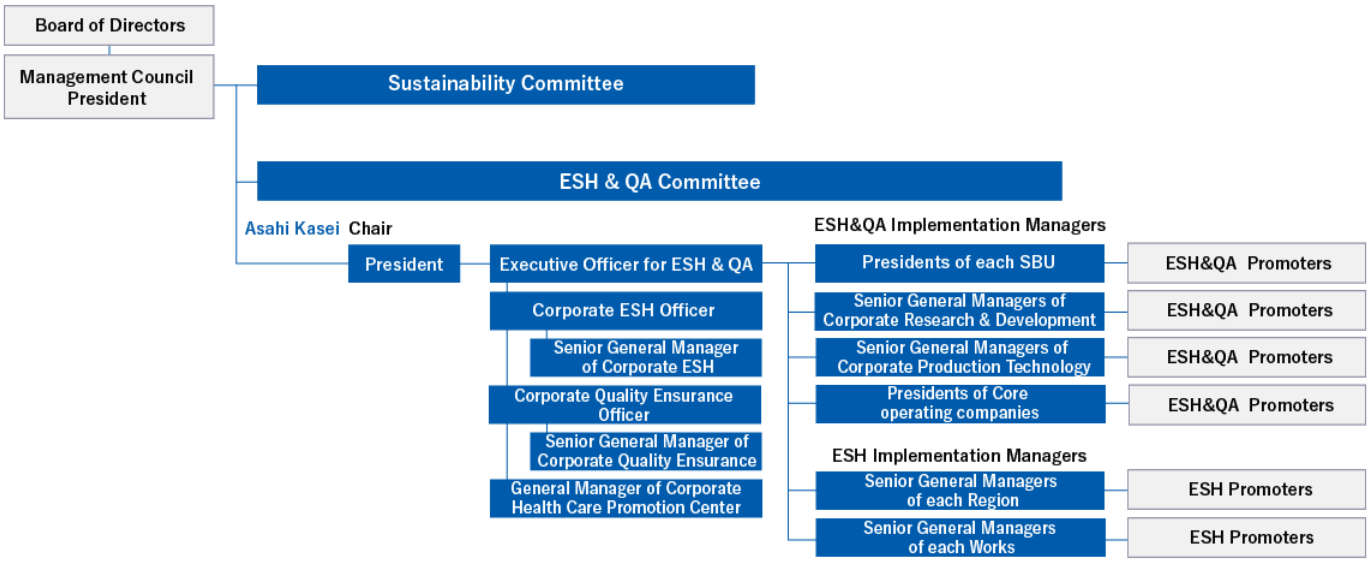
The management system of Asahi Kasei Group ESH & QA is maintained in accordance with our Group ESH & QA Management Guidelines and other internal standards. We have an ESH & QA Committee which reports directly of the President to deliberate concerning plans and their results. This committee also cooperates with the Sustainability Committee, which promotes sustainability Group-wide. In addition, the ESH & QA Promotion Council sub-committee gathers regularly, and ESH & QA initiatives are continuously improved with the repetition of Plan-Do-Check-Act (PDCA) cycles at the Regions and Works, business units, and Group-wide.

Concerning ESH & QA management systems, we have obtained ISO 14001 environmental management system certification for environmental protection and an Occupational Health & Safety Management System (OHSMS) has been adopted for workplace safety, hygiene, and health.

Regarding Quality Assurance, under the supervision of Corporate Quality Ensurance, each Strategic Business Unit and Core Operating Company establishes a management system such as ISO 9001, working daily to reinforce quality assurance, to ensure the provision of safe and reliable products and services to customers and society.

Regarding health and productivity management, our Health & Productivity Management Committee meets twice per year in principle, to formulate basic policy regarding health & productivity management, set targets, and evaluate results.

ESH & QA Committee Management Organization



ESH & QA Committee / ESH & QA Promotion Council

Environment, Safety and Quality Assurance Committee	Chair	Asahi Kasei Corp. President
	Committee Members	Asahi Kasei Executive Officer for ESH & QA, Asahi Kasei Corporate ESH Officer, Asahi Kasei Corporate Quality Assurance Officer, Asahi Kasei ESH & QA Implementation Manager, Asahi Kasei Senior General Manager of Corporate ESH, Asahi Kasei Senior General Manager of Corporate Quality Ensurance, General Manager of Corporate Health and Productivity Management, Core Operating Company ESH & QA Implementation Managers
	Observers	Asahi Kasei Audit & Supervisory Board Members, persons designated by the Committee Chair
	Secretariat	Corporate ESH, Corporate Quality Ensurance
	Frequency of meetings	Once per year
ESH & QA Promotion Council	Chair	Executive Officer for Asahi Kasei ESH & QA
	Committee Members	Asahi Kasei Corporate ESH Officer, Asahi Kasei Corporate Quality Assurance Officer, Asahi Kasei Senior General Manager of Corporate ESH, Asahi Kasei Senior General Manager of Corporate Quality Ensurance, General Manager of Corporate Health and Productivity Management, Asahi Kasei ESH & QA Promoters, Core Operating Company ESH & QA Promoters
	Secretariat	Corporate ESH, Corporate Quality Ensurance
	Frequency of meetings	4 times per year

ESH & QA education and training

In order to ensure the advancement of ESH & QA activities, the Asahi Kasei Group conducts practical ESH & QA education and training concerning basic knowledge of and theories about ESH & QA. The training program applies to all key personnel who implement ESH & QA, including EHS managers and production managers of factories and manufacturing departments, as well as first-line managers and candidates for those positions, group leaders of research departments, and EHS personnel.
Each fiscal year, we provide training on five subjects (general ESH activities, employee health, process safety, environmental protection, and occupational health and safety) to newly appointed employees over a total of two days. In fiscal 2022, a total of 95 people took part in approximately one month of self-study and two days of online lectures.
In addition, with the goal of improving the Group's ESH & QA level, a training course for assistant chiefs that was formally initiated in fiscal 2012 continues to be held and improved while incorporating feedback. In fiscal 2022, a total of 210 people took part in the roughly one month self-study course and one day of online lectures.
Regarding QA training, we have held the Quality Assurance Forum since fiscal 2017 as training for core personnel involved in QA. Over a six-month period, selected younger and mid-level employees across the Group attend lectures by outside experts (mainly university professors at the forefront of the Japanese Society for Quality Control) and join in group discussions. In fiscal 2021, 55 employees took part.

Regarding chemical substances control and product safety, various training programs are held throughout the Group each year. In fiscal 2021, nine different curriculums were implemented. Especially with respect to Japan's Chemical Substances Control Law, Industrial Safety and Health Act, and Poisonous and Deleterious Substances Control Law, basic training is continually held several times each year, with some 800 employees participating in fiscal 2021.
We will continue to promote education and training to meet various needs both inside and outside the company.

ESH & QA Conference

The Asahi Kasei Group held annual RC Conferences, at Asahi Kasei Corp., Core Operating Companies, and each Region. The conferences were held to share information and revitalize RC activities by reporting on their status, holding presentations on activities, listening to lectures by experts invited from outside the company, and presenting Safety Awards.
Renamed the Asahi Kasei ESH & QA Conference in fiscal 2022, the event took place in December at the conference venue and online with 2,300 participants, with the aim of revitalizing environmental safety, quality assurance, and health and productivity management promotion activities and sharing information.

Asahi Kasei President Koshiro Kudo gives the opening remarks at the 2022 ESH & QA Conference

Special lecture by Mr. Isao Endo, CEO of SEANA Corporation, an expert on workplace skills and organizational culture reform

Organizations implementing ESH and QA Activities

[Japan]

Prefecture	Location	Business category	Company	Plant, laboratory, or department	Main products/business line
Gunma	Ota	Chemicals	Asahi Kasei Pax Corp.	Gunma Plant	Molded plastic containers
Ibaraki	Kasama	Chemicals	Asahi Kasei Metals Ltd.	Tomobe Plant	Aluminum paste
			Asahi SKB Co., Ltd.	-	Explosive devices
	Sakai	Construction Materials	Asahi Kasei Construction Materials Corp.	Sakai Plant	Autoclaved aerated concrete panels
				Neoma Foam Plant	Phenolic foam insulation panels
				Construction Materials R&D Dept.	Improvement of construction and insulation materials and development of new products
			Sakai Kako Co., Ltd.	-	Construction materials processing
Tochigi	Mibu	Chemicals	Asahi Kasei Color Tech Co., Ltd.	Mibu Plant	Plastic coloring & compounding
Saitama	Kamisato	Chemicals	Asahi Kasei Techno Plus Co., Ltd.	Saitama Plant	Molded plastic products
	Ageo	Chemicals	Asahi Kasei Pax Corp.	Ageo Plant	Film lamination
	Kawagoe	Health Care	Med-Tech Inc.	-	Manufacture and sale of medical devices
Yamanashi	Fujiyoshida	Fibers	Fuji Seisen Co., Ltd.	-	Dyeing and finishing of yarns and fabrics
Chiba	Chiba	Chemicals	Asahi Kasei Corp.	Chiba Plant	Acrylic resin and polystyrene resin
				Compound Prod. Control Dept.	Development of compound production technology, support for processing facilities
				Xyron Dev. Dept., Leona Plastics Dev. Dept.	Applied research for performance plastics and plastic processing
			Asahi Kasei Color Tech Co., Ltd.	Sodegaura Plant	R&D for plastic compounding technology
			PS Japan Corp.	Chiba Plant	Product management and production technology development for polystyrene
			Asahi Kasei Energy Service Corp.	-	Operation of power plant of Nakasode Clean Power Corp. and Shin Nakasode Power Corp.
		Electronics	Asahi Kasei Corp.	Electronics & Functional Products Div.	R&D for plastic optical fiber
			Asahi Kasei EMS Co., Ltd.	Chiba Plant	Plastic optical fiber
		Others	Asahi Kasei Advance Corp.	Kashiwa PDC	Construction materials processing
Tokyo	Tokyo	Chemicals	Asahi Kasei Home Products Corp.	-	Development and sale of cling film and other household products
		Electronics	Sun Delta Corp.	-	Sale of synthetic resin products
		Construction Materials	Asahi Kasei Foundation Systems Co., Ltd.	-	Installation of piles
		Others	Asahi Kasei Advance Corp.	-	Trading company handling fibers, resins, chemicals, construction materials, etc. of Asahi Kasei
			Asahi Kasei Create Co., Ltd.	-	Management and sales of real estate, insurance agency, subcontracted office work
			Asahi Kasei Amidas Co., Ltd.	-	Personnel placement, agency and training; ISO consulting
			Asahi Kasei Ability Corp.	-	Printing, bookbinding, and office work
			Asahi Research Center Co., Ltd.	-	Information and analysis
			Asahi Kasei Benefits Management Corp.	-	Company housing, recreational facilities
Kanagawa	Kawasaki	Chemicals	Asahi Kasei Corp.	Monomers Prod. Dept.	Methyl methacrylate, cyclohexyl methacrylate, acetonitrile
				Latex Prod. Dept.	Styrene–butadiene latex
				Synthetic Rubber Prod. Dept.	Synthetic rubber, elastomer, utilities (electricity, steam, water)
				Acrylic Plastics Prod. Dept.	Acrylic resin
				Ion Exchange Membranes Prod. Dept.	Ion–exchange membranes
				R&D units	Creation of new high performance materials, R&D for performance products and systems, applied research for plastics and plastic processing
			PS Japan Corp.	R&D Dept.	Polystyrene R&D
		R&D	Asahi Kasei Corp.	Sustainable Polymers Lab.	Development of performance polymer, resin processing technology, application development
		Others	Asahi Kasei Engineering Corp.	-	Design, installation, development, inspection, and maintenance of facilities, development of information systems
	Kawasaki	Others	Asahi Kasei Engineering Corp.	-	Plant, equipment, process engineering, and related work/development
	Atsugi	R&D	Asahi Kasei Corp.	Informatics Initiative	Business support by informatics, promotion of digital transformation
		Homes	Asahi Kasei Jyuko Co., Ltd.	Atsugi Prod. Dept.	Assembly of steel frames and processing of insulation for homes
Shizuoka	Fuji	Chemicals	Asahi Kasei Corp.	Microza Plant	Filtration membranes and modules
				Fuji Power Supply Dept.	Utilities (electricity, steam, water)
		Homes	Asahi Kasei Homes Corp.	Housing Tech. R&D Labs.	R&D to actualize and advance the Long Life Home
		Health Care	Asahi Kasei Pharma Corp.	Fuji Pharmaceuticals Plant	Pharmaceutical intermediates
			Asahi Kasei Medical Co., Ltd.	Bioprocess Div./Product Dev. Dept.	Development of filters and absorbents for separation and purification in manufacture of biopharmaceuticals
		Electronics	Asahi Kasei Corp.	Photoproducts Plant	Liquid photosensitive resin, photosensitive printing plates
				Electronics Materials Plant	Photosensitive polyimide production and development
				Fuji 2nd Plant	Photosensitive dry film, fuel cell materials
				WGF Project	Optical materials and components
				R&D Planning and Business Dev.	Development of products in the Material sector
				UVC Project	Development of UVC LEDs
				Corporate Production Tech.	Design, installation, development, inspection, and maintenance of facilities, development of information systems
				R&D units	Development of products in the Material sector
			Asahi Kasei Epoxy Co., Ltd.	Fuji Plant	Epoxy curing agent
			Asahi Kasei Microdevices Corp.	R&D Ctr.	R&D for compound semiconductors
				Fab 3	Wafers of Hall elements and infrared sensors
		Others	Asahi Kasei Engineering Corp.	-	Design, installation, and development of facilities, development of information systems
			Asahi Kasei Create Co., Ltd.	-	Insurance agency
			Asahi Kasei Amidas Co., Ltd.	-	Training, consulting, personnel placement
			Asahi Kasei Ability Corp.	-	Delivery of mail, guidance for obtaining qualifications and training
			Asahi Kasei Benefits Management Corp.	-	Management of benefits
		R&D	Asahi Kasei Corp.	Analysis & Simulation Ctr.	Analysis and computer simulation
				Energy Solutions Ctr.	Medium to long term R&D, advancement of synergy and creation of new business
				Healthcare R&D Ctr.	Health Care sector R&D (diagnostic reagents, regenerative medicine, etc.)
				Advanced Materials Research Lab.	R&D for technologies and products related to Performance Materials
	Ohito	Health Care	Asahi Kasei Pharma Corp.	Ohito Pharmaceuticals Plant	Pharmaceutical intermediates
				Ohito Diagnostics Plant	Diagnostic enzymes, diagnostic reagent kits
				Pharmaceuticals Research Ctr.	New pharmaceuticals R&D
		Others	Asahi Kasei Benefits Management Corp.	-	Management of benefits
			Toyo Kensa Center Co., Ltd.	-	Measurement, evaluation, analysis, clinical testing
			Asahi Kasei Create Co., Ltd.	-	Insurance agency
Aichi	Miyoshi	Health Care	Asahi Kasei Pharma Corp.	Nagoya Pharmaceuticals Plant	Pharmaceuticals
Gifu	Hozumi	Construction Materials	Asahi Kasei Construction Materials Corp.	Hozumi Plant	Autoclaved aerated concrete panels
			Hozumi Kako Co., Ltd.	-	Construction materials processing
Fukui	Echizen	Fibers	Kyokujitsu Textile Mills Co., Ltd.	-	Woven fabrics
	Fukui	Others	Asahi Kasei Advance Corp.	-	Trading company handling fibers, resins, chemicals, construction materials, etc. of Asahi Kasei
			Asahi Kasei Advance Fukui Corp.	-	Processing of industrial materials and nonwovens
	Awara	Others	Asahi Kasei Advance Corp.	Kanazu Logistics Center	Storage of fiber products

Shiga	Moriyama	Chemicals	Asahi Kasei Corp.	Moriyama Power Supply Dept.	Utilities (electricity, steam, water)
				Hipore Plant	Microporous membrane
				Hipore R&D Dept.	Development of electronic and energy–related materials
			Asahi–Schwebel Co., Ltd.	Moriyama Plant	Glass fabric
		Fibers	Asahi Kasei Corp.	Spunbond Plant	Spunbond
				Roica Plant	Elastic polyurethane filament
				R&D Lab. for Applied Product	Apparel and industrial functional textiles R&D
		Electronics	Asahi Kasei Microdevices Corp.	Electronics Materials Plant Prod.Dept	Photosensitive polyimide
		Others	Asahi Kasei Amidas Co., Ltd.	Moriyama Office	Contract work
			Asahi Kasei Engineering Corp.	-	Design, installation, and development of facilities, development of information systems
	Takashima	Chemicals	Asahi Kasei Corp.	Aibano Branch	Metal cladding
	Higashiomi	Homes	Asahi Kasei Jyuko Co., Ltd.	Shiga Plant	Steel frames, roofing, insulation, opening panels
Mie	Suzuka	Chemicals	Asahi Kasei Corp.	Suzuka Plant	Cling film, plastic foam and film
			Suzuka Sun Business Co., Ltd.	-	Plastic processing
			Sundic Inc.	Mie Plant	Polystyrene sheet
Osaka	Osaka	Chemicals	Asahi Kasei Finechem Co., Ltd.	Osaka Plant	Specialty chemicals
		Others	Asahi Kasei Advance Corp.	-	Trading company handling fibers, resins, chemicals, construction materials, etc. of Asahi Kasei
Hyogo	Ono	Chemicals	Asahi Kasei Pax Corp.	Ono Plant	Molded plastic containers
Okayama	Mizushima	Chemicals	Asahi Kasei Corp.	Monomers Prod. Dept. 1	Cyclohexanol, cyclohexane, cyclohexene, pyrolysis gasoline
				Monomers Prod. Dept. 2	Acrylonitrile, methacrylonitrile, acetonitrile, styrene, polycarbonatediol
				Polymers Prod. Dept. 2	High density polyethylene, low density polyethylene, polyacetal
				Polyolefins Development Dept.	R&D on polyolefins
				Tenac Dev. Dept.	R&D on polyacetal
				Power Supply Dept.	Utilities (electricity, steam, water)
			PS Japan Corp.	Mizushima Plant	Polystyrene
		R&D	Asahi Kasei Corp.	Chemistry & Chemical Process Lab.	Research on chemical processes and functional products
		Others	Asahi Kasei Engineering Corp.	-	Design, installation, development, inspection, and maintenance of facilities, development of information systems
			Asahi Kasei AS Tech Co., Ltd.	-	Processing of polyethylene pipe
Yamaguchi	Iwakuni	Construction Materials	Asahi Kasei Construction Materials Corp.	Iwakuni Plant	Autoclaved aerated concrete panels
			Iwakuni Sun Products Co., Ltd.	-	Construction materials processing
Fukuoka	Chikushino	Chemicals	Asahi Kasei Corp.	Chikushino Plant	Metal cladding
Oita	Oita	Chemicals	Asahi Kasei Corp.	Oita Plant	Defense explosives
			Japan Elastomer Co., Ltd.	Oita Plant	Synthetic rubber, elastomer
		Health Care	Asahi Kasei Medical MT Corp.	Sepacell Plant	Leukocyte reduction filters
				Planova Oita Plant	Virus removal filters
				Dialysis Products Plant	Artificial kidneys and other medical devices
				Therapeutic Apheresis Plant	Therapeutic apheresis devices
Kumamoto	Yatsushiro	Others	Asahi Kasei Advance Corp.	Yatsushiro Chemical Center	Storage of caustic soda
Miyazaki	Nobeoka/ Hyuga	Chemicals	Asahi Kasei Corp.	Core Chemical Prod. Dept.	Manufacture of nitric acid, caustic soda, chlorine, hydrochloric acid, etc.
				Saran™ Materials Prod. Dept.	Manufacture of vinylidene chloride resin and latex
				Electrolysis System Manufacturing Dept.	Development and manufacture of electrolyzers for chlor-alkali, manufacture of polymers for ion-exchange membranes
				Ceolus Plant	Microcrystalline cellulose
				Leona Plastics & Materials Plant	AH salt, adipic acid, hexamethylenediamine, polyamide 66
				Fastening Prod. Planning & Tech. Dept.	Resin anchors
				Hyuga Chemicals Plant	Coating materials
				Hipore Hyuga Plant	Microporous membrane
				Nobeoka Power Supply Dept.	Utilities (electricity, steam, water)
			Asahi Kasei New Port Terminal Co., Ltd.	-	Receiving and storage of fuel and feedstocks
			Nobeoka Plastic Processing Co., Ltd.	-	Polyamide 66 compounding
			Asahi Chemitech Co., Ltd.	-	Resin anchors, detonator housings/leads
			Asahi Kasei NS Energy Corp.	-	Electricity and steam
			Asahi Kasei Hydropower Technoservice Co., Ltd.	-	Operation and facilities management of hydropower plants
			Asahi Kasei Finechem Co., Ltd.	Nobeoka Plant	Specialty chemicals
				Nobeoka Pharmaceuticals Plant	Pharmaceutical intermediates
			Kayaku Japan Co., Ltd.	Tohmi Plant	Industrial explosives
				Detonator Plant	Detonators
		Health Care	Asahi Kasei Medical Co., Ltd.	Medical Tech. and Materials Lab.	R&D for medical materials
			Asahi Kasei Medical MT Corp.	Okatomi Plant	Artificial kidneys and other medical devices
				Planova Plant	Virus removal filters
		Fibers	Asahi Kasei Corp.	Leona Filament Plant	Nylon 66 filament
				Bemberg Plant	Cuprammonium rayon, nonwoven cellulose filament
				Nonwovens Plant	Artificial suede, melt–blown and spunlace nonwovens
				R&D Lab. for Fibers & Textiles Tech.	R&D for new fibers
			Asahi Kasei Fibers Nobeoka Co., Ltd.	-	Cellulosic filament, synthetic nonwovens
			Asahi Kasei Leona Filament Co., Ltd.	-	Nylon 66 filament
			Asahi Cord Co., Ltd.	-	Processing of nylon 66 filament
			Asahiozu Corp.	-	Processing of nonwoven cellulosic filament
		Electronics	Asahi Kasei Microdevices Corp.	Fab 1	Magnetic sensors
			Asahi Kasei Microdevices Corp.	Fab 2	LSIs
			Asahi Kasei Electronics Co., Ltd	Nobeoka Manufacturing	Magnetic sensors
			Asahi Kasei Microsystems Co., Ltd	Nobeoka Manufacturing	LSIs
			Asahi Kasei Technosystem Co., Ltd.	Nobeoka Plant	Plant diagnostic and environmental surveillance devices
			Asahi Kasei EMS Co., Ltd.	Nobeoka Plant	Pellicles
		Others	New Asahi Services Co., Ltd.	-	Insurance agency, cellular phone sales, bowling alley
			Asahi Kasei Engineering Corp.	-	Design, installation, development, inspection, and maintenance of facilities, development of information systems
			Toyo Kensa Center Co., Ltd.	Nobeoka Office	Measurement, evaluation, analysis
			Asahi Kasei Benefits Management Corp.	-	Company housing, recreational facilities
			Asahi Kasei Ability Corp.	-	Printing, bookbinding, and office work
			Asahi Kasei Networks Corp.	-	IT-related business
			Cable Media Waiwai Co., Ltd.	-	Cable TV
			Asahi Kasei Advance Corp.	South Kyushu Office	Sale of pharmaceuticals (reagents)
		R&D	Asahi Kasei Corp.	Fibers & Textiles Tech. Ctr.	R&D for fibers & textiles
	Miyazaki	Others	Asahi Kasei Advance Corp.	Miyazaki Chemical Center	Repackaging sodium hypochlorite and PAC

Note: This table lists plants, laboratories, and subsidiaries. Although ESH & QA activities are implemented in sales offices and other offices not performing production activities, these are not listed here.
"Others" covers services, engineering, and other business categories.

[Overseas]

Regions	Countries/Cities	Business category	Company	Main products/business line
Americas	USA	-	Asahi Kasei America, Inc.	Business support services
			Asahi-Kasei Holdings US,Inc.	Holding company of ZOLL Medical Corporation
		Chemicals	Asahi Kasei Plastics North America, Inc.	Coloring and compounding of performance resin
			Asahi Kasei Plastics America, Inc.	Compounded performance resin operations
			Asahi Kasei Asaclean Americas Inc.	Sale of purging compound
		Electronics	Crystak IS.Inc.	Development of aluminum nitride substrates and UVC LEDs
			AKM Semi Conductor,Inc.	Sale of LSIs
		Homes	Asahi Kasei Homes North America,Inc.	Holding company of housing business
		Health Care	Asahi Kasei Bioprocess America, Inc.	Bioprocess equipment and systems
	Mexico	Chemicals	Asahi Kasei Plastics Mexico S.A. de C.V.	Sale of performance plastic compounds
Asia/ Oceania	Korea	Chemicals	Tongsuh Petrochemical Corp., Ltd.	Acrylonitrile, sodium cyanide, acetonitrile
			Asahi Kasei Chemicals Korea Co., Ltd.	Sale of adipic acid
		Electronics	Asahi Kasei E-materials Korea Inc.	Lithium-ion battery separator
			Asahi Kasei Microdevices Korea Corp.	Electronic devices marketing and technical support
	Taiwan	Fibers	Formosa Asahi Spandex Co., Ltd.	Spandex
		Electronics	Asahi Kasei Wah Lee Hi-Tech Corp.	Photosensitive dry film
			Asahi-Schwebel (Taiwan) Co., Ltd.	Glass fabric
			Asahi Kasei Microdevices Taiwan Corporation	Electronic devices marketing support
			Asahi Kasei EMD Taiwan Corp.	Sale of electronic materials
	Hangzhou	Chemicals	Asahi Kasei Microza (Hangzhou) Co., Ltd.	Industrial filtration membranes and systems
		Fibers	Hangzhou Asahikasei Spandex Co., Ltd.	Spandex
			Hangzhou Asahikasei Textiles Co., Ltd.	Warp-knit spandex textiles
		Health Care	Asahi Kasei Medical (Hangzhou) Co., Ltd.	Hemodialyzers; sale of medical devices
	Guangzhou	Chemicals	Asahi Kasei Plastics (Guangzhou) Co., Ltd.	Sale of performance resin
	Shanghai	-	Asahi Kasei (China) Co., Ltd.	Investment and business support services
		Chemicals	Asahikasei Plastics (Shanghai) Co., Ltd.	Sale of performance resin
			Asahi Kasei Performance Chemicals Corp.	HDI-based polyisocyanate, polycarbonatediol
		Fibers	Asahi Kasei Advance (Shanghai) Co., Ltd.	Processing and sale of fibers and textiles
		Electronics	Asahi Kasei Microdevices (Shanghai) Co., Ltd.	Electronic devices marketing and technical support
		Health Care	Asahi Kasei Bioprocess China (Shanghai)	Promotion of Planova and other bioprocess products
	Changshu	Electronics	Asahi Kasei Electronics Materials (Changshu) Co., Ltd.	Photosensitive dry film
		Chemicals	Asahi Kasei Plastics (Changshu) Co., Ltd.	Processing and sale of synthetic resin
	Suzhou	Chemicals	Asahikasei (Suzhou) Plastics Compound Co., Ltd.	Coloring, compounding, and sale of performance resin
		Electronics	Asahi Kasei Electronics Materials (Suzhou) Co., Ltd.	Photosensitive dry film
	Zhangjiagang	Chemicals	Asahi Kasei POM (Zhangjiagang) Co., Ltd.	Polyacetal
		Health Care	Asahi Kasei Transfusion Technology Co., Ltd.	Medical devices
	Beijing	Health Care	Asahi Kasei Pharma (Beijing) Co., Ltd.	Regulatory affairs and business support in China
	Hong Kong	Chemicals	Asahi Kasei Plastics (Hong Kong) Co., Ltd.	Sale of performance resin
		Fibers	Asahi Kasei Fibers (H.K.) Ltd.	Promotion and marketing of fibers and textiles
	Vietnam	Chemicals	Asahi Kasei Plastics Vietnam Co., Ltd.	Analysis and development of performance plastic parts using CAE technology
		Fibers	Asahi Kasei Advance Vietnam Co., Ltd.	Fiber products
		Fibers	Asahi Kasei Airbag Fabric Vietnam, Co., Ltd.	Fabric for airbags
		Homes	Asahikasei Jyuko Vietnam Corp.	Steel-frame members
	Thailand	Chemicals	PTT Asahi Chemical Co. Ltd.	Acrylonitrile, methyl methacrylate, etc.
			Asahi Kasei Plastics (Thailand) Co., Ltd.	Coloring and compounding of performance resin
		Fibers	Asahi Kasei Spunbond (Thailand) Co., Ltd.	Spunbond nonwovens
			Asahi Kasei Advance Thailand Co., Ltd.	Processed yarn
			Thai Asahi Kasei Spandex. Co., Ltd.	Spandex
	Singapore	Chemicals	Asahi Kasei Synthetic Rubber Singapore Pte. Ltd.	Synthetic rubber
			Asahi Kasei Plastics Singapore Pte. Ltd.	Performance resin
			Polyxylenol Singapore Pte. Ltd.	PPE powder
	India	-	Asahi Kasei India Pvt. Ltd.	Business support services
	Australia	Homes	Asahi Kasei Homes Australia.Pty.	Holding company of McDonald Jones Homes Group
Europe	Sweden	Electronics	Senseair AB	Provision of sensing solutions; development, manufacture, and sale of gas sensor modules
	Germany	-	Asahi Kasei Europe GmbH	Business support services, sale of performance resin
		Fibers	Asahi Kasei Spandex Europe GmbH	Spandex
		Electronics	Asahi Kasei Microdevices Europe GmbH	Electronic devices marketing and technical support
		Health Care	Asahi Kasei Medical Europe GmbH	Sale of medical devices, medical systems
			Asahi Kasei Bioprocess Deutschland	Technical and sales support of bioprocess equipment
	Belgium	Electronics	Asahi Photoproducts (Europe) SA/NV	Sale of photopolymer, printing-plate making systems
		Health Care	Asahi Kasei Bioprocess Europe SA/NV	Sale of virus removal filters
	Italy	Fibers	Asahi Kasei Fibers Italia S.r.l.	Sale of cupro cellulosic fiber and nonwovens
	United Kingdom	Electronics	Asahi Photoproducts (UK) Ltd.	Sale of photopolymer, printing-plate making systems

FY2022 ESH Objectives and Attainment

★★★Complete ★★Satisfactory ★Unsatisfactory

General

FY2022 ESH Objectives	FY2022 Results	Attainment	FY2023 ESH Objectives
Develop human resources specializing in ESH	・Shared consensus on training plan for 2 new graduates in fiscal 2023 ・Established training department and training plan	★★	・Assign to training department in April 2023 ・Understand and follow up (succession plan) on training
Cultivate values of safety	・Executed Company-wide Life Saving Actions (LSA) program ・Related training, LSA program for construction, confirmation of activity results, review of LSA activities penetration	★★	・Awareness survey at overseas sites performing LSA activities Deepen two-way communication between management and workplaces ・Raise awareness by posting examples of LSA activities on website
Build an information sharing system in the event of accident or disaster	・Confirmed communication system with related departments, Regions, Works, and core operating companies, and shared reports with head office ・Established system for responding to media in the event of an emergency	★★	・Establish a communication system in the event of an emergency and conduct reporting drills ・Implement media response training
Supporting improvements at each site (especially domestic independent plants and overseas plants)	・ Assigned local personnel for ESH in China ・ Continued separate audit interviews ・ Participated in the U.S. EHS Council	★★	・Confirm effectiveness of local personnel for ESH in China ・Information exchange at the U.S. Council and safety system support (formulate U.S. version of basic safety code of conduct)

Environmental Protection

FY2022 ESH Objectives	FY2022 Results	Attainment	FY2023 ESH Objectives
・ Maintain zero environmental accidents and serious environmental incidents ・ Zero environmental incidents (air, water quality, etc.)	・ No environmental contamination accidents or serious incidents occurred. ・ Incidents involving water/air quality or similar: 2 ・ Freon leaks: 18	★★	・ Maintain zero environmental accidents and serious environmental incidents ・ Zero environment incidents (air, water quality, etc.)
Reduce industrial waste and promote recycling ・ Identify the current situation regarding waste plastic generation and disposal and promote thermal reduction ・ Waste plastics consigned to landfill: zero	・ Ascertained current amount of plastic waste generated and processed based on the Act on Promotion of Resource Circulation for Plastics ・ Goal unmet with 1.5 tons of waste plastics consigned to landfill	★★	・ Reduce industrial waste and promote recycling ・ Reduce and recycle products and industrial waste containing plastics ・ Reduce emissions by improving intensity levels, etc. ・ Improve recycling rate of products and industrial waste containing plastics
Promote preservation of biodiversity ・ Promote initiatives in line with the next-term National Biodiversity Strategy of Japan	・ Participation in the 30by30 Alliance and demonstration project for certification of sites coexisting with nature ・ Held tree planting and seed watching events as an initiative for employees to get closer to nature with 444MMP awarded	★★★	Promote preservation of biodiversity ・ Promote initiatives in line with the next-term National Biodiversity Strategy of Japan ・Awareness activities for employees on biodiversity

Global Environmental Countermeasures

FY2022 ESH Objectives	FY2022 Results	Attainment	FY2023 ESH Objectives
・ Improve the accuracy of our calculations through third-party assurance ・ Construct new systems and monitor through visualization and use of data ・ Improve the accuracy of our calculations, including with regard to boundaries	・Improved accuracy of emission factors and calculation methods through third-party assurance ・Introduced GHG accounting system GGX to visualize data ・Expanded scope of data collection at overseas offices	★★★	・ Improve the accuracy of our calculations through third-party assurance ・ Promote monitoring and data utilization through the operation of new systems ・ Improve the accuracy of our calculations, including with regard to boundaries
・ Creation and followup of regular reporting under our new system ・ Respond to revisions to the Act on the Rational Use of Energy and the Act on Promotion of Global Warming Countermeasures	・Implemented new reporting system ・Prepared for revisions to the Act on the Rational Use of Energy and the Act on Promotion of Global Warming Countermeasures	★★★	・Promote measures in line with revisions to the Act on the Rational Use of Energy and the Act on Promotion of Global Warming Countermeasures

Process Safety

FY2022 ESH Objectives	FY2022 Results	Attainment	FY2023 ESH Objectives
Maintain a record of zero serious industrial incidents	Serious industrial incidents: none	★★★	Maintain a record of zero serious industrial incidents
Maintain a record of zero industrial incidents	Industrial incidents: 2	★	Maintain a record of zero industrial incidents
Industrial incident intensity of 0.5 or less (average)	Industrial incident intensity: 1.58	★	Industrial incident intensity of 0.5 or less (average)

Workplace Safety and Hygiene

FY2022 ESH Objectives	FY2022 Results	Attainment	FY2023 ESH Objectives
No serious workplace injuries*	Serious workplace injuries: 2	★	Zero deaths/lasting injuries
The numerical targets are as follows, assuming zero serious occupational accidents			The numerical targets for lost time injuries other than the above are as follows
Domestic employees: Achieve rate of lost-worktime injuries of 0.1 or less	Domestic employees: ・The rate of lost-worktime injuries was 0.19	★	Domestic employees: Achieve rate of lost-worktime injuries of 0.1 or less
Achieve severity rate of lost-worktime injuries of 0.005 or less	・The severity rate of lost-worktime injuries was 0.009	★	Achieve severity rate of lost-worktime injuries of 0.005 or less
Overseas employees: Achieve severity rate of lost-worktime injuries of 1.0 or less	Overseas employees: ・The rate of lost-worktime injuries was 1.27	★	Overseas employees: Achieve severity rate of lost-worktime injuries of 0.9 or less

* Accidental deaths and injuries resulting in permanent damage

Environment

The Asahi Kasei Group will contribute to the achievement of a carbon neutral and sustainable world by reducing the environmental impact of our business activities and improving the environment around the world through our businesses.

Environmental Management

We have established a group-wide management system in recognition of environmental initiatives as important management tasks.

Climate Change

We implement measures that deal with climate change by reducing greenhouse gas emissions and developing innovative technologies.

Pollution Prevention and Resource Circulation

We strive to use natural resources and energy efficiently throughout the entire life cycle of our products, as well as achieve resource circulation in society.

Water Resource Preservation

We strive to enhance water use efficiency in our business activities while contributing to the conservation of water resources worldwide.

Biodiversity

We work towards the sustainable use of biological resources in our business activities while taking biodiversity into account.

Environmental Contribution Products

We define products that help improve the environment throughout their entire life cycle as environmental contribution products, and we are making efforts in this area.

Environmental Management

Policy

As expressed in our Group Vision that includes "harmony with the natural environment," the Asahi Kasei Group places high priority on environmental initiatives. The Group Policy regarding global environmental measures is shown below.

The Asahi Kasei Group's Global Environmental Policy

1. Building a low-carbon society

(1) Taking into account Japan's Plan for Global Warming Countermeasures and Nippon Keidanren's "Proposal on Japan's long-term growth strategy under the Paris Agreement," the Asahi Kasei Group aims for greenhouse gas emissions related to its business activities to meet reduction targets by 2030.

(2) The Asahi Kasei Group will promote energy conservation across the full range of our business activities with the aim of preventing global warming and conserving limited resources.

(3) The Asahi Kasei Group will develop a plan to reduce CO^2 (Scope 3) emissions from its supply chain.

(4) The Asahi Kasei Group will help create a low-carbon society incorporating our proprietary technologies, contributing to the reduction of global greenhouse gas emissions by providing products, technologies, and services to the global market.

2. Preserving water resources

The Asahi Kasei Group will contribute to preserving global water resources through our water purification membrane module business, water recycling service business, and the sale of water quality monitoring equipment and wastewater treatment products. It will measure the quantity of its water intake while striving to maintain and improve the efficiency of its water usage.

3. Building a Circular Economy

The Asahi Kasei Group will promote the reduction of environmental impacts and the efficient utilization of resources and energy throughout the entire life cycle in its business activities in order to contribute to a circular economy. Specifically, it will promote the 3Rs of reduction, reuse, and recycling, and increase the usage of resources and energy with lower environmental impacts as well as renewable resources and energy.

4. Achieving harmony with nature

The Asahi Kasei Group will give due consideration to the conservation of natural capital and biodiversity, and promote the reduction of environmental impacts of its business activities. We will also monitor and carefully manage our use of land and biological resources.

5. Improve the level of management at our overseas plants

The Asahi Kasei Group will create monitoring items that enable environmental management practices equivalent to those at its plants in Japan.

6. Collaboration with our supply chain partners

The Asahi Kasei Group will proactively collaborate with members of its supply chain to undertake the abovementioned activities.

Management System

The Group's global environmental countermeasures are part of our activities for ESH & QA, and we have established a management system based on ISO 14001 requirements.
Please see below for our ESH & QA promotion framework.

› Asahi Kasei Group's ESH & QA

Targets and results

Based on the Asahi Kasei Group's Global Environmental Policy, we promote activities with the following indicators and targets. Regarding climate change measures, we have set greenhouse gas reduction targets to be met by fiscal 2030.

Quantitative indicators and targets of global environmental measures

1. Building a low-carbon society

GHG emissions

By 2050, carbon neutral
By 2030, emissions reduction of 30% or more (from fiscal 2013)

Clean power generation

Maintain use of biomass fuel at 60% or more by energy content in mixed combustion at the biomass power plant in Nobeoka.

2. Energy management target

Management target

Improve unit energy consumption by an annual average of at least 1% over a 5-year period.

3. Water resource preservation activity target

Our target is shown in the response to question W8.1a of the CDP Water Security Questionnaire 2023 posted on the Water Resource Preservation page.

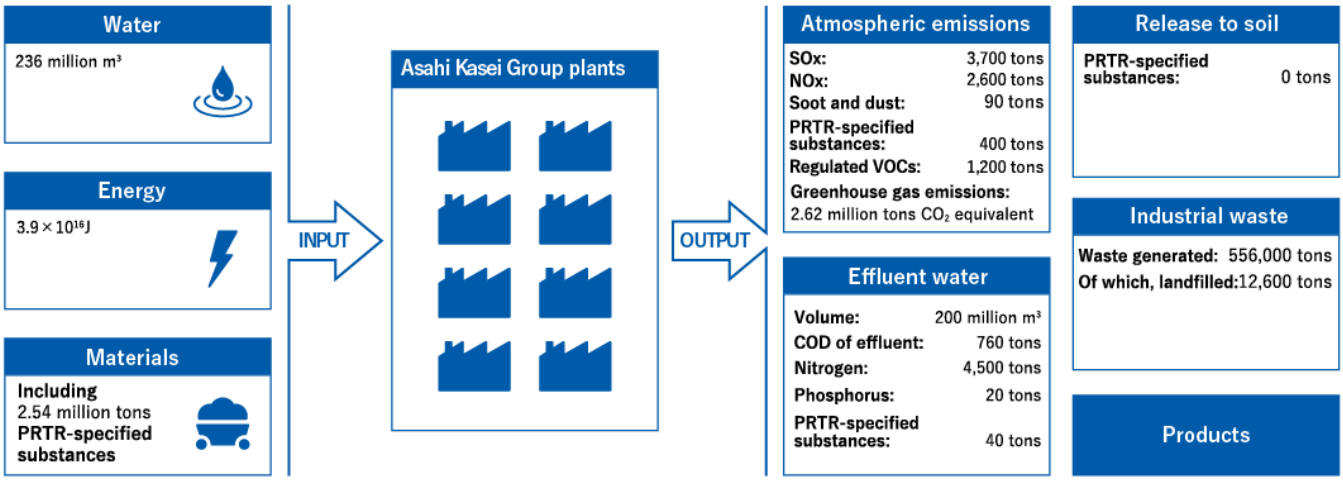
› Click here to read our response concerning CDP Water Security 2023 (216.2KB)

Details of activities and achievements for fiscal 2022 are posted here.

› FY2022 ESH & QA Program Targets and Attainments (44.3KB)

Environmental impacts

The diagram below describes the environmental impacts of business activities at Asahi Kasei Group plants.



Asahi Kasei Group (domestic) Main Environmental Impacts (FY2022)

Notes:

- Energy consumption includes hydroelectric power generation (based on the Energy Saving Act conversion) Energy consumption including overseas consumption is 5.3×10^{16}J.
- The conversion factors for electricity used to calculate energy consumption are 9.97 GJ/MWh for daytime, 9.28 GJ/MWh for nighttime, and 9.76 GJ/MWh for the other.

* Figures with have received independent assurance by KPMG AZSA Sustainability Co.,Ltd. (March 2024 updated)

Violations of Environmental Laws and Regulations, Fines, etc.

There were no violations or fines related to environmental laws and regulations in fiscal 2022.

Climate Change

Responding to Climate Change | Disclosure based on TCFD Recommendations

> Click here to read our response concerning CDP Climate Change 2023 (455.2KB)

Asahi Kasei Group's Carbon Neutrality Policy

In accordance with its Group Mission, the Asahi Kasei Group is committed to contributing to life and living for people around the world. The Asahi Kasei Group has long been aware that climate change is a global issue that will have a significant impact on both the natural environment and society, and we see it as our mission to use the scientific expertise we have cultivated since our founding to deal with this issue leveraging our combined strength.
In May 2021, the Asahi Kasei Group adopted a policy for carbon neutrality.

Greenhouse gas (GHG) emission targets for the Asahi Kasei Group

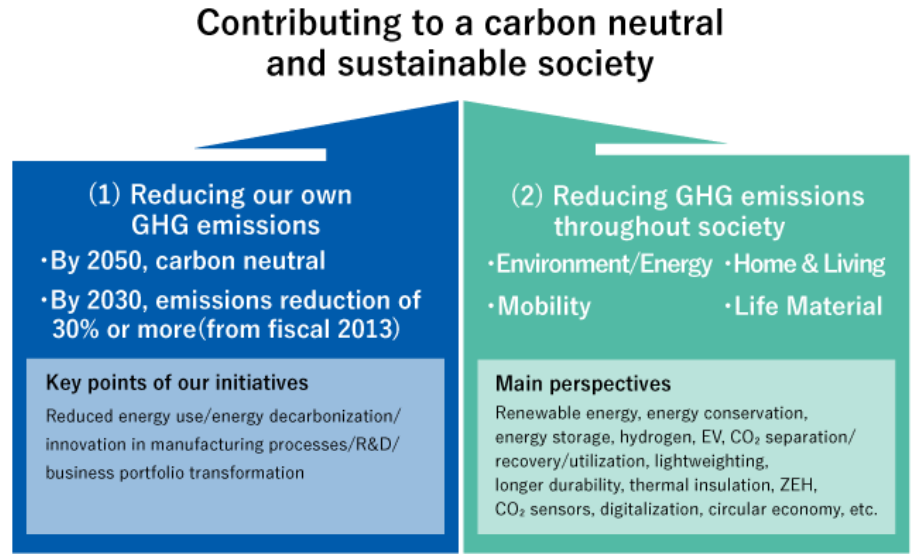
2050： Carbon neutral

2030： Emissions reduction of 30% or more (from fiscal 2013)*

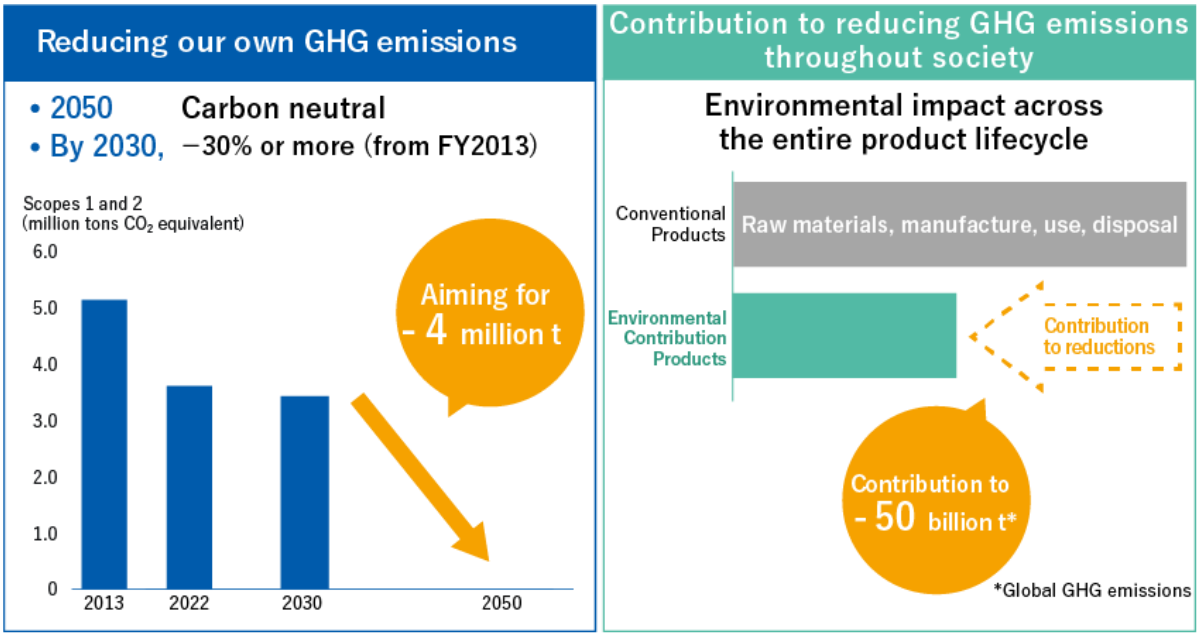
* Scope 1 (direct GHG emissions) and Scope 2 (indirect emissions use of electricity, heat, and steam supplied by other companies), absolute quantity

Initiative Policy

In addition to reducing GHG emissions from our own business activities, we believe that it is also important to help to reduce GHG emissions in society through our diverse array of technologies and businesses to deal with climate change. We launched a Green Solution Project in April 2021 to study creating new businesses for carbon neutrality.
In April 2022, we launched a Carbon Neutrality Project to share and discuss scenario analysis and consolidate efforts to achieve our 2030 GHG emission reduction targets and carbon neutrality by 2050.
Regarding "Care for Earth," we are committed to addressing climate change issues group-wide, both in terms of (1) reducing the amount of GHGs emitted by our own business activities and (2) helping to reduce GHGs throughout society through our businesses and technologies.



Key Points of Effort for Carbon Neutrality



Two Initiatives for GHG Reduction

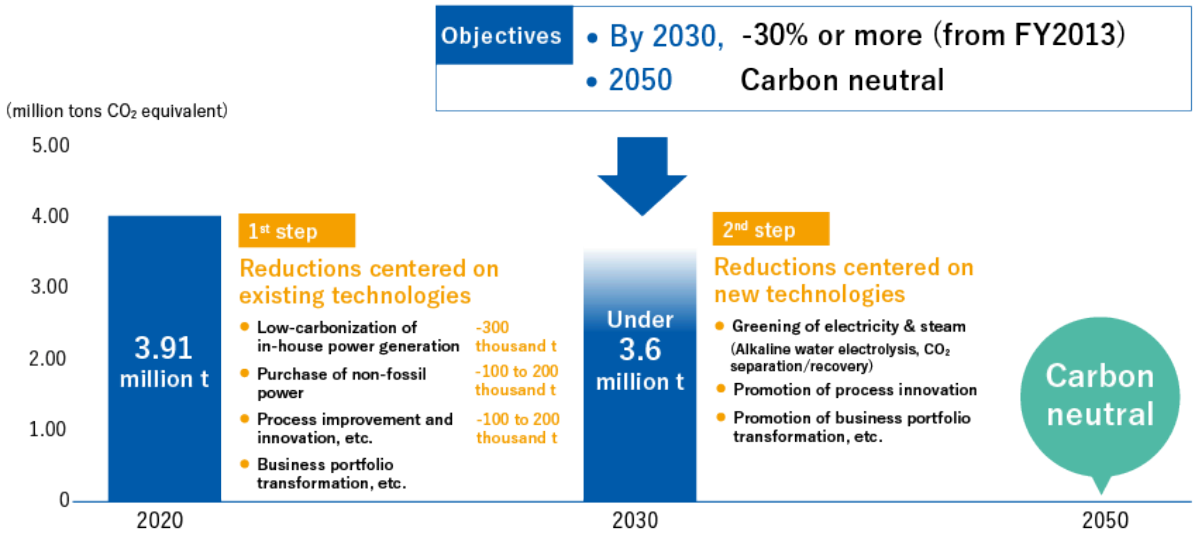
- The Asahi Kasei Group's ESH & QA and Health Management Policy
- The Asahi Kasei Group's Global Environmental Policy

Reducing GHG Emissions

Concrete GHG reduction measures and their projected impacts

We are targeting a reduction in GHG emissions by at least 30% by 2030 as compared to fiscal 2013, with a goal of becoming carbon neutral by 2050. Measures will be advanced as described below.
In the first stage, by 2030 we aim to reduce our GHG emissions by approximately 300 thousand tons by adopting low-carbon methods for in-house power generation, by 100 to 200 thousand tons through the purchase of non-fossil fuel power, and by 100 to 200 thousand tons by curtailing emissions from our manufacturing processes. We will also promote GHG emissions reductions through transformation of our business portfolio, etc.

In the second stage through 2050, we will work toward greening both electricity and steam and the introduction of innovative processes through practical application of technologies developed by Asahi Kasei, such as alkaline water electrolysis and CO_2 separation and recovery. In addition, we will promote further transformation of our business portfolio, etc., and move forward with reductions toward attainment of our objectives.



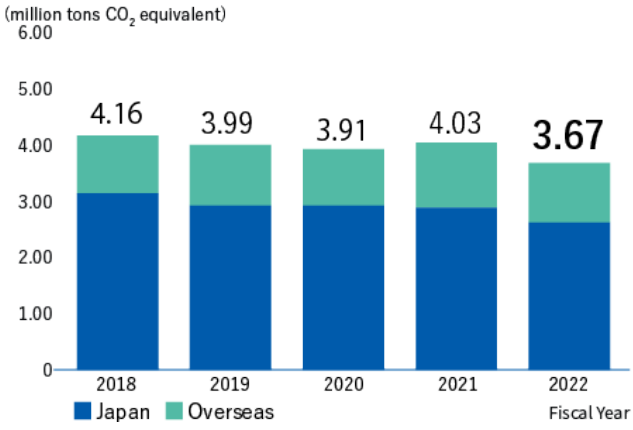
GHG emissions

Scope 1 and 2 GHG emissions

All production sites of Asahi Kasei Corp. and its consolidated subsidiaries under management control are subject to calculation of Scope 1 and Scope 2 GHG emissions of the Asahi Kasei Group, and GHG emissions from generation of electricity and steam sold outside the Asahi Kasei Group are included.

In fiscal 2022, our Scope 1 GHG emissions were 2.83 million tons of CO_2-eq, and Scope 2 GHG emissions were 0.83 million tons of CO_2-eq, bringing the total of Scope 1 and 2 to 3.67 million tons of CO_2-eq. This is a reduction in GHG emissions of approximately 28% compared to the 5.11 million tons of CO_2-eq released in the baseline year of 2013.

* Figures with have received independent assurance by KPMG AZSA Sustainability Co.,Ltd. (March 2024 updated)

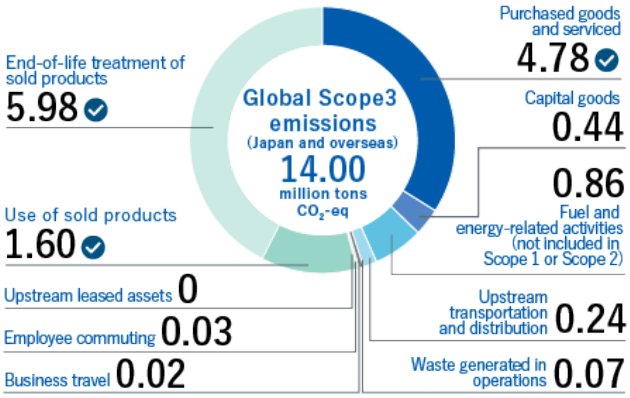


GHG emissions*

*77.7% coverage (company sales included in GHG emissions calculation / total consolidated sales x 100)

- Global greenhouse gas emissions by segment (ESG Data)
- Overseas greenhouse gas emissions by fiscal year (ESG Data)

Global Scope 3 emissions*



Global Scope 3 emissions

* Figures with ✓ have received independent assurance by KPMG AZSA Sustainability Co.,Ltd. (March 2024 updated)

* Scope 3 emissions: Greenhouse gases emitted indirectly by a company throughout its supply chain. The methods for calculating Scope 3 emissions from Category 1, 5, 11 and 12 are described in Environmental data.

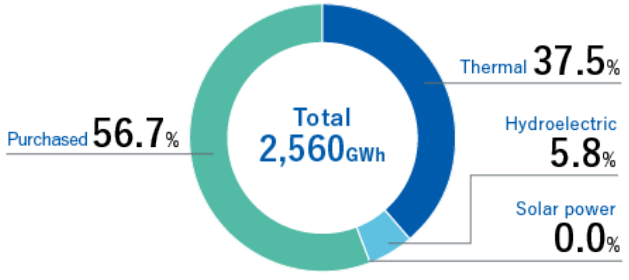
› Scope 3 emissions by fiscal year (ESG Data)

Efforts to Reduce CO_2 Emissions

Renewable energy

The Asahi Kasei Group has 9 hydroelectric power generation plants in the Nobeoka Region, which provided approximately 6% of the total electricity we used both in Japan and overseas. Generation of the equivalent amount of purchasing electricity would result in approximately 60 thousand tons* of CO_2 emissions annually.
We also have a biomass power generation facility.

* Using Japan's Ministry of Economy, Trade and Industry and Ministry of the Environment, Order No. 3 of 434g CO_2/kWh.



Electricity sources, FY2022 (global)

The table below shows the amount of renewable energy purchased and generated.*1

Type of energy	Unit	FY2022
Hydroelectric power generation	MWh	106,289 ✓
Solar power generation	MWh	56 ✓

Type of energy	Unit	FY2022
Biomass-based*2generation	MWh	63,870
Purchased non-fossil certificates	MWh	18,305
Biomass-based*2steam	GJ	348,448

*1 Hydroelectric power generation with no environmental value under the FIT system is excluded from the tally.

*2 The calculation is made by multiplying the amount of electricity and steam generated by the input ratio of biomass fuel in the co-combustion power generation of biomass and coal.

* Figures with have received independent assurance by KPMG AZSA Sustainability Co.,Ltd. (March 2024 updated)

Using Renewable Electricity in the Homes Business

As part of its efforts to address climate change, Asahi Kasei Homes joined the RE100 Initiative in 2019, aiming to achieve sustainable urban living with both decarbonization and resilience.
Asahi Kasei Homes has a target of procuring 100% of the electricity consumed for its business activities from renewable energy sources, and is on track to achieve this in 2025, significantly sooner than the initial outlook of 2038.

- Asahi Kasei Homes Sustainability

Domestic energy saving in logistics

The Asahi Kasei Group promotes environmentally friendly railway shipment.
Product shipments for our operations in Japan amounted to some 1.0 billion ton-kilometers in fiscal 2022—an 5% decrease from fiscal 2021—generating approximately 77 thousand tons of CO_2 emissions—a 9% decrease. In cooperation with the transport firms contracted for shipment, a wide range of measures are employed to reduce energy consumption and alleviate the environmental effects of physical distribution.
We have received Eco-Rail Mark certification in recognition of our preferential shipment of products by rail, an ecological mode of transport which results in lower CO_2 emissions for a given weight and distance than many other means of transportation.

- CO_2 emissions from product shipment (ESG Data)

Domestic promotion of low emission vehicles

The Asahi Kasei Group is phasing in low-pollution vehicles for use in marketing and within plant grounds. In fiscal 2022, some 91% of company-owned vehicles were low-pollution vehicles.

- Low-pollution vehicles (ESG Data)

Asahi Kasei green bond

Please see here for more details.

- Asahi Kasei green bond (218.0KB)
- Annual Reporting (fiscal 2020) (126.3KB)
- Annual Reporting (fiscal 2021) (135.3KB)
- Annual Reporting (fiscal 2022) (130.8KB)

Climate Change

Responding to Climate Change | **Disclosure based on TCFD Recommendations**

Climate Change Initiatives (Disclosure based on TCFD[1] Recommendations)

Awareness surrounding climate change

The IPCC's[2] Sixth Assessment Report, released in March 2023, pointed out that global average temperatures have already risen by 1.1° C since the Industrial Revolution, and that even if all national greenhouse gas (GHG) reduction targets are met, the Paris Agreement's goal of keeping the temperature rise to less than 1.5° C by the end of this century will not be achieved. Against this backdrop, the G7 Ministers' Meeting on Climate, Energy and Environment which was held in April 2023 issued a communique saying, "We underscore our commitment to implementing immediate, short- and medium-term action in this critical decade."
The Asahi Kasei Group recognizes that there is a growing sense of crisis around the world over the progress of global warming, and that policies for adaptation and mitigation are accelerating.

Asahi Kasei's stance

Over the century since our founding, we have developed our business by challenging ourselves in response to the social issues that have changed with the times, transforming ourselves in the process. At this time of great upheaval, when climate change is an issue for the entire social system, we will continue to work toward the goal of a carbon-neutral society by 2050 while transforming our business portfolio and improving productivity through our medium-term management plan for fiscal 2024 focused on the theme "Be a Trailblazer."
Additionally, we will continue to steadily reduce our greenhouse gas emissions (Scopes 1 and 2), and further work to reduce emissions throughout the entire supply chain, including Scope 3 emissions.

[1] TCFD: Task Force on Climate-related Financial Disclosures. TCFD was established and its recommendations were officially announced by the Financial Services Board in 2017.

[2] Intergovernmental Panel on Climate Change

Governance

Asahi Kasei consider green transformation (GX), which focuses on initiatives related to climate change, to be an important management issue, and we are working toward GX by positioning it as one of the core subjects of our management strategy.
Our climate change policy and high priority concerns are deliberated on and determined by the Board of Directors, while specific matters relating to these areas are deliberated on and determined by the Management Council, our decision-making body for business execution.

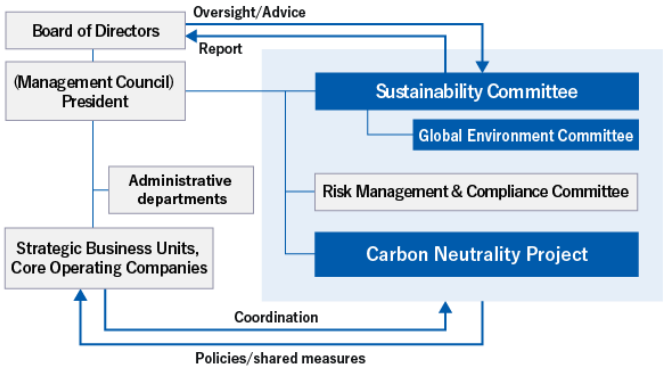
Main deliberations and decisions:

- GHG emissions reduction targets, results, and measures
- Medium-term management plan, progress/results, and measures
- Investment plans (taking point of view regarding GHG emissions into account), etc.

In formulating the medium-term management plan and annual business plans, business units and corporate divisions discuss matters related to GX, including emissions reductions, and after group-wide plans are aggregated, proposals are made to the Management Council and Board of Directors for deliberation and decision-making.

In order to promote these decisions by the Board of Directors and Management Council at a business level, we have a Sustainability Committee chaired by the President, where members of executive management share and discuss issues concerning sustainability, including climate change. Results of Sustainability Committee meetings are reported to the Board of Directors, which discusses topics including appropriate company-wide initiatives.
Additionally, in fiscal 2022, we considered scenarios for achieving our GHG reduction targets within a dedicated project (Carbon Neutrality Project) under the direction of an Executive Officer. In reviewing scenarios, the President, Executive Officer for Corporate Strategy, and others regularly discuss the course of action and work to strengthen initiatives.

In the Materials and Homes sectors, we have established sustainability departments within strategic business units and core operating companies where initiatives are being worked on toward carbon neutrality and a circular economy in collaboration with business units and the Group-wide sustainability department.



Sustainability Committee

- Sharing, discussion, and alignment of all aspects of ESG, including climate change
- Chair: Asahi Kasei President
  Committee members: Executive Officer for Technology Functions, Executive Officer for Business Management Functions, Executive Officers for the 3 business sectors
- Main topics in fiscal 2022: carbon neutrality, circular economy, natural capital, human rights, etc.

Global Environment Committee

- Sharing, discussion, and alignment of all aspects of the E (Environment) of ESG
- Chair: Executive Officer for Technology Functions (Environment & Safety)
  Committee members: Presidents of SBUs, Senior General Manager of the Production Center, Senior General Manager of Corporate Production Technology, Senior General Manager of Corporate Research and Development, and others

Carbon Neutrality Project

- Sharing and discussing 2030 GHG reduction targets, consolidating efforts towards 2050 carbon neutrality, and scenario analysis
- Project oversight: Executive Officer for Carbon Neutrality, Project General Manager

Strategy

Underlying assumptions

While a variety of scenarios can be envisaged, depending on the progress of measures to counter global warming, we have analyzed the following two representative scenarios.

- A scenario in which CO_2 emissions are strictly controlled in order to limit the temperature rise to 1.5° C above pre-industrial levels (WEO: Net Zero Emissions by 2050 Scenario [NZE][3])
  — We consider strengthening of regulations and significant transformation of society and markets as the baseline transition risk scenario
- A scenario in which measures to counter global warming make insufficient progress and temperatures rise by 4° C (IPCC SSP3-7.0[4])
  — We consider extreme weather events and changes to society and ecosystems as the baseline physical risk scenario

With reference to each of these scenarios, we explored impacts on our current business toward 2050, as well as new opportunities.

Note: These analyses are based on a variety of assumptions, and changes to these assumptions may result in actual risks and opportunities differing significantly.

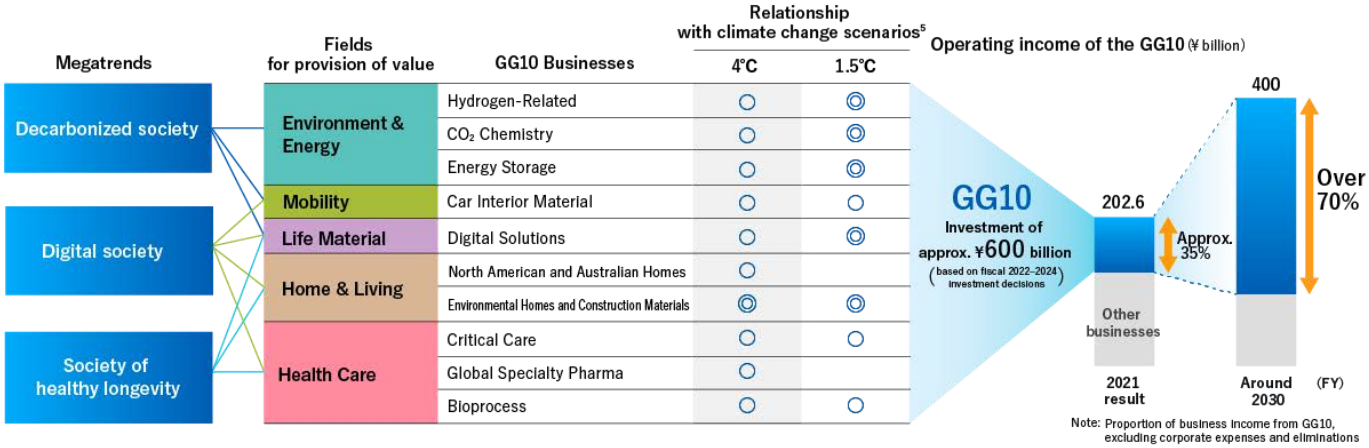
[3] One of the scenarios listen in the International Energy Agency (IEA)'s WEO (World Energy Outlook) 2022. A scenario that will allow us to achieve worldwide net-zero in 2050 in order to limit the temperature increase to 1.5° C by 2100.

[4] One of the scenarios in the sixth report of the Intergovernmental Panel on Climate Change (IPCC). "SSP" stands for "Shared Socioeconomic Pathway" and the SSP3-7.0 is a scenario in which regional rivalry results in climate policies not being adopted, and temperatures rise by up to 4° C in 2100.

Opportunities

Asahi Kasei is working to transform its business portfolio in light of megatrends such as the transition to a carbon-neutral society. Specifically, the medium-term management plan sets out 10 growth-driving businesses, referred to as "10 Growth Gears" (GG10), to which we will focus resources with a target of decision-making for investment of approximately ¥600 billion in these businesses over three years.
In particular, we will focus management resources on hydrogen-related business, battery separators, digital solutions, and critical care. We also plan to invest approximately ¥60 billion over the three years until fiscal 2024 on decarbonization-related areas.
In addition, we have established an investment framework of $100 million over the five-year period from fiscal 2023-27, targeting startup companies in the environmental field, which includes efforts to address climate change. From the perspective of the overall supply chain, we have set a goal of increasing the percentage of sales of products and services (Environmental Contribution Products) that help to reduce the world's GHG emissions, and more than double the amount of GHG reduction contribution by fiscal 2030 compared to fiscal 2020 levels.

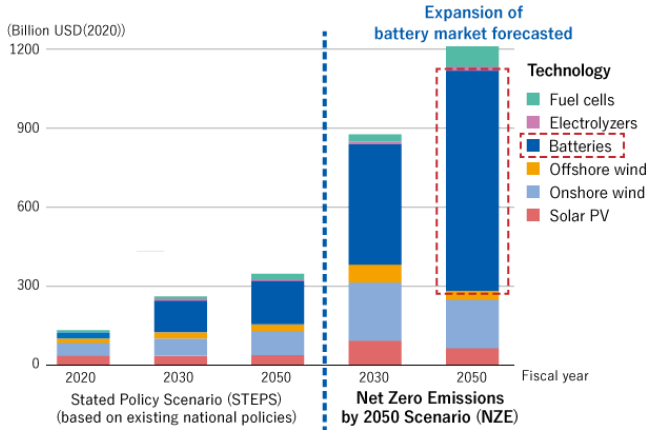
We recognize that the direction of our business development can provide business opportunities with a variety of products and services in climate change mitigation and adaptation.



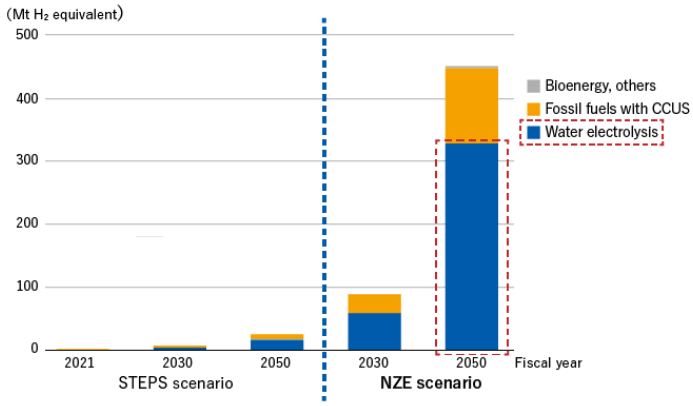
[5] Items judged highly relevant, including those directly addressed in the IPCC's Sixth Assessment Report and the WEO 2022, indicated by double circle: ◎

Items not covered by the above, but estimated to be broadly related indicated by single circle: ○

For example, the battery and hydrogen markets are expected to grow significantly in order to achieve carbon neutrality by 2050. These two areas are among Asahi Kasei's highest priority business fields.



Estimated market size for various clean energy technologies (2020–2050)[6]



Outlook for the low GHG emissions hydrogen production market (2021-2050)[7]

[6] Graphs by Asahi Kasei based on the IEA's World Energy Outlook 2021. Furthermore, according to World Energy Outlook 2022, the demand for batteries in the transportation sector under the NZE scenario will increase over 16 times between 2021 and 2030.

[7] Graphs by Asahi Kasei based on the IEA's World Energy Outlook 2022.

Opportunities			
	Important Changes	Main opportunities	Principal initiatives, Products
+1.5°C scenario	Transition to a carbon-neutral society	・Promotion of the spread of Net Zero Energy Homes (ZEH[8] and ZEH-M[8]) through government policies ・Increasing demand for renewable energy ・Increasing need for energy conservation ・Increasing demand for carbon-neutral products	・Move to carbon-neutral homes and communities through expansion of ZEH-compatible Hebel Haus* and Hebel Maison* ・Move to carbon-neutral energy (Hebel Electric*) ・Energy conservation, process innovation (chlor-alkali electrolysis, Neoma Foam*, etc.) ・Use of biomass in raw materials (basic chemicals derived from bioethanol[9], biomass certified products) ・Chemical products using CO_2 as raw material (polycarbonate, LIB electrolyte components, etc.) ・Development of Environmental Contribution Products ・Promoting decarbonization and enhancing competitiveness by ascertaining the carbon footprint[10] of products
	Spread of electric vehicles (EVs)	・Increase in EV-related demand (Battery components, materials for reducing vehicle weight)	・Development and provision of components/systems for the next-generation mobility society (engineering plastics, electronic components, etc.) ・Strengthening of collaboration with automobile and battery manufacturers (LIB separators, car interior fabrics, etc.)
	Advent of a hydrogen society	・Increased demand for water electrolysis that utilizes renewable energy	・Development and commercialization of green hydrogen production systems (alkaline water electrolysis)
	Transition to a circular economy	・Growing demand for components compatible with a circular economy ・Development of circular economy infrastructure	・Development of material recycling and chemical recycling technologies, promotion of their practical application ・Use of biomass raw materials (basic chemicals derived from bioethanol[9] (2.8MB), biomass-derived polyamide 66) ・Providing long-life homes (Hebel Haus*, Hebel Maison*, remodeling*, used Hebel Haus brokerage*)
	Expansion of the digital market	・Digital solutions for carbon neutrality in society, life, and industry	・Promotion of business in electronic devices, such as current sensors and CO_2 sensors, and semiconductor and substrate-related electronics materials

Opportunities			
	Important Changes	Main opportunities	Principal initiatives, Products
+4° C scenario	Serious storm and flood damage	・Increasing need for disaster-resilient housing	Enhancing resilience of homes and communities, including Hebel Haus* and Hebel Maison*
	Rise in temperature	・Increasing needs for better insulation	・Providing insulation materials and housing with superior insulation (Neoma Foam*, Hebel Haus*, Hebel Maison*, remodeling*)
	Higher incidences of heat stroke and infectious diseases	・Increased demand for existing medicines, new medicines, and the critical care business	・Provision of emergency medicines and medical equipment for infectious diseases and heat stroke

*: Japanese Document

8 ZEH (Net Zero Energy House) and ZEH-M (ZEH-Mansion): Houses and apartment buildings with a net energy consumption of zero or less as a result of advanced insulation and energy saving combined with power generation such as solar

9 Asahi Kasei sustainability briefing materials (January 2023), p. 15

10 A product's GHG emissions from material extraction to production

Risks

Based on these scenarios, we have analyzed the climate change risks to Asahi Kasei from various perspectives.

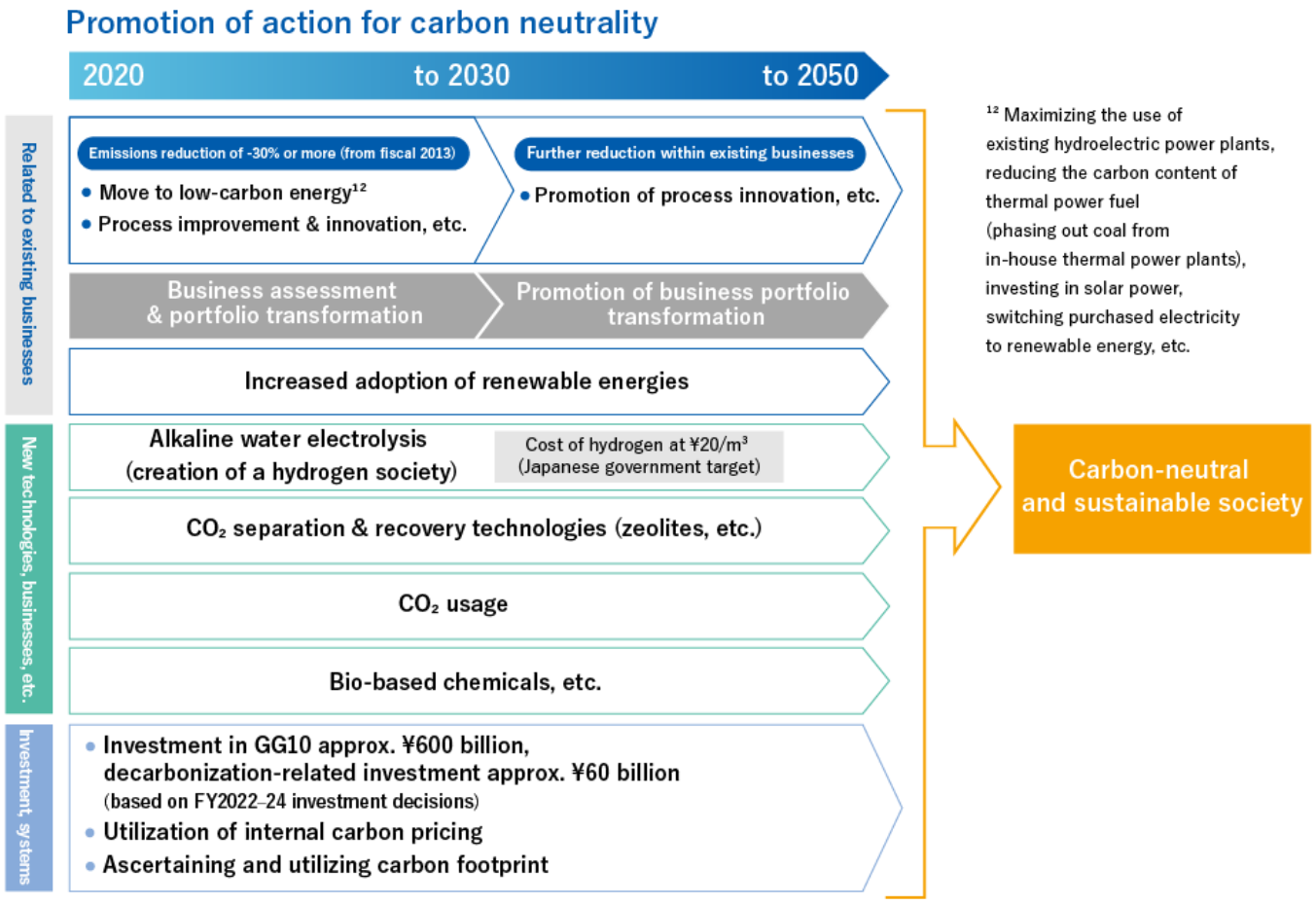
In a scenario in which global temperatures rise by 1.5° C, we primarily anticipate risk in the form of a shift in demand toward materials conducive to carbon neutrality, alongside strengthening of regulations through carbon pricing and other policies aimed at moves toward carbon neutrality. We also anticipate risk in the form of changes in market structures brought about by an accelerating transition to a circular economy and the advent of innovative technologies aimed at carbon neutrality.
In a scenario in which global temperatures rise by 4° C we primarily anticipate physical risks such as intense heat, heavy rain, and flooding. In particular, we perceive damage to production sites caused by the effects of increasingly severe storms and floods and the resultant cost of such damage to be a risk for our major sites in Japan and overseas.

While the above risks vary in their intensity, we view all of them as having the potential to arise amid the climate change to come, and we will continue to pursue risk reduction initiatives.

Risks			
	Important Changes	Main Risks	Principal initiatives
+1.5°C scenario	Transition to a carbon-neutral society	・Cost increases due to more stringent regulations (manufacturing costs, raw material costs) Estimate: Multiplying our current GHG emissions (Scope 1, 2) by carbon costs, equates to approximately ¥55 billion/year[11] ・Changes in materials needs (carbon-neutral needs, required specifications) It is expected that demand for materials with a high carbon footprint will decrease and material needs will change with more widespread use of electric vehicles	Promotion of action for carbon neutrality ・Expansion in utilization of renewable energy, etc. ・More efficient energy use, development and practical application of innovative industrial processes ・Biomass in raw materials ・Accelerating move to carbon-free products by ascertaining carbon footprint ・Review of management resource allocation (including business portfolio transformation)
	Changes in market structures	・Contraction of existing markets due to transition to a circular economy Assuming that the transition to a circular economy will be gradual, with a gradual decline in demand growth for linear economy products ・Contraction of existing markets due to the advance of alternative technologies We are heightening our risk awareness while closely monitoring technological trends.	・Development of material and chemical recycling technologies, promotion of their practical application ・Adoption of biomass feedstock ・Review of management resource allocation (including business portfolio transformation)

Risks			
	Important Changes	Main Risks	Principal initiatives
+4° C scenario	Serious storm and flood damage	"Physical" production risks ・Suspension of production due to plant damage ・Disruption of raw material supply network due to suppliers suffering from disasters We recognize the risk of flooding at major locations based on the status of initiatives, frequency of occurrence, insurance coverage, etc.	・Continuous revision of BCP and reinforcement of preemptive response (review inventory levels, consider switching to multiple suppliers/locations, etc.)
	Rise in temperature	"Human" production risks ・Deterioration of working environment and productivity at construction sites We are primarily aware of the risk of reduced productivity due to intense heat.	・Promotion of heat stroke prevention measures at construction sites ・Promotion of industrialization and utilization of IT in housing construction

[11] Asahi Kasei GHG emissions in 2022 (Scope 1 and 2 preliminary figures): 3.68 million t-CO_2e. When the carbon cost is set at ¥15,000/t-CO_2, with reference to the CO_2 price level in 2030 by NEZ scenario of WEO 2022,etc.



Risk management

Asahi Kasei positions climate change risk as a Material Group Risk, and as such, climate change risk management is a key priority.

As well as understanding GHG emissions results once a year with third-party assurance, the results, together with progress toward our targets, are shared with the Sustainability Committee and its subcommittee the Global Environment Committee with future initiatives discussed and confirmed.

In addition, during the formulation of medium-term management plans and annual reviews, we confirm initiatives to reduce GHG emissions, linking them to business strategies and measures. Related matters are also assessed on a quarterly and monthly basis.

In terms of capital investment, profitability is evaluated and implementation is decided in light of our internal carbon pricing system. Furthermore, in July 2023, we raised our internal carbon pricing from ¥10,000/t-CO_2 to ¥15,000/t-CO_2 in order to further promote actions toward carbon neutrality.

Metrics and goals

Asahi Kasei considers the following metrics to be related to climate change opportunities and risks.

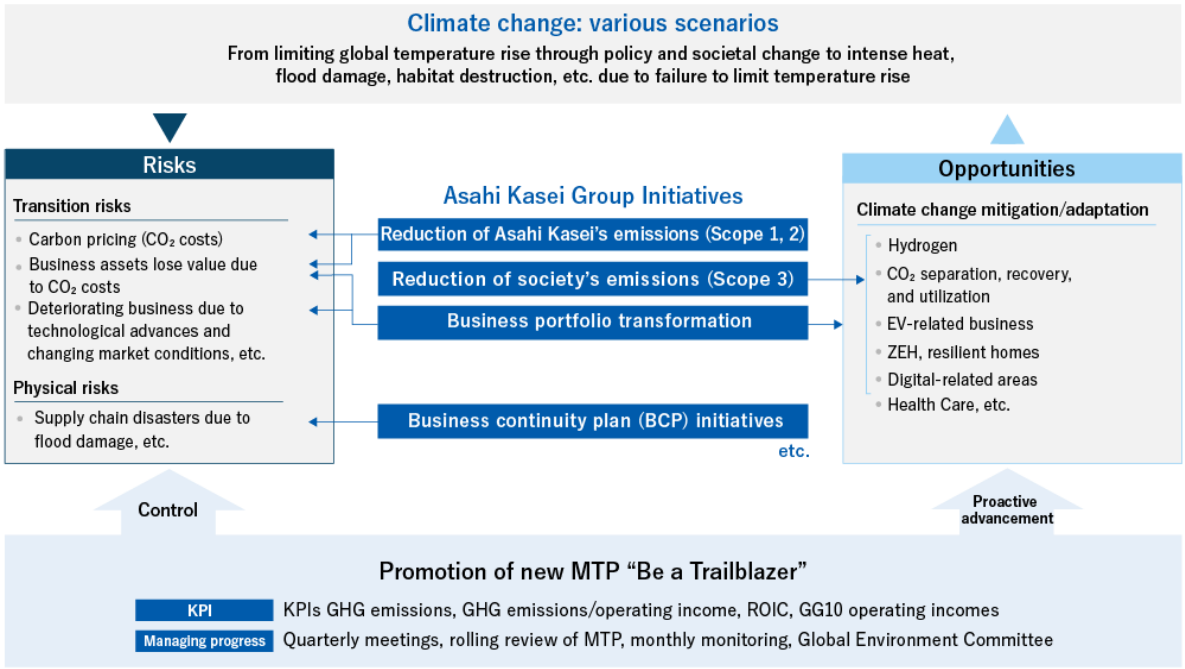
GHG emissions[13]	**Target:** By 2030, reduction of 30% or more (compared to fiscal 2013) By 2050, achieve carbon neutrality
GHG emissions[13]**/operating income**	(Fiscal 2022 result: 2,900 tons CO_2e/¥100 million) Interpreting this metric: a decrease indicates a lower carbon tax risk
ROIC	By around 2030, 10% or more of total operating income (fiscal 2022 results: 4.0%) Interpreting this metric: an increase indicates progress toward becoming a high-earnings enterprise capable of adapting to change
Operating income of the GG10	By around 2030, 70% or more of total operating income (fiscal 2021 results: 35%) Interpreting this metric: indicates expansion of related businesses able to contribute to tackling climate change

Others

Internal carbon pricing	¥15,000//t-CO_2, utilized in our investment decision-making, awards program, etc.
Incorporation of climate change issues into remuneration of executives	Attainment of “promoting sustainability,” including initiatives related to tackling climate change, reflected in performance-linked remuneration

[13] Includes Scope 1 GHG emissions directly linked to Asahi Kasei business activities (our own direct GHG emissions) and Scope 2 emissions (indirect emissions arising from use of electricity, heat, and steam supplied by other companies)
Global greenhouse gas emissions by segment (ESG Data)

Overview of the Asahi Kasei Group's climate change initiatives



Pollution Prevention and Resource Circulation

Policy

Building a circular economy is a major plank of the Asahi Kasei Group's Global Environmental Policy, and we work to efficiently utilize resources and energy and to reduce the environmental burden throughout the entire life cycle in our business activities. In order to contribute to a circular economy, we have worked to reduce industrial waste, reduce the burden of chemical substances, prevent air and water pollution, and use resources effectively.
We are also contributing to the creation of a circular economy to achieve a carbon neutral and sustainable world as part of our focus on Care for Earth, under our Medium-term Management Plan for fiscal 2022–2024 focused on the theme "Be a Trailblazer."

› Sustainability Vision - Asahi Kasei Group Vision > Sustainability with a View Toward 2050

Reduction of industrial waste and promotion of recycling

As well as working to reduce the amount of industrial waste through the 3Rs of reduce, reuse, and recycle, the Asahi Kasei Group is also working on renewables.
The amount of industrial waste generated by the Asahi Kasei Group (domestic and overseas) in fiscal 2022 was 600.9 thousand tons, of which 18.6 thousand tons was specially managed industrial waste. Additionally, the industrial waste recycling rate[1] was 75.2%, and the non-recycling rate[2] was 24.8%. So that we can continue to recycle in the future, we will keep on taking steps to separate waste and search for processing sites where waste can be recycled.
The Asahi Kasei Group has been working toward the goal of zero landfill waste plastic. Because mixed waste could not be separated sufficiently and temporary waste could not be recycled, the amount of waste plastic sent to landfill in fiscal 2022 was 1.5 tons, failing to achieve our target. We will continue to promote recycling initiatives.
Waste containing PCBs[3] is stored under strict control in stainless steel vessels. Plans for disposal are advancing, including for waste with minimal amounts of PCBs. We are systematically identifying and replacing electrical equipment containing PCBs and proceeding with their disposal.
We enhanced our management of off-site treatment of industrial waste by expanding the use of electronic manifests. We also performed periodic on-site inspections of consigned firms to ensure that proper treatment is performed in accordance with sound systems of control.

[1] Recycling rate:Percentage of chemical recycling and material recycling

[2] Non-recycling rate:Percentage of heat recovery, weight reduction, and landfill disposal

[3] PCBs (polychlorinated biphenyls) are persistent and pose a risk to the living environment and human health. Their manufacture and use are essentially prohibited in Japan.

Waste generated (thousand tons)	
Japan	555.7
Overseas	45.2
Total	600.9
Percentage (%)	100.0

On-site

Recycling	
Japan	43.0
Overseas	0.3
Total	43.3
Percentage (%)	7.2

Non-recycling	
Japan	30.5
Overseas	19.3
Total	49.8
Percentage (%)	8.3

Effluent waste	
Japan	482.2
Overseas	25.7
Total	507.9
Percentage (%)	84.5

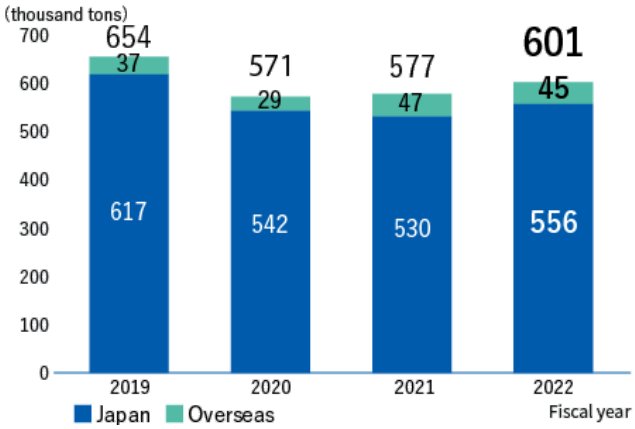
Off-site

Recycling	
Japan	392.0
Overseas	16.5
Total	408.5
Percentage (%)	68.0

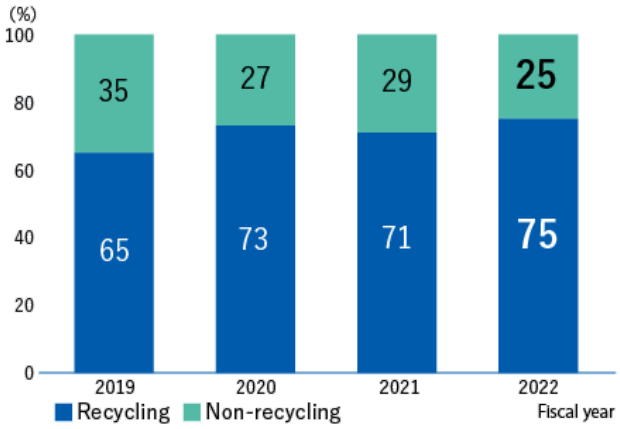
Non-recycling	
Japan	90.3
Overseas	9.2
Total	99.5
Percentage (%)	16.6

Note that sums of individual figures may differ from the totals shown due to rounding.

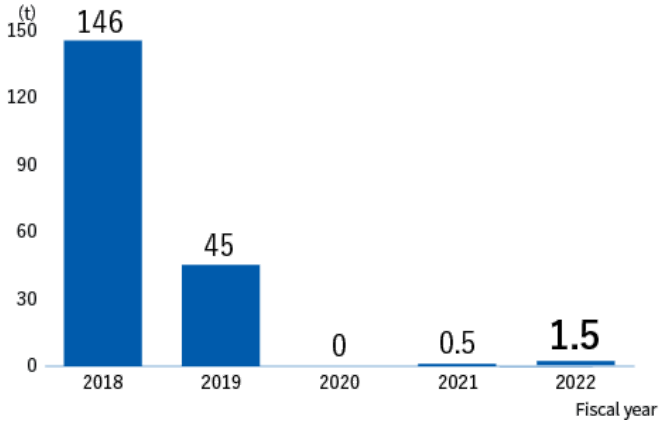
FY2022 flow of industrial waste



Waste generated



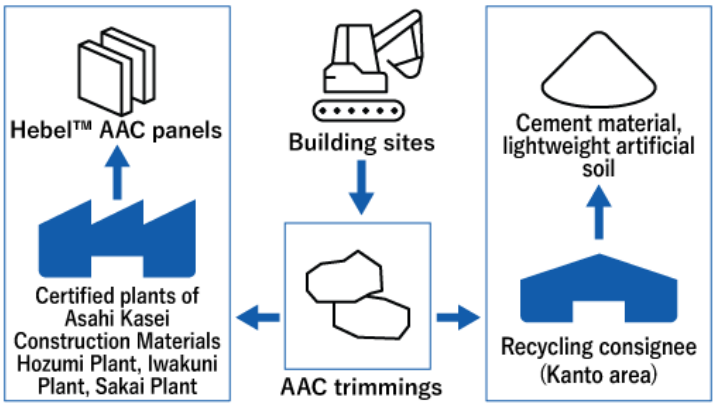
Recycling rate



Landfill volume of plastic waste

Reducing industrial waste from construction materials and housing businesses

Asahi Kasei Construction Materials recycles trimmings of Hebel™ autoclaved aerated concrete (AAC) panels in its own plants and others, utilizing its certification for "wide-area recycling"* which permits the transport of waste from different construction sites. Asahi Kasei Homes is also reducing the volume of waste as well as implementing sorted waste collection at housing construction sites. With these measures, waste for final disposal has been reduced to zero at new construction sites.

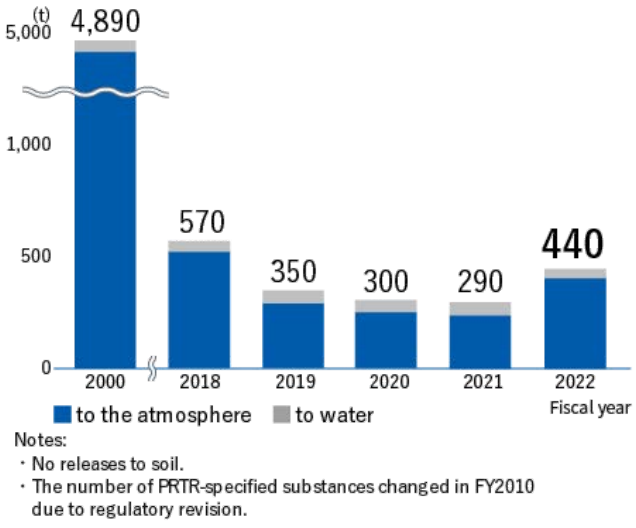


Recycle flow for trimmings of Hebel™ AAC panels

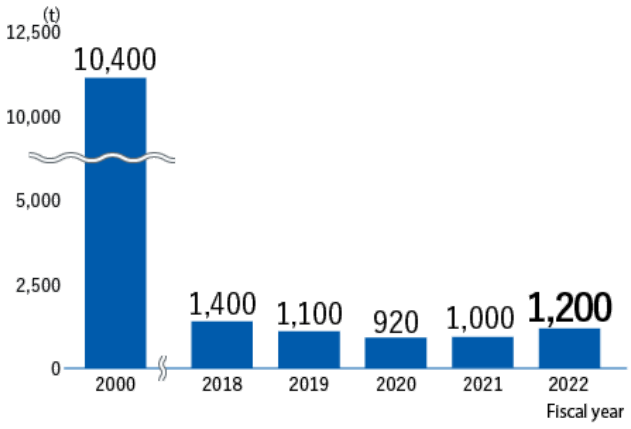
* Certificate for wide-area recycling: For certain parties, who perform recycling in a wide-area, Japan's Minister of the Environment eliminates the need to obtain separate waste transport permits for each local area. The system was established to promote further recycling of industrial waste.

Reducing emissions of chemical substances

The Asahi Kasei Group works to reduce the release of chemicals substances specified in the PRTR[1] Law and other chemical substances which we have voluntarily designated for reduction with priority based on the degree of hazardousness and amount of release. As shown in the graphs below, releases of PRTR-specified substances and VOC[2] emissions were reduced by 91% and 89%, respectively from fiscal 2000. We will continue to enhance control of operation and equipment to prevent any accidental release. From fiscal 2021, the calculated amount of leaked fluorocarbons are aggregated for the Asahi Kasei Group as a whole. The Asahi Kasei Group's calculated amount of leaked fluorocarbons in fiscal 2022 was 1,327 tons of CO_2-equivalent.



Releases of PRTR-specified substances



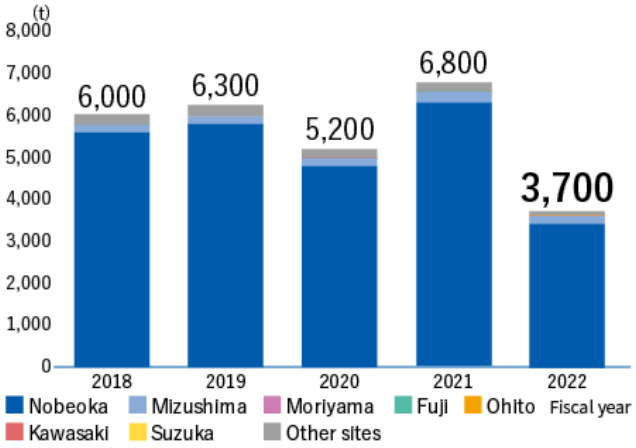
Releases of VOCs

1 PRTR:: Pollutant release and transfer register. Under the PRTR Law, releases to the environment and off-site transfers of specific hazardous chemical substances must be monitored and recorded for each production facility and operating site. Results are reported to the government, which publishes aggregated results.

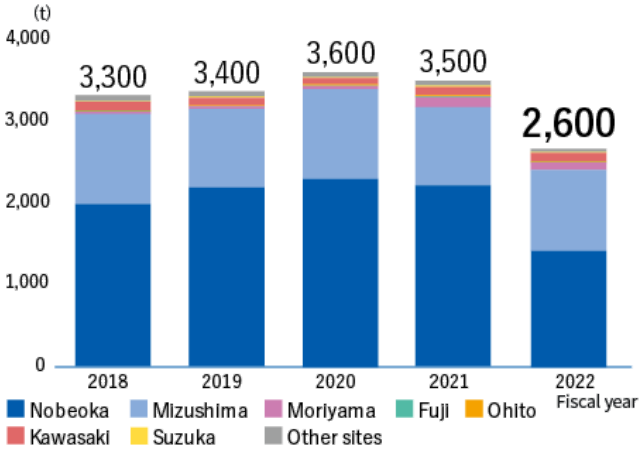
2 VOC:: Volatile organic compound. Although the term generally applies to any organic compound which is in gaseous state at the time of release, regulations for the control of their release exclude methane and some fluorocarbons which do not form oxidants. However, methane and some fluorocarbons are excluded from VOC regulations on the grounds that they do not form oxidants.

Preventing air pollution

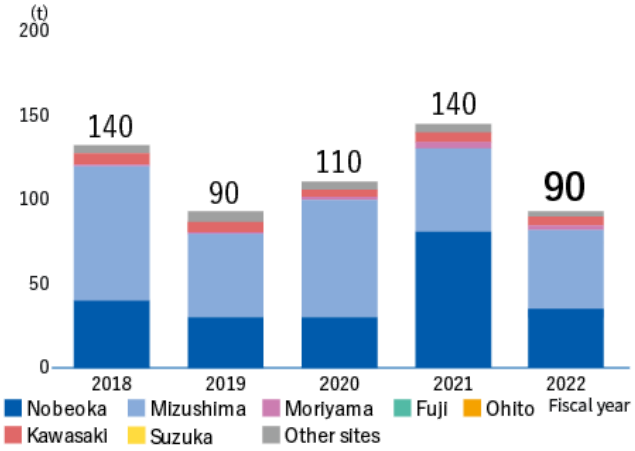
The Asahi Kasei Group works to control emissions and prevent spills in order to avoid the pollution of air, water, soil, and groundwater. Measures to prevent noxious odors include the installation of exhaust gas absorption equipment and increasing the capacity of our wastewater treatment facilities. To prevent soil pollution, we perform tests and take appropriate measures in accordance with the Soil Contamination Countermeasures Act and related regulations. Substances covered by the Air Pollution Control Act are managed within regulatory standards.



SOx emissions



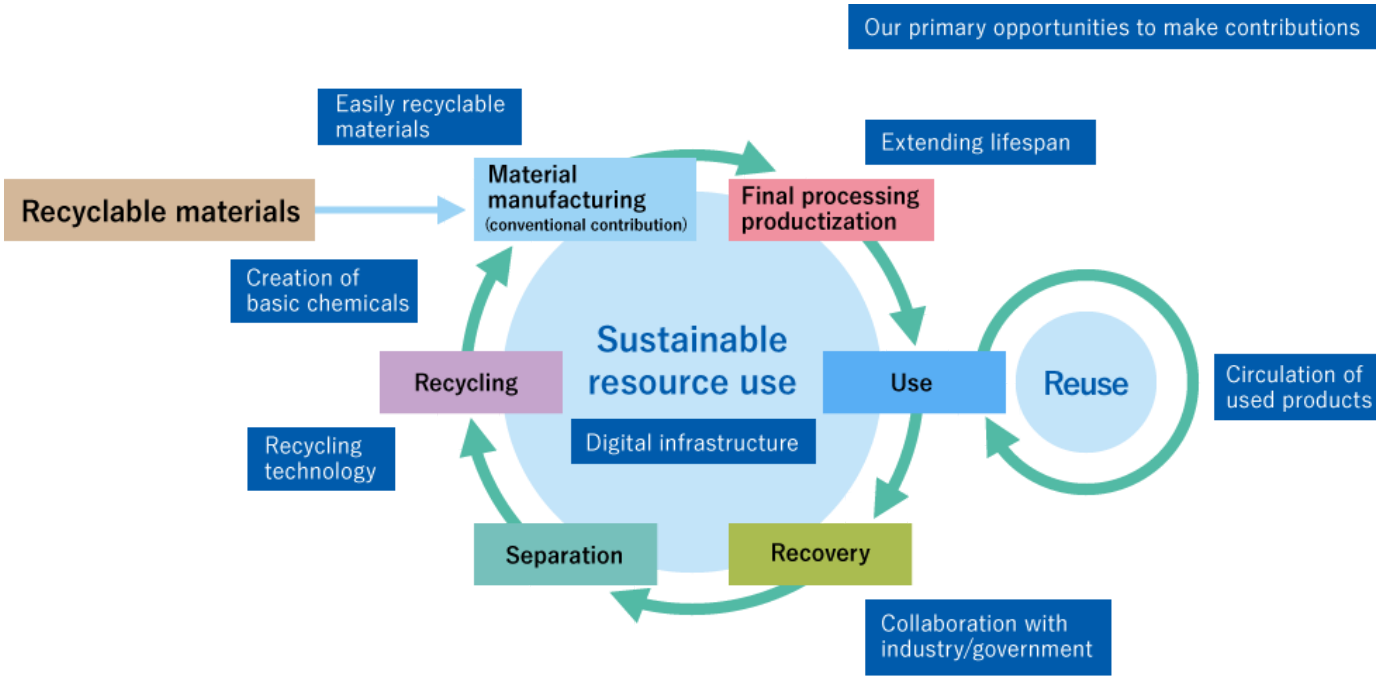
NOx emissions



Soot and dust emissions

Effective resource use

As indicated by the Osaka Blue Ocean Vision at the G20 summit in 2019, the issue of marine plastic waste will require global cooperation to solve. In order to understand how marine microplastics are generated, we are working in collaboration with Kyushu University and participating in awareness-raising activities with industry groups dealing with proper use and disposal of plastics. It is important to make effective use of used plastic resources, so we also promote the 3Rs (Reduce, Reuse, Recycle).

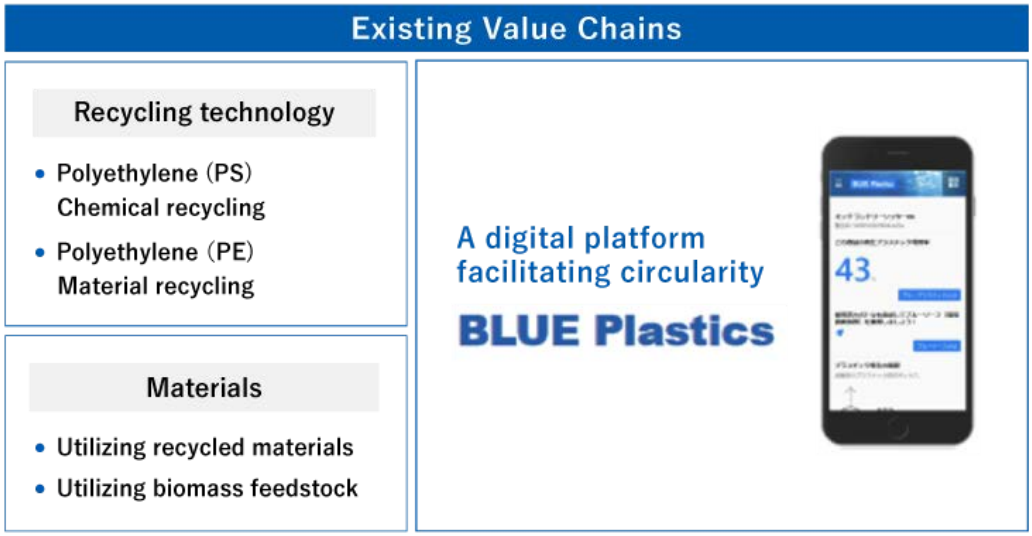


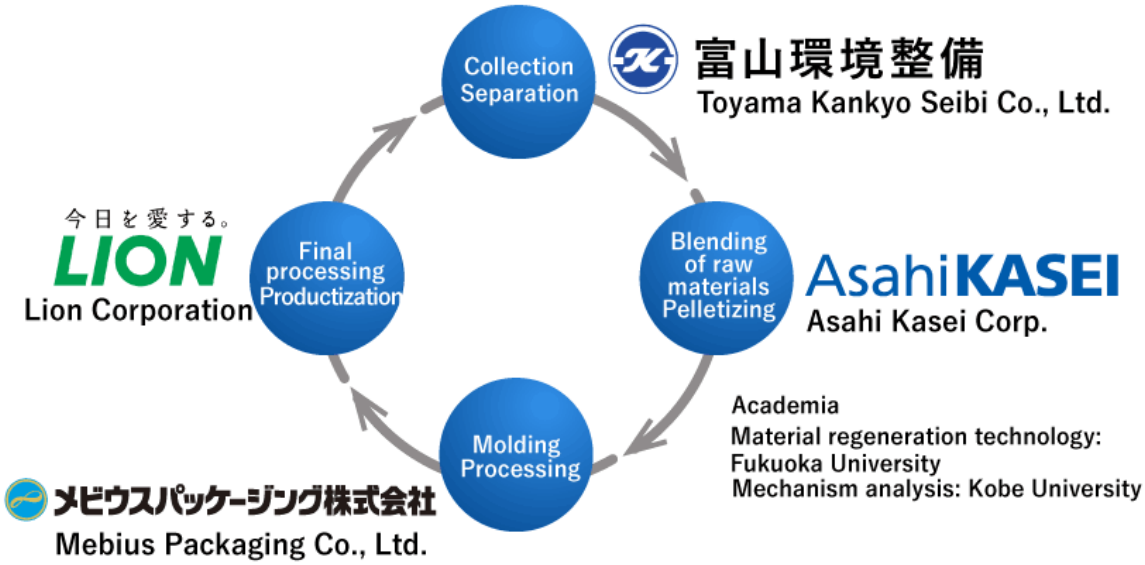
Approach to the Circular Economy

Initiative for Achieving a Circular Economy

Plastics recycling project

As part of our sustainability efforts, which are symbolized by the SDGs (Sustainable Development Goals), we are working with academia and other companies to achieve a circular economy.
For the material recycling of polyethylene, we have launched a plastics recycling project* with the technical support of IBM Japan, Ltd. We are striving to make a circular economy a reality through collaboration with recycling company Toyama Kankyo Seibi; Mebius Packaging Co., Ltd., which specializes in molding and final product processes; and brand owner Lion Corporation.





* Overview of the plastics recycling project

The project was launched by Asahi Kasei Corp. to create a digital platform that promotes resource recycling. IBM Japan will support the construction of the digital platform by utilizing blockchain technology that runs on the IBM Cloud. Blockchain technology is an irreversible database technology that maintains a continuous record of operations, which ensures traceability as it is accessible to all parties involved and cannot be altered. Toyama Kankyo Seibi, Mebius Packaging Co., Ltd., and Lion Corporation, which together specialize in the collection, pelletizing, molding, and conversion of waste into final products, will collaborate using IBM Japan's blockchain technology to accelerate the achievement of a circular economy.

Water Resource Preservation

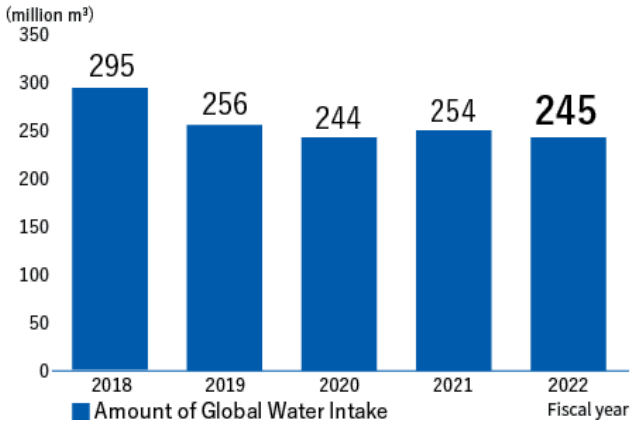
› Click here to read our response concerning CDP Water Security 2023 (216.2KB)

Policy

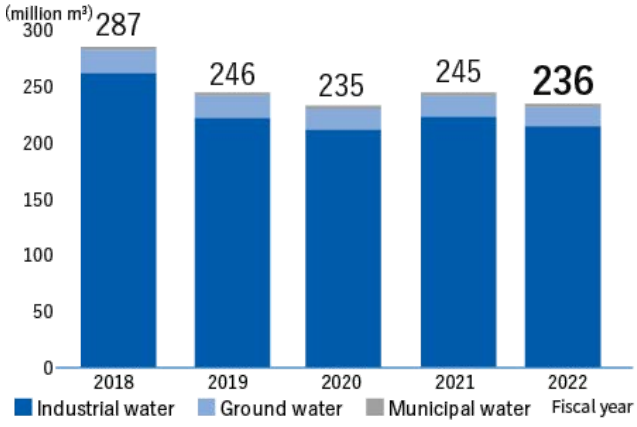
Asahi Kasei Group's business is intrinsically related to water resources. Ensuring their future viability is one of our societal missions and a prerequisite for the continuity of our business. We will contribute to the conservation of water resources around the world through our domestic and overseas filtration membrane module business (water supply, seawater desalination, etc.), the development of sludge reduction products for wastewater treatment, and the expansion of our surface oil detector series. We also have a policy of ascertaining the quantity of our water intake while striving to maintain and improve the efficiency of our water usage.

Reducing water use

The Asahi Kasei Group endeavors to reduce the amount of water used in our plants and to make efficient use of water by recycling it.



Amount of Global Water Intake



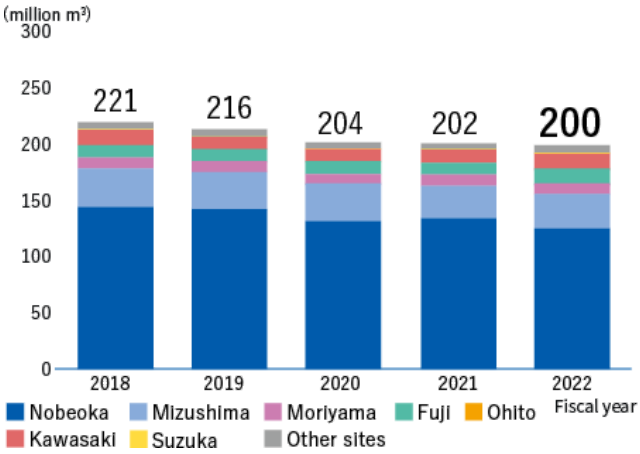
Amount of Water Intake by Source (domestic)

Actions in the Moriyama Area

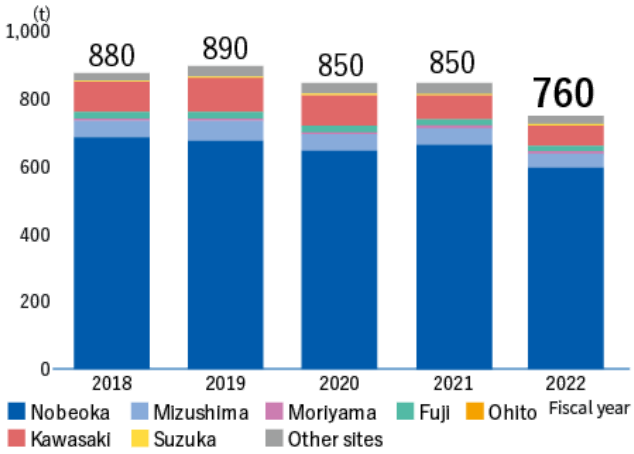
All water used at our Moriyama Works is drawn from groundwater systems. This water is primarily used as a coolant to cool machinery and equipment via heat exchange, but we are also promoting the reuse of the water we draw. The water reuse rate in fiscal 2022 was 2.3 times the amount of water intake. We will continue working to reuse water within our Moriyama Works, from the perspective of long-term water resource security.

Prevention of water pollution

The Asahi Kasei Group is thorough in its water discharge management and leakage countermeasures in order to prevent contamination of bodies of water or groundwater. In addition, as an annual goal for group-wide environmental safety activities, we have set zero instances of leakage as covered by the Water Pollution Prevention Act.
In 2012, we issued our Guidelines on Wastewater Management. In addition to affirming our commitment to wastewater management based on this, we are also working on enhancing the capacity of wastewater treatment facilities and other equipment.
The Asahi Kasei Group sets voluntary management targets for the quality of wastewater from our offices and plants, managing water quality to a higher level than wastewater regulation standards.
In fiscal 2022, there were neither instances of leakage as related to the Water Pollution Prevention Act nor violations or fines related to environmental laws and regulations.



Amount of Wastewater (domestic)



Chemical Oxygen Demand (COD) Load

Asahi Kasei products and technologies for water conservation

Microza™ hollow fiber membrane filtration module

We are a top-tier supplier of water treatment membranes and filtration systems. Microza™ is a hollow fiber membrane we have developed for water treatment. It is used in more than 1,600 water purification plants and wastewater plants worldwide, including in the United States, China, Korea, Singapore, Thailand, Indonesia, and Middle Eastern countries. Singapore's NEWater, Asia's largest wastewater reclamation plant, has continued to use this product since 2007.
Going forward, we will continue to work on global water and environmental issues with the aim of resolving various problems related to water resources.

› Microza™ hollow fiber membrane filtration module

Saran™ Polyvinylidene Chloride Fiber

One important issue in wastewater treatment is reducing the amount of sludge generated, which is directly tied to decreasing its environmental impact. The Asahi Kasei Group conducts research and development into new commercial products that feature a unique technology using microorganism immobilized carrier that flows, making use of the characteristics of Saran™ fiber, which microorganisms inhabit easily.
Existing facilities can adopt these products by making simple improvements like installing screens, without requiring major modifications. This improves processing capabilities and reduces the amount of sludge generated.

› Saran™ fiber on the Asahi Kasei Home Products website

Apolarm™ series environmental monitoring products

Asahi Kasei Technosystem's Apolarm™ Series detects a wide range of oil leaks, including floating oil (oil film and oil layers), sediment oil, and water-soluble oil. We will continue to expand our product line and protect the aquatic environment with oil detection devices for specific applications.

Apolarm C	Oil layers of 3 mm or more trigger a capacitance shift and sound an alarm.
Apolarm M	A non-contact laser detector that can sense minuscule amounts of oil film on the water surface.
Apolarm B	Detects oil and organic solvents that have a greater specific gravity than water, causing them to sink.
Apolarm F	Detects leakage of fluorescent water-soluble oils.

› Apolarm™ Series on the Asahi Kasei Technosystem website

Biodiversity

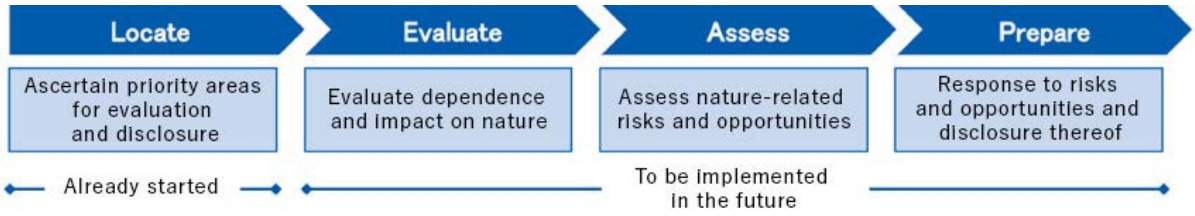
Policy

To ensure the sustainable utilization of living resources, the Asahi Kasei Group gives due consideration to reducing the impact of our business activities on biodiversity, and we have established guidelines for the preservation of biodiversity. Based on these guidelines, we have been working to understand the relationship between our business activities and biodiversity since 2010. In order to promote business activity mindful of biodiversity, we are working to raise awareness among personnel by various means including our ESH education program.

Assessment of nature-related risks and opportunities at Asahi Kasei Group production sites

The Asahi Kasei Group continues to make assessments in accordance with the LEAP approach, a method recommended by the TNFD* for evaluating nature-related risks and opportunities. So far, we have conducted a trial run to identify priority areas during the Locate phase.
We identified location information for major manufacturing sites in Japan and overseas, assessing them in accordance with the five "sensitive locations" as defined by the TNFD: areas important for conservation, areas of high ecosystem integrity; areas of rapid decline in ecosystem integrity; areas of high physical water risks, and areas of importance for ecosystem service provision. During the evaluation, we referred to TNFD's recommended tools such as IBAT, Resource Watch, and ENCORE.
In the future, based on the locations and priorities of each site identified in the "Locate" phase, we will evaluate the reliance and impact of our own business on nature in the "Evaluate" phase, assess the risks and opportunities related to nature in our own business in the "Assess" phase, and consider measures to deal with them in the "Prepare" phase.

* Task Force on Nature-related Financial Disclosures, an international organization established in 2021 to build a framework for corporate risk management and disclosure regarding natural capital, etc.



Certification as a “site in harmony with nature”

Asahi Kasei has joined the 30by30 Biodiversity Alliance[1] which was established by members of interested companies, local governments, and organizations in April 2022 in order to advance initiatives to gain OECM[2] certification for areas safeguarded as company green spaces or under similar designations with the aim of achieving the 30by30 target. Asahi Woods of Life in Fuji City, Shizuoka Prefecture, was certified as a “Site in Harmony with Nature”[3] in the first half of 2023.

[1] The 30by30 Alliance is an initiative to prevent and restore biodiversity losses while effectively preserving 30% or more of the Earth’s land and ocean area as healthy ecosystems by 2030.

[2] Other Effective area-based Conservation Measures is a designation for areas that contribute to conservation of biodiversity outside of protected areas.

[3] Site in Harmony with Nature is a system launched in 2023 by the Ministry of the Environment of Japan to certify areas where biodiversity is conserved with the support of local communities, etc., with 122 sites including the Asahi Woods of Life certified in 35 prefectures around Japan in the first year. Moving forward, certified sites other than those also designated as protected areas are planned to be registered in a global database.

› https://www.asahi-kasei.co.jp/j-koho/press/20231012/index/

Investigation of impact on biodiversity by procurement

Regarding the impact of our business activities on biodiversity when there is a newly used raw material or a change in use of raw materials, we use a survey sheet on the relationship between business operations and biodiversity to examine the country of origin of raw materials, processers and manufacturers, and primary vendors (trading companies, etc.), in order to confirm the absence of any problem.

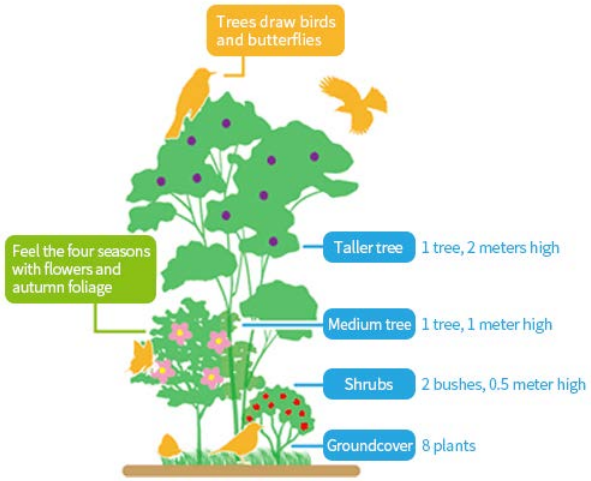
Group-wide activities for biodiversity

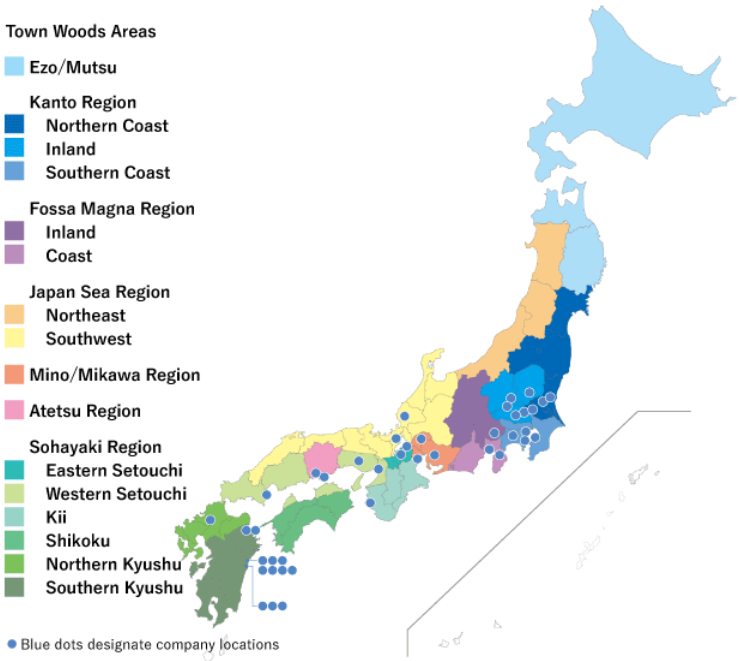
What is the "Town Woods" Program?

We aim to increase value from the perspective of biodiversity while enhancing green spaces at Asahi Kasei Group operating sites in Japan. We will use Town Woods Pots as a tool to heighten understanding and awareness of the value of biodiversity among personnel.

What are Town Woods Pots?

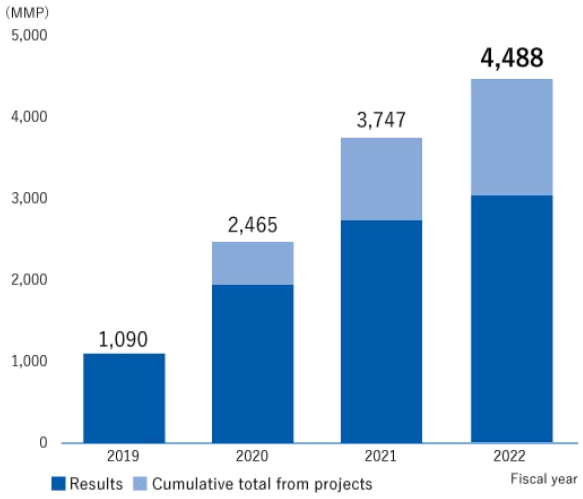
This new way of landscaping by Asahi Kasei Homes combines four layers of vegetation of varying heights: Tall, medium, short, and groundcover. While compact enough to integrate with urban residential areas, they increase the space for other plants and wildlife in artificial environments that otherwise have little greenery. Our Town Woods Program uses the phytosociological method to classify green spaces at operating sites throughout Japan, selecting the most suitable regional vegetation when creating the Town Woods plantings.





Town Woods Project: FY2019–2022 Results

Town Woods Points (Machi-Mori Point: MMP) Initiatives at the Group sites are divided into four stages. Each initiative earns Town Woods Points and the points are aggregated across the group.



Cumulative Total of Town Woods Points

Stage	Example Initiatives
Stage 1: Installation	• Installing the Town Woods Pots • Posting information about the Town Woods Pots • Maintaining them properly so they thrive  
Stage 2: Observation	• Recording trunk thickness and tree height • Photographing and recording information on features like flowering, fruiting, and foliage • Photographing and recording information on the wildlife that visits the Town Woods Pots • Photographing and recording information on naturally occurring vegetation  
Stage 3: Dissemination	• Actively disseminating information including photographs and records of observed plant and animal life both within and outside the workplace (online, bulletin boards, directly communicating with the local community, etc.)  
Stage 4: Development Initiatives in other locations	• Expanding the initiative to other locations • Collaborating with other programs both within and outside the site • (In FY2022, as in FY2021, we refrained from holding the event due to COVID-19)

FY2022 Project: "Town Woods" Nuts and Seeds Watching

In fiscal 2022, we held a limited time project for employees to think about the diversity of plants and the connection between plants and animals by observing the nuts and seeds of trees. The project provided an opportunity for employees to get closer to nearby nature such as green spaces inside the office, areas around our Town Woods Pots, home gardens, neighborhood parks and on the roadside. We split the project into two periods, from September 1 to October 15, and from October 16 to November 30, during which participants submitted their predictions on how the nuts and seeds get transported out of seven different dispersal methods.
The project received 145 submissions (444 MMP) on 98 species of nuts and seeds in 61 families with the most common method of dispersal found to be by animals. Experts explained that among the types of animal dispersal, the common form whereby an animal eats the nut or berry and the tree or plant thereby has its seeds carried away, is beneficial both for the animal and the tree. But the method whereby the seed attaches to the animal's fur or bird's wing, for example, has no benefit for the animal and so animal dispersal can always be seen to favor the tree or plant.

› Town Woods Program News, Issues 13, 14, and 15 (2.4MB)

Notable activities in fiscal 2022

Actions in the Moriyama Area
Ex-situ conservation of smallhead stickleback, an endangered freshwater fish, and joint effort among companies and communities for dragonfly conservation

In Moriyama, we draw groundwater for industrial use in cooling equipment. Its quality is strictly monitored, and it is discharged to nearby rivers after use. A portion of the discharged water from our Moriyama Works is also used for agriculture, which has become vital for local farmers as well as wildlife inhabiting the waterfront areas.
Against this backdrop, and since water is intrinsically related to our business operations, in fiscal 2010 we started initiatives to protect biodiversity with a focus on water resources.
In fiscal 2015, we began ex-situ conservation of smallhead stickleback, an endangered freshwater fish, and in fiscal 2016, we began dragonfly conservation activities in cooperation with companies that have operations located in Shiga Prefecture and local communities. In fiscal 2022, we held an observation session at the "Moribio" biotope for employees and their families for the first time in four years. At the observation event, as participants received explanations and support from experts, they were given an opportunity to learn about biodiversity conservation while they enjoyed catching and observing smallhead stickleback that live in ponds and waterways, and dragonflies that have emerged and marked themselves in the Moribio.
In conjunction with a suspension of operation for maintenance at the Moriyama Works, we drained the conservation pond and carried out a survey on the habitat of the smallhead stickleback, confirming that over 800 individual fish inhabit the biotope. Due to the suspension of operation, the supply of groundwater necessary for the smallhead stickleback's habitat was also halted, so the fish were returned back to their original home in the Kanegamori Residents' Association Conservation Pond. After draining the pond, we once again released 60 smallhead stickleback into the Moribio pond where we continue our conservation activities and monitor their breeding.
In collaboration with companies that have operations located in Shiga Prefecture, we are involved in "Operation Dragonfly 100: Save Shiga's Dragonflies!" (sponsored by Biodiversity Biwako Network). This project involves working with local communities to survey the habitat of the Sympetrum kunckeli variety of dragonfly, which resides in wetlands, and to conserve it using a container biotope. In fiscal 2022, we were able to confirm the spawning, nymph, emergence, and adult stages of the dragonfly. This is proof that the dragonfly that emerged in the container biotope last year have now settled in the Moribio.

A further 15 species of dragonflies from 6 other families have also been found in the Moribio, including the Anaciaeschna martini, a species for which there is little information in Moriyama City, making it clear that the Moribio is an essential place for local biodiversity.
We will continue to work on biodiversity activities through conservation at the Moribio.

Observing wildlife at the Moribio

Smallhead stickleback being returned back to the Kanegamori Residents' Association Conservation Pond

Actions by Asahi Kasei Juko Co., Ltd.
Project to rediscover living with the woods and water in Higashiomi

We are carrying out conservation works at Asahi Kasei Jyuko Co., Ltd.'s Shiga Plant—principally at the "Yuya Hebel Biotope" created on the plant's grounds in June 2017—in aid of the four-spotted skimmer (our "nominated dragonfly"), a keystone species on the Shiga red list and which surveys of dragonflies in the surrounding area show to be at risk of extinction due to habitat degradation in recent years.
In the five years up to May 2021, we have seen that the four-spotted skimmer that have emerged in the "Yuya Hebel Biotope" or that have flown in from outside have been breeding, confirming that they have basically become an established species in the biotope.
In fiscal 2022, we replanted evergreen trees, mainly deciduous trees, from among the seedlings around the biotope in June, and in November, we replanted them in pots, with the aim of establishing a planting system that makes it easy for the four-spotted skimmers that have emerged in the biotope to remain there for a given period.
We plan to grow the seedlings in pots over the next two to three years, and then replant them around the biotope.

A four-spotted skimmer dragonfly that emerged in the biotope

Growing deciduous tree seedlings in pots

Actions in the Suzuka Area

A river known as River No. 19 cuts through the grounds of our Suzuka Works from north to south, and water used in the production line is discharged into this river with strict water-quality monitoring in place. Although the river is narrow, it supports much aquatic life that finds it easy to live there, protected by the old stone embankment. In and around the gaps between the stones on the embankment, you can see plants such as dwarf ambulia growing, crabs thriving, and fish such as the fresh-water sprat and Amur catfish coming and going. On the waterside also, dragonflies, and occasionally birds such as ducks, herons, and egrets, come to take a rest. Previously, many employees have witnessed the soft-shelled turtle mating, and more recently, a baby soft-shelled turtle was found when weeding the area, and we were able to confirm that the parents and baby were living together. Employees look forward to seeing what kind of creatures they may find when walking by the river. In order to maintain the waterside environment of River No. 19, which is home to many aquatic creatures, it is important to ensure the quality of the discharged water is monitored properly. Going forward, we will continue to work to protect the environment so that these aquatic organisms can live safely by not only conducting water quality monitoring in all production departments but also monitoring water quality near the gates where effluence is combined and discharged into the river, and by maintaining the stone embankments.

A couple of ducks spotted recently (on the left is the stone embankment of River No. 19)

Left: The baby turtle that was found (left of the tape measure), Right: The turtle released into the river

Actions in Nobeoka and the Hyuga Area

Since 2007 we have participated in a reforestation program led by Miyazaki prefecture to create forests in cooperation with companies. We planted more than 47 hectares of broad-leaf trees and other trees native to the area, replacing plantations of cedar and cypress. This included 23 hectares in Hinokagecho, 20 hectares in Takachiho, 1 hectare in Gokase, and 3 hectares in Kitakatacho.

In the past, as many as 400 people took part in these tree-planting activities, but because of the pandemic they were put on hold for a while. However, activities were resumed in fiscal 2022 with the number of participants limited to approximately 150 people. In fiscal 2023, approximately 120 people took part and planted 1,500 trees on 1 hectare of land.

Planting trees

Commemorative photo after tree planting session

Please refer to the document below to see Asahi Kasei Homes initiatives.

› Asahi Kasei Homes Group CSR Policy

The Asahi Kasei Group's Environmental Contribution Products

Our Initiatives | Description of Environmental Contribution Products

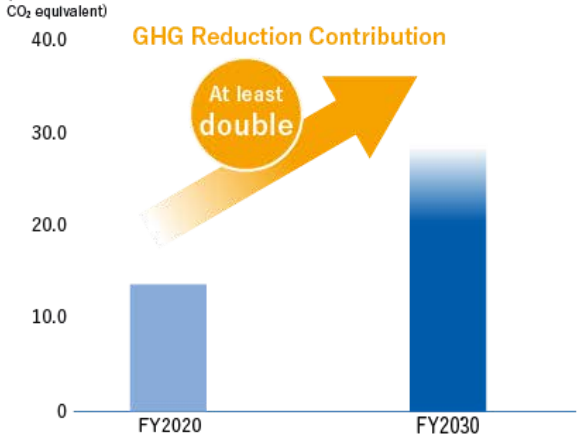
Contribution to reducing greenhouse gas (GHG) emissions throughout society

Alongside aiming to achieve decarbonization and reducing our own GHG emissions, the Asahi Kasei Group works to contribute to reducing GHG emissions throughout society. In order to realize both business growth and environmental contributions, we are working toward the following targets for 2030.

Contribution to reducing GHG emissions and increasing sales through Environmental Contribution Products

Objectives By FY2030
- At least double our GHG Reduction Contribution
- Increase sales of Environmental Contribution Products as a proportion of net sales

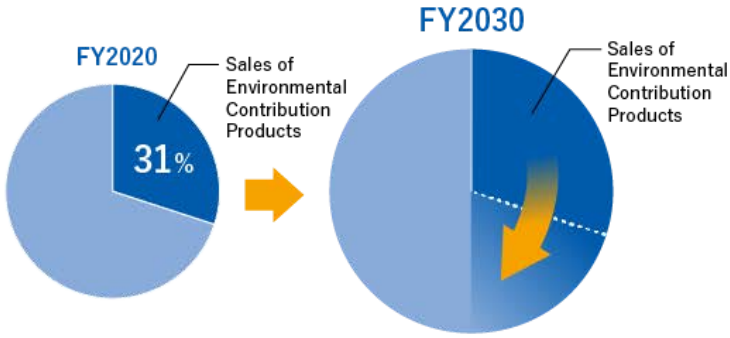
GHG Reduction Contribution of Environmental Contribution Products



* GHG Reduction Contribution is a proprietary calculation by Asahi Kasei from an LCA perspective based on outside expert opinion

■ Target progress (FY2022)
GHG reduction contribution increased by 20% from FY2020

Sales of Environmental Contribution Products as a proportion of net sales (Company-wide sales, excluding Health Care sector*)

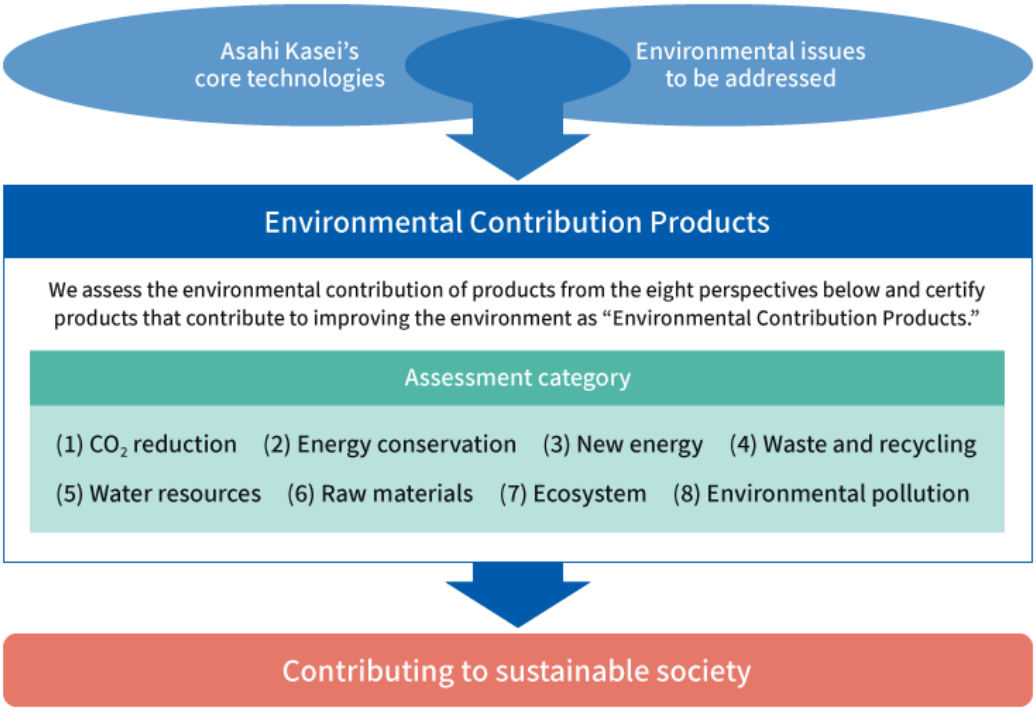


* Our Health Care sector is concerned with pursuing value from our "Care for People" perspective

■ Target progress (FY2022)
32% sales from Environmental Contribution Products

What are Environmental Contribution Products?

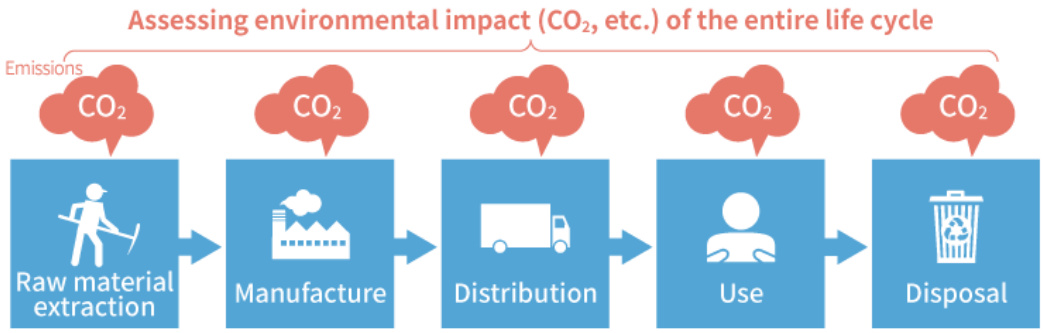
For sustainable society, we believe it is important to develop products and businesses that contribute to reducing the impact of society on the environment in addition to reducing emissions, such as greenhouse gases, at the Group's production sites. The Asahi Kasei Group defines products that contribute to the improvement of the environment over the entire life cycle when compared with products considered to be the standard in the current market and products that contribute to the improvement of the environment when compared with our existing products as Environmental Contribution Products.
Our Environmental Contribution Products are managed under our own Guidelines for Environmental Contribution Products, which were prepared with reference to Guidelines for Assessing the Contribution of Products to Avoided Greenhouse Gas Emissions (The Institute of Life Cycle Assessment, Japan), Guideline for Calculating the Reduction in CO_2 Emissions (Japan Chemical Industry Association), Guideline for Quantifying GHG Emission Reduction Contribution (Ministry of Economy, Trade and Industry), and other reference materials.



In making the abovementioned calculations, we use MiLCA, an LCA software provided by the Sustainable Management Promotion Organization (SuMPO).

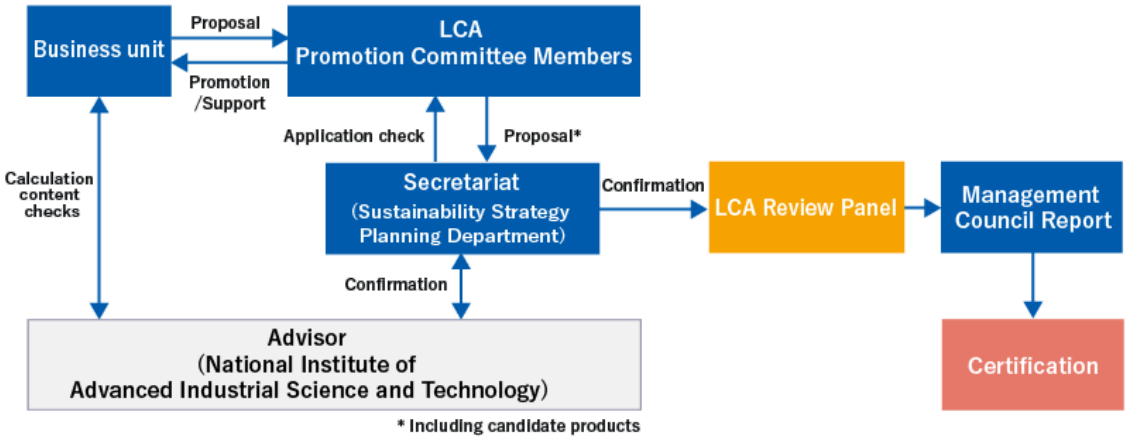
What is Life Cycle Assessment (LCA)?

Although CO_2 is generated during the manufacture of materials and intermediate products in the Asahi Kasei Group, there are also many examples of products which contribute to improving the environment by reducing environmental impact, including CO_2, during use considering the entire product life cycle, such as contributions to energy conservation.
The evaluation of the environmental impact of products over their entire life cycle is Life Cycle Assessment (LCA).



Internal Certification Process

Products proposed by strategic business units and core operating companies are internally certified as Environmental Contribution Products after receiving advice from external experts on the LCA review panel regarding the suitability of the environmental contribution calculation methodology and approach from an LCA perspective.



LCA Review Panel (held on July 4, 2023)

Chair: Atsushi Inaba (Chief Director of Japan Life Cycle Assessment Facilitation Centre (LCAF))

Members: Kensuke Kobayashi (Associate Professor, Prefectural University of Hiroshima)
Keigo Matsuda (Professor, Nagoya University)
Hiroyuki Uchida (Principal, Mizuho Research & Technologies, Ltd.)

A meeting of the LCA Review Panel

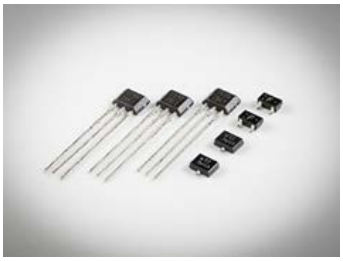
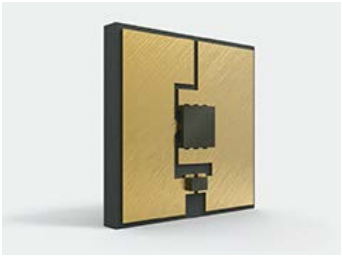
At the LCA Review Panel, Asahi Kasei Group personnel in charge of each product explain the details of environmental contributions and receive comments and advice from outside experts on the suitability of the establishment of baselines and our approach to environmental contribution.

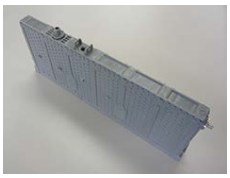
The Asahi Kasei Group's Environmental Contribution Products

Description of Environmental Contribution Products

Contributes to resource and energy conservation at the product use stage

Product name	Reason for certification
Lithium-ion battery (LIB) Separators  › Hipore™  › Celgard™	The separator is one of the four main components (cathode, anode, electrolyte, and separator) that make up the batteries (LIBs) for electric vehicles (EV/HEV/PHEV). As a result of their growing popularity, electric vehicles are contributing to a reduction in CO_2 during driving, compared with gasoline vehicles. Improving the battery performance (extending range and ensuring safety) is essential to the popularization of electric vehicles, and Asahi Kasei's development of separator technology is playing a part in this.
 › Ion-exchange membrane process for chlor-alkali electrolysis	Caustic soda and chlorine are manufactured through the electrolysis of brine. The methods of electrolysis are the mercury process, the diaphragm process, and the ion-exchange membrane process. The ion-exchange process is a method that does not use the harmful materials mercury or asbestos. We are unique in that we manufacture and sell our own ion-exchange membranes, electrolyzers, and electrodes, and our products are widely used around the world. We have engaged in continual development to enable electrolysis using even less electricity, and our latest ion-exchange membrane grade has significantly lowered power consumption (compared with Asahi Kasei products: approximately 2% less than the current grade).
 › CO_2 sensors	This compact, highly accurate, energy-saving gas sensor can detect the concentration of CO_2 in the air. Equipping this product to industrial air-conditioning systems and optimizing the amount of ventilation while monitoring the CO_2 density will contribute to reductions in power consumption for air conditioning.

Product name	Reason for certification
 › Hall elements and Hall ICs (components for home air conditioners)	Fan motors in home air conditioners are increasingly being replaced from non-inverter control to inverter control, which allows more precise control and helps to save energy. Hall elements and Hall ICs are used with the fan motors inside the indoor units and are essential components for realizing inverter control. Our Hall elements and Hall ICs feature high sensitivity and stable temperature characteristics. We have built a stable supply system producing approximately 1 billion units per year which are widely used around the world. With the further spread of inverter control, our Hall elements and Hall ICs can greatly contribute to energy savings and CO_2 reductions.
 › Current sensor (component for large air conditioners)	Asahi Kasei's current sensors generate less heat and can accurately measure large currents. Because of these unique characteristics, they are used in the compressor motors of large air conditioner outdoor units found in commercial facilities and office buildings. Used as an important component for inverter control, the current sensors reduce start-stop loss and enable operation at arbitrary speeds, helping to save energy (lower power consumption) in large air conditioners. In addition, our current sensors can detect both DC and AC currents quickly and with a high degree of accuracy. They greatly contribute not only to the smaller number of installed parts, but also to higher efficiency and improved controllability. And since they generate less heat, it means that outdoor air-con units can be made smaller.
 › UVC LED for water sterilization	The high-output UVC LED, which emits 265 nm deep ultraviolet (UVC), the most effective wavelength for sterilization, is installed in water servers etc. Since UVC LEDs can be instantly turned on and off, it is possible to design equipment that uses power only when sterilization is required, which helps to save energy. Recently, UVC LEDs have been used for air sterilization. In addition, unlike the conventional mercury lamps (UV lamps) used for UV sterilization, these lamps do not use mercury, which is hazardous to the environment.
 › Elastomer for Asphalt Modification	This product is used as an additive for the modified asphalt used in road surfaces. This original elastomer specially designed by Asahi Kasei can improve road durability and decrease the frequency of maintenance and repairs.

Product name	Reason for certification
 › S-SBR synthetic rubber for fuel-efficient tires	S-SBR is used for the tread (the part in contact with the road) on passenger vehicle tires. Based on the development of original technology, it balances low fuel consumption and braking performance of tires at a high level, contributing to the fuel efficiency of automobiles.
Xyron™ lightweight resin  › Electric vehicle battery module materials  › Solar cell connector material	Xyron™, a type of engineering plastic, is an environmentally-friendly material with non-halogen flame retardance and reduction of resin usage due to its low specific gravity. Its properties also include dimensional precision, mechanical strength, and resistance to electrolyte solution. Widely used for electric vehicle battery packs and modules, it has played a major role in the spread of electric vehicles. It is also used in high-voltage photovoltaic systems due to its excellent insulation properties. The number of modules required for high-voltage systems is reduced, which saves resources. Its low specific gravity also contributes to the reduction of CO_2 emissions during transport.
 › ASACLEAN™	ASACLEAN™ is a cleaning agent (purging agent) for use in plastic molding machines. At plastic molding work sites, when switching between production of different colors and resin types, it is necessary to keep the materials flowing to a certain extent, which inevitably results in loss. By using ASACLEAN™ during the production switching process, it is possible to make the switch using about 1/3 to 1/10 the amount compared to not using ASACLEAN, which contributes to conserving resources and reducing CO_2 by decreasing plastic waste.
 › DURANOL™ polycarbonatediol	DURANOL™ is used as a raw material for high-performance polyurethane resin in applications that require durability. The water-dispersible grade developed using our proprietary technology is the world's only polycarbonatediol that can be diluted and dispersed in water without using organic solvents. Using this product allows for more use of water-based paints, etc., which contribute to reducing CO_2 emissions because of less use of organic solvents.

Product name	Reason for certification
 › AWP™ Photosensitive Resin for Printing Plates	This is a printing plate material that does not use VOC (volatile organic compound; a cause of worsening air quality) solvents during the development process. Moreover, simplifying the drying process contributes to reduced CO_2 emissions by lowering energy consumption. Printing losses can also be reduced due to excellent printing quality and high productivity during printing, thereby contributing to a reduction in CO_2 emissions.
 Hebel Haus™  Hebel Maison™	Long Life Homes and Net Zero Energy Houses: Compared with regular housing, our homes contribute to reduction of CO_2 during manufacture of all components and construction by meeting the standards for Net Zero Energy Houses, which balance household energy usage at zero or lower through power generation, advanced insulation, and energy conservation, and providing Long Life Home products with a basic structural life of at least 60 years.
 Neoma Foam™ Insulation Material	This is a high-level insulating material, providing high insulation and maintaining its insulating properties for long periods of time. In addition, this insulation material reduces environmental impacts in a variety of ways, such as by being the first in the industry to succeed in not using any CFC or CFC substitutes as foaming gases.

Resource and energy conservation at the product production stage

Product name	Reason for certification
 › Polycarbonate Production Process Using CO_2 as a Raw Material	This is a process using CO_2 as one of its raw materials to produce polycarbonate. We license a technology for this manufacturing process. This process utilizes CO_2 released into the atmosphere by other plants as a raw material, thereby contributing to reducing CO_2. The product, polycarbonate, is used for automobile headlight covers; materials for carport roofs; helmets; water bottles; and substrate layers for CDs, DVDs, and BDs; as well as exterior materials and other components for electric and electronic devices in the form of an ABS-PBT alloy. Ethylene glycol—used as a raw material for polyester fibers, PET resins, and antifreeze—is a secondary product of this process. A further strength of the process is that it manufactures its product without the use of solvents and with no inputs other than its raw materials, avoiding the environmental impacts associated with processing used solvents.

Product name	Reason for certification
 › Dimethyl Carbonate Production Process Using CO_2 as a Raw Material	This is a process using CO_2 as one of its raw materials to produce dimethyl carbonate. We license a technology for this manufacturing process. This process utilizes CO_2 released into the atmosphere by other plants as a raw material, thereby contributing to reducing CO_2. Demand is rising sharply for the product, dimethyl carbonate, as a raw material for polycarbonate and the electrolytes in lithium-ion batteries (LIB) for electric vehicles (EVs) and other products. Ethylene glycol—used as a raw material for polyester fibers, PET resins, and antifreeze—is a secondary product of this process.
Manufacturing process for Acrylonitrile  	Acrylonitrile, which is the raw material for carbon fiber, ABS resin, and acrylic fiber, is manufactured by making propylene react with ammonia. We have continually developed catalysts that assist reactions in order to enable efficient manufacture of acrylonitrile from less raw materials. As compared to production processes using other, ordinary catalysts (in the model case), production processes using our catalysts have a low environmental impact due to the fact that these processes can (1) reduce raw material consumption, (2) reduce emissions of by-products, particularly CO_2, and (3) lower CO_2 emissions associated with waste processing.
Cyclohexanol Production Process 	This production process produces cyclohexanol, an intermediate material for nylon and other chemical products, through the cyclohexane process, which Asahi Kasei were the first in the world to develop. The cyclohexene process is notable in that it generates virtually no waste and has a carbon yield of nearly 100%. Compared to conventional methods, this method uses fewer raw materials and generates less CO_2 in waste treatments, which reduces the impact on the environment.
Adipic Acid Production Process 	This process produces adipic acid, a raw material for plasticizers for polyurethane and resins. The Asahi Kasei adipic acid production process, which uses cyclohexanol produced by our cyclohexane process as a raw material, efficiently breaks down the nitrous oxide (N_2O) produced by the production process and reduces GHG emissions, thereby contributing to reducing environmental impacts.
 Dinamica™ artificial suede	Dinamica™ is an artificial suede with a 3-layer structure produced with Asahi Kasei's proprietary manufacturing process. Having excellent texture and versatile design, it is actively being marketed both in Japan and overseas in various applications such as automotive interiors, furniture, IT accessories, clothing, and industrial materials. Dinamica™ contributes to reducing GHG emissions in two ways: 1) by increasing the usage rate of recycled polyester material, and 2) by using water-based polyurethane.

Product name	Reason for certification
 › Ecoloop™ OPS film	Ecoloop™ OPS film is used in the window film of envelopes, and has gained more than 50% of the market for windowed envelopes. Ecoloop™ uses more than 50% recycled material (recycled waste biaxially oriented polystyrene sheets) and has received Eco Mark (Japanese ecolabel) certification. This reduces the amount of virgin resin used and contributes to reducing CO_2 emissions during manufacturing.

Other Environmental Contribution Products

■Contributes to resource and energy conservation for customers

- Microza™ water filtration modules

Society

The Asahi Kasei Group aims to be a corporate entity that contributes to sustainable society in harmony with the community by taking social issues into consideration and striving for fair information disclosure.

Quality Assurance

We deliver safe and reliable products and services to our customers and strive for genuine communication with them.

CSR Procurement

We work to promote CSR in partnership with our suppliers through fair and transparent business activities that take account of environmental issues and human rights.

Human Resources

We respect each and every employee and aim to create a rewarding and vibrant workplace.

Human Rights

We respect the human rights of all people involved in the business activities of the Asahi Kasei Group, and encourage each and every one of them to achieve their full potential.

Health & Productivity Management and Occupational Health & Safety

We engage in diverse activities based on an occupational safety management system to achieve employee health and safety in the workplace.

Process Safety

We continually make voluntary efforts to ensure operational safety in accordance with our Basic Policy on Safe Operation.

Social Activities

We aim to contribute to community development through proactive communication with everyone in the local community and a diverse community fellowship program all around Japan.

Quality Assurance

Policy

Products and services provided by the Asahi Kasei Group internally and externally include materials, products, installations, various services, and after-sales support. We believe that providing safe and reliable products and services that satisfy our customers is our ultimate mission.
In 2016, we established the Asahi Kasei Group Quality Policy and Group Quality Assurance Bylaws. Based on these, we promote quality assurance to provide products and services that satisfy our customers and society.
As we enter an era of coexistence with the coronavirus and the post-coronavirus era, we have changed the Asahi Kasei Group Quality Policy on August 1, 2020, to reflect our strong awareness of the need to regard discontinuous and irreversible structural changes as opportunities for reform and to act on our own initiative.

Asahi Kasei Group Quality Policy

The Asahi Kasei Group flexibly anticipates the constantly changing needs of customers and society to create and provide products and services with quality that ensures safety and security.

Management Framework

In April 2019, we appointed a dedicated Executive Officer for Quality Assurance to further reinforce the management framework.
The Corporate Quality Ensurance department of Asahi Kasei Corporation oversees and coordinates Group-wide quality assurance activities.
Corporate Quality Ensurance consists of three groups: the Quality Ensurance Group, which supports the enhancement of each internal organization’s quality assurance activities; the Product Safety Group, which functions to ensure our product safety as a comprehensive chemical manufacturer; and the Quality Ensurance Planning Group, which proposes new plans and provides smooth connections between internal and external organizations. Corporate Quality Ensurance performs a head-office function as a hub for the Group's quality assurance framework and strives every day to reinforce quality assurance activities throughout the Asahi Kasei Group to deliver safe and reliable products and services to our customers and society.
Corporate Quality Ensurance prepares a Monthly Quality Assurance Report, based on which the Executive for ESH & QA and the Executive for Quality Assurance hold monthly quality assurance meetings to discuss information related to quality assurance.

Each core operating company and strategic business unit within the Group performs quality assurance in accordance with the products and services provided in each business area in conformity with uniform Group guidelines and bylaws.
The Group Quality Assurance Bylaws stipulate quality assurance activities for ESH & QA Administrators, such as the Presidents of the core operating companies and strategic business units, to lead. The bylaws also define the designation and roles of Quality Assurance Managers who play a central role in activities to enhance quality assurance. The Quality Assurance Managers' Conference is held four times a year to transmit and share information among the entire Asahi Kasei Group regarding quality assurance activities. In addition, from fiscal 2019, we have started to provide an opportunity for the Executive Officer for Quality Assurance and the Senior General Manager of Corporate Quality Assurance to meet directly with ESH & QA Administrators, Quality Assurance Managers, and others to discuss the enhancement of quality assurance and for frank exchange of opinions and sharing of ideas through face-to-face meetings, thereby creating an environment that enables us to build a reliable quality assurance system.

Diagram of quality assurance framework

Quality Assurance Meeting (held each month):

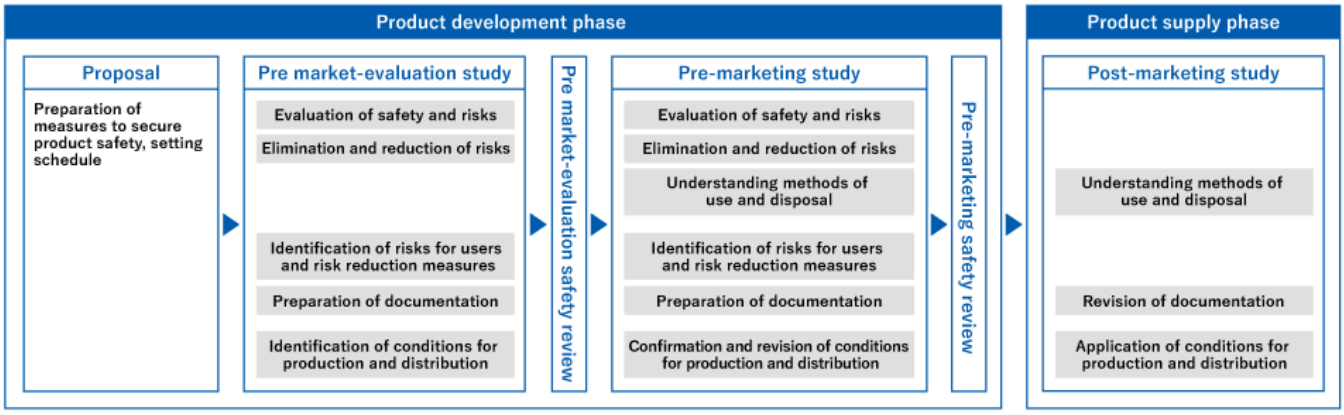
Based on the Monthly Quality Assurance Report prepared by Corporate Quality Ensurance, the Executive Officer for ESH & QA, the Executive Officer for Quality Assurance, and the Senior General Manager of Corporate Quality Ensurance hold the Quality Assurance Meeting to discuss information related to quality assurance.

Quality Assurance Managers' Conference (held four times a year):

Quality Assurance Managers, who play a central role in strengthening quality assurance, meet to transmit and share information among the entire Asahi Kasei Group.

Product safety initiatives

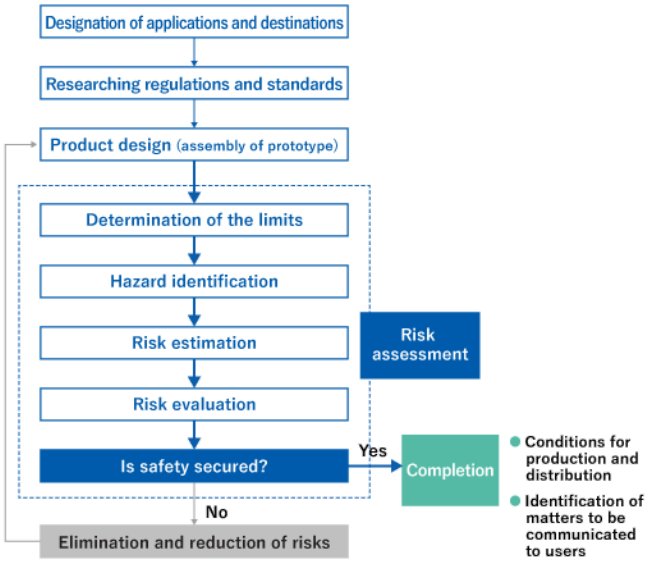
The Group has also formulated the Group Guidelines for Product Safety Measures in order to make the approach to product safety in the Group Quality Assurance Bylaws even more specific.
Product safety measures are implemented at each stage of product development and product supply, to ensure product safety and to prevent product problems and complaints from emerging. In addition, we have also established appropriate measures to be taken if a serious product problem or serious accident is likely to occur or if it does occur.



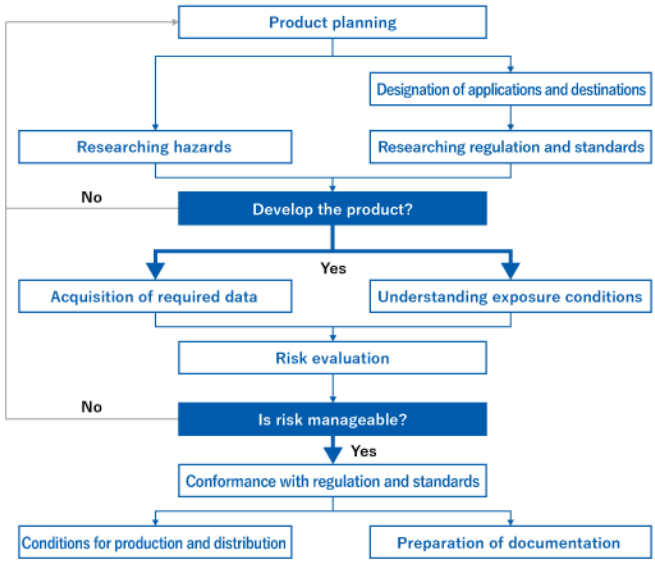
Flow of product safety measures

Safety assurance procedures

The procedures for realizing safe products and services are specified by the Guidelines for Ensuring Safety of Equipment and the Guidelines for Ensuring Safety of Chemicals.



Product safety procedure for equipment

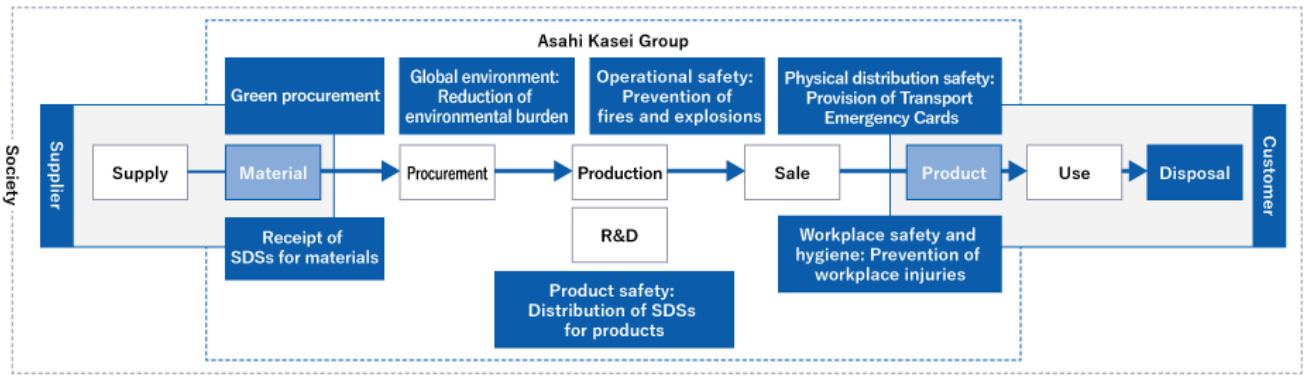


Product safety procedure for chemicals

Chemical substance management

The Group identifies the properties of chemical substances and appropriately manages each process from product development, raw material procurement, and production (including intermediates) through to use and disposal in order to ensure the safety of products and production processes. We implement the chemical substance management shown in the diagram below at each stage from the perspectives of the global environment, operational safety, workplace safety, hygiene, and health, and quality assurance (product safety).

Corporate Quality Ensurance (Product Safety Group) serves as the secretariat for the implementation of chemical substance management in each business unit let by the Group's Quality Assurance Managers.



Note: SDS stands for Safety Data Sheet.

Chemical substance management flow

R&D

The management of chemical substances begins in the R&D stage when the applications for chemical substances are determined, and is guided throughout every stage by a commitment to developing products and process characterized by safe, environmentally sound production, handling, and use. For products that are expected to be exported to other countries in the future in addition to being sold domestically, we conduct research on each country's laws and regulations and consider the requisite measures.

Materials purchase

When purchasing materials, information related to the safety of chemical substances is received from the supplier. This information serves as a guide to safe storage and handling.

Production

At the production stage, we manage chemical substances, including intermediates, in an appropriate manner to suppress emissions into the environment. We also strive to prevent fires, explosions, and leaks at facilities where chemical substances are handled to ensure the safety of local communities and preserve the global environment. The health of employees is protected by performing sound risk assessment for chemical substances and preventing workplace exposure to hazardous substances.

Sale, use, and disposal

Guidance for proper use and disposal of chemical substances and chemical products is provided in Safety Data Sheets (SDSs), technical bulletins, and product brochures.
Transport Emergency Cards are issued to guide the proper environmental and safety response in the event of an accident during physical distribution. Moreover, when products are exported outside of Japan, we take appropriate measures to comply with laws and regulations, such as complying with the EU REACH regulation.

Quality assurance and human resources development

Development of core human resources for quality assurance

We have held the Quality Assurance Forum since fiscal 2017 to continue heightening awareness of quality assurance among younger and mid-level employees across the Group. In fiscal 2022, 50 employees selected from throughout the Group gathered once per month for a period of six months for a group discussion on a certain subject each time, combined with lectures on each subject by outside experts (mainly university professors at the forefront of the Japanese Society for Quality Control). At the final session, participants in each business sector discuss issues in their own organizations based on what they learned, and prepare proposals to present to management.
In fiscal 2023, we are continuing this as a key project for in-house quality assurance training.

Fostering a quality assurance mindset among department and group managers

In fiscal 2022, we invited an expert lecturer from outside the company to hold a seminar on mental well-being for department managers to further deepen their understanding of how to create an organization with a culture of openness. In addition, a Quality Assurance Seminar for Managers was held to enhance on-site manufacturing.
Quality assurance training for department and group managers is slated to continue in fiscal 2023 and beyond.

Fostering a quality assurance mindset among all employees

Coinciding with Quality Month in November 2022, the President, the presidents of core operating companies, the president of each SBU, and the Senior General Manager of Corporate Quality Ensurance issued messages for all Group employees about the importance of quality assurance. Training via e-learning was conducted as well, further raising awareness on the subject for employees.
This is slated to continue in 2023 and beyond as well.

Chemical substance management training

We provide regular training to research, production, and sales staff in each area of the Group. Such training includes sharing the most up-to-date information on the latest domestic chemical substance-related laws and regulations (Act on the Evaluation of Chemical Substances and Regulation of Their Manufacture, etc., Industrial Safety and Health Act, Poisonous and Deleterious Substances Control Act, etc.) in Japan and overseas for the management of chemical substances and consideration of responses, and presentations of the latest themes in chemical substance management.

Appropriate labeling and information provision

Providing appropriate information to our customers

The Group, which provides customers with products and services that are end products for domestic and household-use products, provides information that includes product performance, precautions, and suggested usage to ensure safe use of our products and services.
We endeavor to provide descriptions of products and services to customers, including product labeling and advertisements, that are easy to understand and not misleading. In addition, we confirm the content of descriptions and advertisements of products and services at each stage from product development and introduction to sale, and continuously check that there is no infringement of related laws, regulations, or voluntary industry standards, and confirm that customers are able to properly use products and services safely and reliably.

Compliance with the revised Food Sanitation Act

In June 2020, the revised Food Sanitation Act came into effect, and a new positive list (below “PL”) system was introduced.
The Group participates in a number of committees of the JCII (Japan Chemical Innovation and Inspection Institute) Food Contact Material Safety Center, and it is continuing its activities to ensure that nothing is overlooked in the PL system and to provide customers with appropriate information related to the PL system.

Responding to Globally Harmonized System (GHS)

Globally Harmonized System of Classification and Labelling of Chemicals (GHS) is a system for classifying and labelling chemicals in accordance with globally unified rules in order to help with accident prevention and health and environmental protection. The Group is advancing a program to classify the hazards of all of our chemical products in accordance with GHS categories, and revise our SDSs and label our products with safety information accordingly.

Compliance with chemical substance regulations around the world and sharing of information

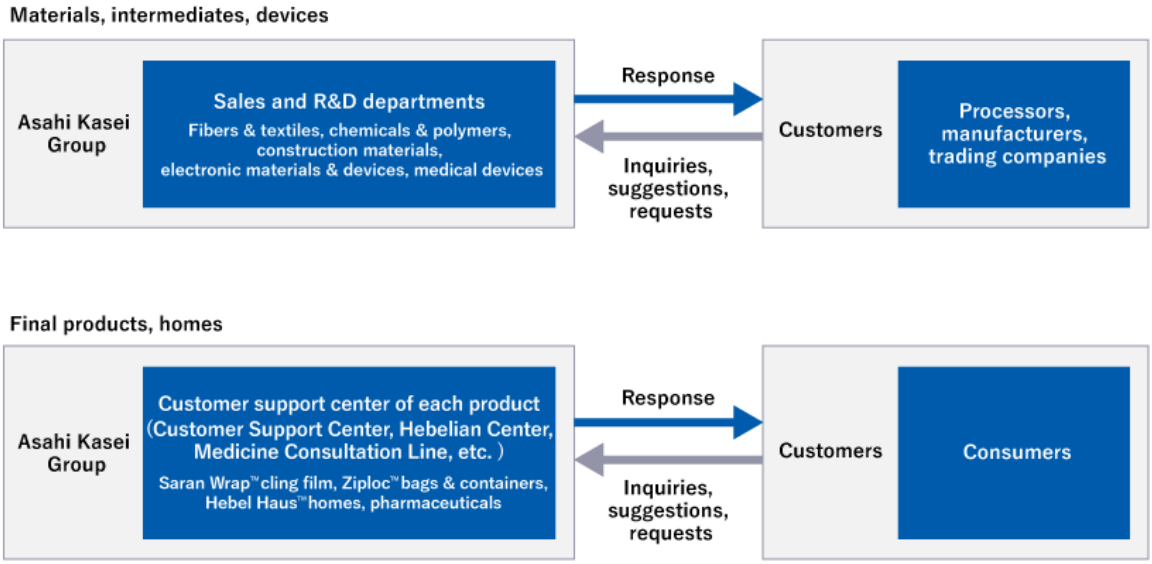
As laws and regulations concerning chemical substances continue to be adopted around the world, such as the REACH Regulation* in the EU, we have been confirming, responding, and managing within the company to ensure compliance with them. In addition, some of these regulations require the sharing of information. Besides providing the necessary information to our customers, we actively work to provide information on chemical substances contained in products throughout the supply chain. One of our activities is participating in the Joint Article Management Promotion-consortium (JAMP) as an upstream company since its establishment in 2008. We continue to promote the use of chemSHERPA, a communication tool, as part of JAMP's activities.

* Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) is a regulation in Europe on chemical substances. It obliges registration of the usage and safety of chemical substances imported to or produced in Europe. Substances judged to pose high risks are subject to authorization and restriction.

› JAMP

Mechanisms to utilize customer feedback

We believe satisfying customers and providing products and services that are a delight to use translates into contribution to society. In order to achieve this, we believe that it is most important to identify true needs by listening carefully to customer feedback to establish two-way communication. The Group has built frameworks for such communication with customers in each of our businesses and strives to listen to frank and honest feedback.



Communication with customers

› Product and business inquiries

CSR Procurement

Policy

It is the policy of the Asahi Kasei Group to consider suppliers as important partners and to treat them with sincerity.
Our Mission and Vision for procurement are an expression of our ideals to apply in daily activities as we work to uphold our Procurement Policy and promote procurement practices with an emphasis on CSR.
Accordingly, we consider suppliers from an environmental aspect, including energy use and climate change, biodiversity, reducing pollution and waste, and efficient use of resources, and also from a social perspective, including discrimination, equal opportunity, freedom of association, and compliance with local laws concerning working hours and wages.
A relationship of mutual trust with our suppliers is fostered through fair and principled purchasing practices based on regulatory compliance and respect for the environment and human rights.

› The Asahi Kasei Group Procurement Policy (100.6KB)

Procurement Principles

Mission

Contributing to the Asahi Kasei Group's value creation and sustainable growth through reliable procurement and logistics

Vision

Building a strong and a sustainable supply chain for the Asahi Kasei Group

Basic Policy

1. **Compliance**	We uphold all laws relevant to purchasing transactions as well as the Asahi Kasei Group's internal regulations.
2. **Fairness and impartiality**	Selection of bids and conclusion of contracts are performed in a fair and impartial manner.
3. **Open door principle**	We provide fair opportunities to any potential supplier, both domestic and overseas.
4. **CSR-focused procurement**	We perform purchasing in close coordination with our group-wide activities for CSR.
5. **Partnership**	We strive to deepen mutual understanding and build relationships of trust with suppliers.

The Asahi Kasei Group Procurement Principles

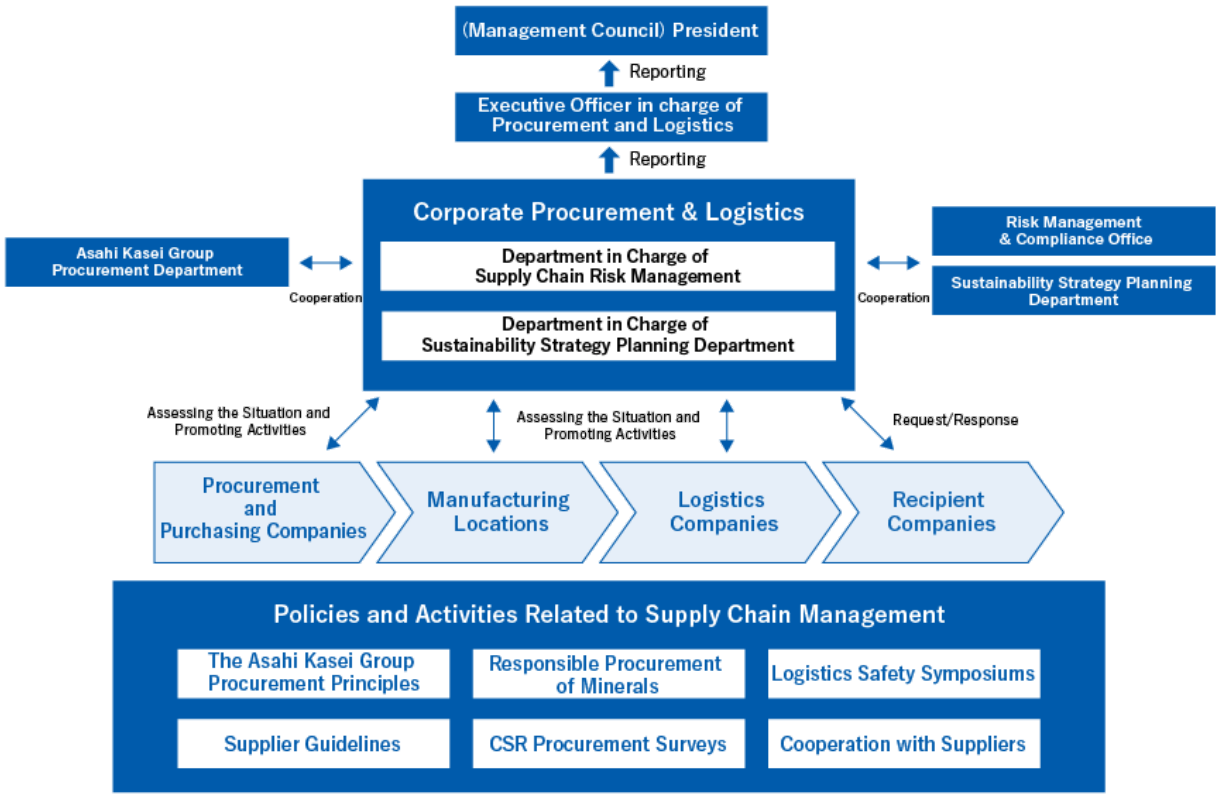
Supplier Guidelines

We conduct business activities in various countries and regions around the world, and are expected to address social issues to achieve a sustainable society, including measures against climate change and respect for human rights, not only within the Asahi Kasei Group but throughout the entire supply chain as well.
For this reason, we formulate our Supplier Guidelines as a tool for promoting CSR procurement based on our Procurement Policy. In order to help our suppliers understand our Group's policies, we have made them available on our website together with our Procurement Policy, and strive to publicize them when requesting CSR procurement questionnaires. We will also monitor compliance through CSR assessments of our suppliers and cooperate to make improvements.

› Supplier Guidelines (92.2KB)

Management Framework

Corporate Procurement & Logistics is responsible for the Asahi Kasei Group Procurement Policy, and the department cooperates with the Sustainability Strategy Planning Department to familiarize Group company personnel with the content.
In fiscal 2022 we established a Supply Chain Sustainability Promotion Group within Corporate Procurement & Logistics to strengthen CSR procurement activities in procurement and logistics functions. In addition, in light of recent changes in the procurement environment, we are promoting activities with the following system regarding supply chain management.



Supply Chain Management Framework

Participation in the Declaration for Partnership Building system

In 2022, Asahi Kasei endorsed the Declaration for Partnership Building in support of the Council for Promoting Partnership Building to Open Up the Future, promoted by the Cabinet Office, the Small and Medium Enterprise Agency, and other organizations.
In our declaration, we have specified the following:

- We agree with the purpose of the White Logistics Movement, and based on our voluntary action declaration, we are working to improve logistics based on mutual understanding and cooperation with suppliers, logistics operators, and other related parties.
- We have established Supplier Guidelines in an effort to promote understanding and initiatives among our suppliers in areas such as human rights, labor, health and safety, the environment, and ethics.
- We continue to provide in-house training on the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors.

We will continue to aim to build new partnerships by promoting collaboration, co-existence and co-prosperity with our business partners in the supply chain.

In addition to the Asahi Kasei Group, Asahi Kasei Homes, Asahi Kasei Pharma, and Asahi Kasei Medical have also announced their endorsement of the Declaration for Partnership Building.

› Declaration for Partnership Building portal site (external website)

Raising awareness of Procurement Policy and Supplier Guidelines

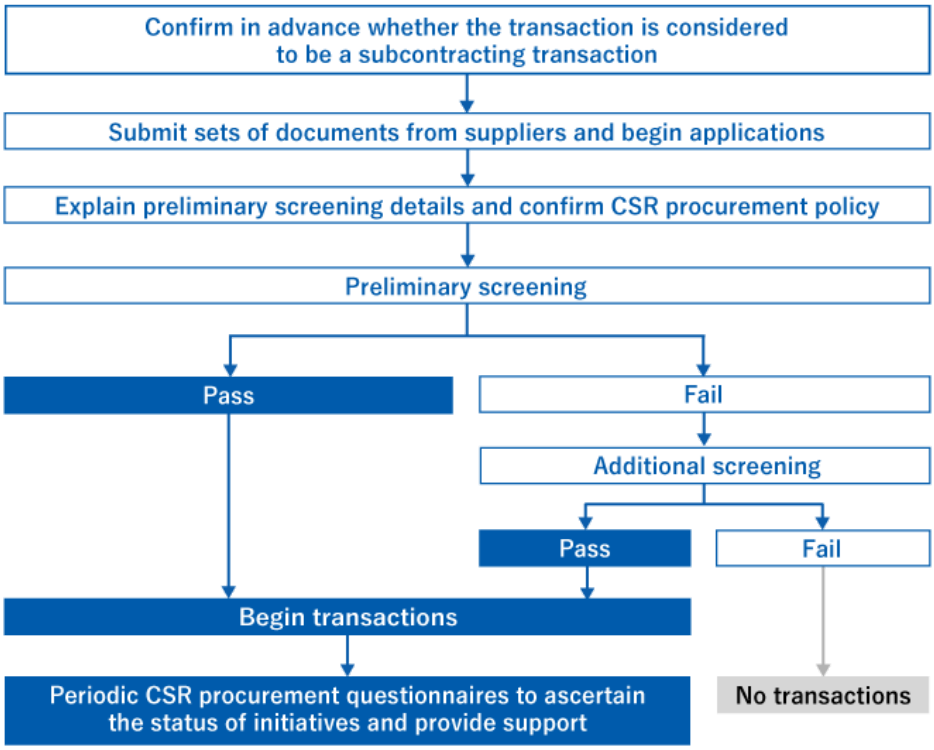
To ensure that suppliers are familiar with our Procurement Policy and Supplier Guidelines, we strive to raise awareness by disclosing them on the website and asking them to complete our CSR procurement questionnaires. In fiscal 2022, we held an online briefing session for 59 suppliers newly applicable to the CSR procurement questionnaire, during which we also explained our Procurement Policy and Supplier Guidelines.

Evaluation of CSR at suppliers

The Asahi Kasei Group is working with its suppliers to promote CSR procurement with the aim of constructing a sustainable supply chain.
We conduct supplier surveys as part of our CSR procurement from two perspectives, 1) evaluation at the commencement of new transactions and 2) ongoing evaluation of suppliers.

Approach to new suppliers

When we start doing business with a new supplier, we evaluate, including from a CSR perspective, whether or not we can do business with them after conducting a preliminary screening based on our Procurement Policy.



Process flow for new suppliers

If significant problems are detected during the preliminary screening, we encourage suppliers to make improvements as soon as possible. If subsequent screenings do not confirm that the issues have not been rectified, business dealings may not be possible.

Approach to ongoing suppliers

To ensure that our suppliers continue to carry out their business activities aware of their corporate social responsibilities, we conduct and disclose the results of CSR procurement questionnaires using the latest version of the UN Global Compact's CSR Procurement Self-Assessment Tool Set. In this way, we are improving the level of CSR by cooperating with our suppliers, and avoiding environmental and social risks in the supply chain.

Question categories

1. Corporate governance related to CSR
2. Human rights
3. Labor
4. Environment
5. Fair corporate activities (ethics and compliance)
6. Product safety and quality assurance
7. Information security
8. Supply chain
9. Harmony with the local community

› FY2022 CSR Procurement Questionnaire (1.1MB)

FY2022 CSR Procurement Questionnaire

In fiscal 2022, we asked 216 of our major material suppliers to complete a questionnaire, and received responses from 214 companies. The suppliers that responded account for approximately 80% in terms of contract value of the material suppliers that do business with the Corporate Procurement & Logistics Department.
(The Asahi Kasei Group considers suppliers of equipment and construction-related work to be material suppliers)

Number of responses and results to our CSR Procurement Questionnaire

Rating	Raw material suppliers		Material suppliers	
	FY2019	FY2021	FY2020	FY2022
A	54(68%)	79(78%)	77(41%)	119(56%)
B	15(19%)	17(17%)	67(36%)	60(28%)
C	6(8%)	3(3%)	31(17%)	28(13%)
D	5(6%)	2(2%)	12(6%)	7(3%)
Total	80	101	187	214

By category, results for Labor, Fair Corporate Activities, Product Safety and Quality Assurance, and Information Security were high, while results for the Environment, Supply Chain, and Harmony with the Local Community were relatively low.

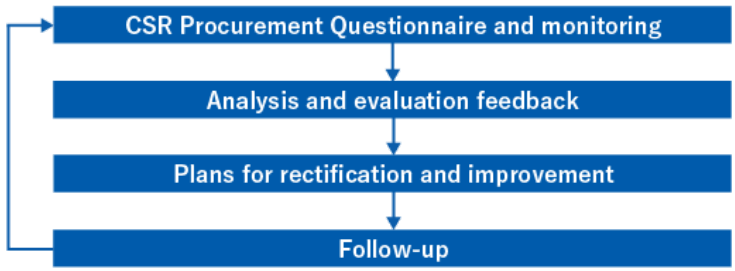
Results of CSR Procurement Questionnaire (FY2022)

The Asahi Kasei Group sends out feedback sheets to those suppliers who have responded to our CSR Procurement Questionnaire. In addition, for suppliers that received a C or D rating, we visit them or conduct online interviews to confirm the situation and offer support for improvements.

If significant problems are detected as a result of the talks, we exchange ideas with the supplier and encourage them to make improvements as soon as possible. If follow-up screenings do not confirm that the issues have been rectified, we will consider halting or reviewing business dealings.

In fiscal 2022, we conducted interviews with 43 suppliers (38 material suppliers and 5 raw material suppliers) who received a C or D rating in the fiscal 2020 questionnaire (material suppliers) or the fiscal 2021 questionnaire (raw material suppliers). However, in fiscal 2022, no significant issues were discovered with any of our suppliers.
Interviews with the remaining five companies that were rated C or D in the fiscal 2020 questionnaire (materials suppliers) were completed in fiscal 2021 with no significant issues confirmed.
For suppliers ranked C and D in the fiscal 2022 questionnaire, we individually evaluated and analyzed all responses and risks to the supply chain, and are communicating with them as needed regarding improvements based on our Group's feedback.

› CSR Procurement Questionnaire Feedback Sheet (190.5KB)



Process flow for ongoing suppliers

Supplier environmental certification

In the CSR procurement questionnaire, we also surveyed the status of environmental management systems by acquiring a third-party certification system such as the international standard ISO 14001. Approximately 80% of our major raw material suppliers (out of 101 companies) in the fiscal 2021 questionnaire and approximately 70% of our major material suppliers (out of 214 companies) in the fiscal 2022 questionnaire have systems and mechanisms in place to promote environmental protection.

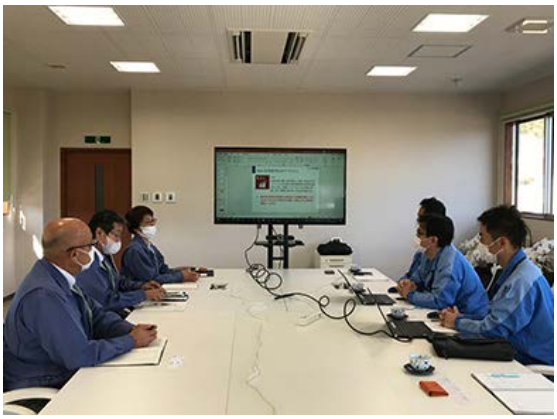
Training for Employees

To promote sustainability activities, Corporate Procurement & Logistics has been providing ongoing training to employees in procurement-related departments about sustainability in general in cooperation with the Sustainability Promotion Department and the procurement departments at subsidiaries and affiliates. The details of training activities in fiscal 2022 are as follows:

Training	Content	Summary of Training
Procurement Personnel Training (1)	Supply chain risk management	Target: Personnel in charge of raw materials Participants: 19
Procurement Personnel Training (2)	Promoting initiatives on human rights issues	Target: Personnel in charge of raw materials, personnel in charge of materials Participants: 159
Lecture on Addressing Medium- and Long-term Issues	General knowledge regarding sustainability and Asahi Kasei's sustainability	Target: Personnel in charge of raw materials, personnel in charge of materials, personnel in charge of logistics Participants: 115

Communication with stakeholders

Safety seminars are periodically held at our principal production sites to discuss accident prevention and exchange information with suppliers.
We also actively engage in close communication with our suppliers by actually visiting them, or having them visit our offices, to inform them about sustainability-related trends and promotional activities, as well as to exchange views. We will continue to enhance mutual communication, improve safety, and promote sustainable procurement.
The Asahi Kasei Group compliance hotline also accepts reports and inquiries from suppliers.



Response to conflict minerals

It is a global trend that more and more countries are banning the procurement of minerals from inhumane armed groups, particularly in the Democratic Republic of the Congo and neighboring countries. In the US, this is required by the Dodd-Frank Act of 2010.
The Group considers conflict minerals to be a serious issue, and our policy is to ensure transparency in our supply chains and to procure minerals responsibly. We do not obtain, procure, or utilize minerals from armed groups, and avoid supporting conflict and inhumane activities.

2022 Initiatives

In fiscal 2022, we sent a request to our suppliers to investigate all of the 20 raw materials we procure to see if any fall under conflict minerals (tantalum, tin, tungsten, gold, cobalt, and mica). As a result, we were able to confirm that all of the raw materials we procure are not conflict minerals.

Human Resources

Human Resources Strategy | Human resources development and active engagement | Diversity, Equity & Inclusion (DE&I) | Employment and Labor Practices

Human Resources Principles

The Asahi Kasei Group's Human Resources Principles, established in March 2006, outline the values and behavioral guidelines that should be embraced by each and every employee—our human resources. By ensuring that our employees act in accordance with these principles, we aim to establish it as part of our corporate culture and achieve both growth for each and every employee and development for our Group.

Corporate Commitment

The basic commitment to human resources is to provide the venue for a dynamic and fulfilling career as a part of a lively and growing corporate group.

Basic Expectations

- Enterprise and growth through challenge and change
- Integrity and responsibility in action
- Respect for diversity

Expectations of Leaders

- Building the team, heightening performance and achievement
- Going beyond conventional boundaries, in thought and action
- Contributing to mutual development and growth

The Asahi Kasei Group Human Resource Strategy

In 2022 we celebrated the centennial of our founding. Since the beginning, we successfully grew our business by solving social issues that have changed with the times, and continuously transforming our business portfolio. In light of these circumstances, and the recognition of the need for further transformation towards a sustainable society, we launched a Human Resources Strategy Project in fiscal 2021, led by the President, and developed our human resources strategy aligned with our medium-term management plan for fiscal 2024 focused on the theme “Be a Trailblazer,” which began in fiscal 2022.

Two-pillared human resources strategy: lifelong growth and co-creativity of diverse individuals

The current medium-term plan uses the term “A-Spirit” to describe what we expect out of our employees. The 'A' represents the first letter of ‘Asahi Kasei’, signifying that our employees are expected to have ambitious motivation, a healthy sense of urgency, quick decisions, and a spirit of advancement as they embrace new challenges.
We believe that these efforts will enable us to further develop and leverage our intangible assets, including our open and frank corporate culture, diverse talents and technologies, as well as the Group Values of sincerity, challenge, and creativity that have been nurtured over the past 100 years. A fundamental transformation of our business portfolio will require us to reawaken the A-Sprits, and we need human resources and organizations that will keep taking on challenges and making changes proactively and decisively. With this in mind, the current medium-term plan identifies “lifelong growth” and “co-creativity” as the pillars of our human resources strategy.

Our lifelong growth strategy focuses on the following two areas in particular: 1) Encourage all employees to envision their own career goals and continue learning/challenging for growth, 2) Strengthen management skills to maximize the abilities of individuals and teams.
In order to enhance our co-creativity, we will focus on ‘expanding’ and ‘connecting’ diversity. By organically linking the Asahi Kasei Group’s diverse technologies, businesses, and human resources, we will create value that is distinctively ours.

The Asahi Kasei Group Human Resource Strategy

Specific initiatives related to “lifelong growth” are described on the "Human resources development and active engagement" page, and those related to “co-creativity” are described on the “DE&I” page.

Human Resources

Human Resources Strategy | Human resources development and active engagement | Diversity, Equity & Inclusion (DE&I) | Employment and Labor Practices

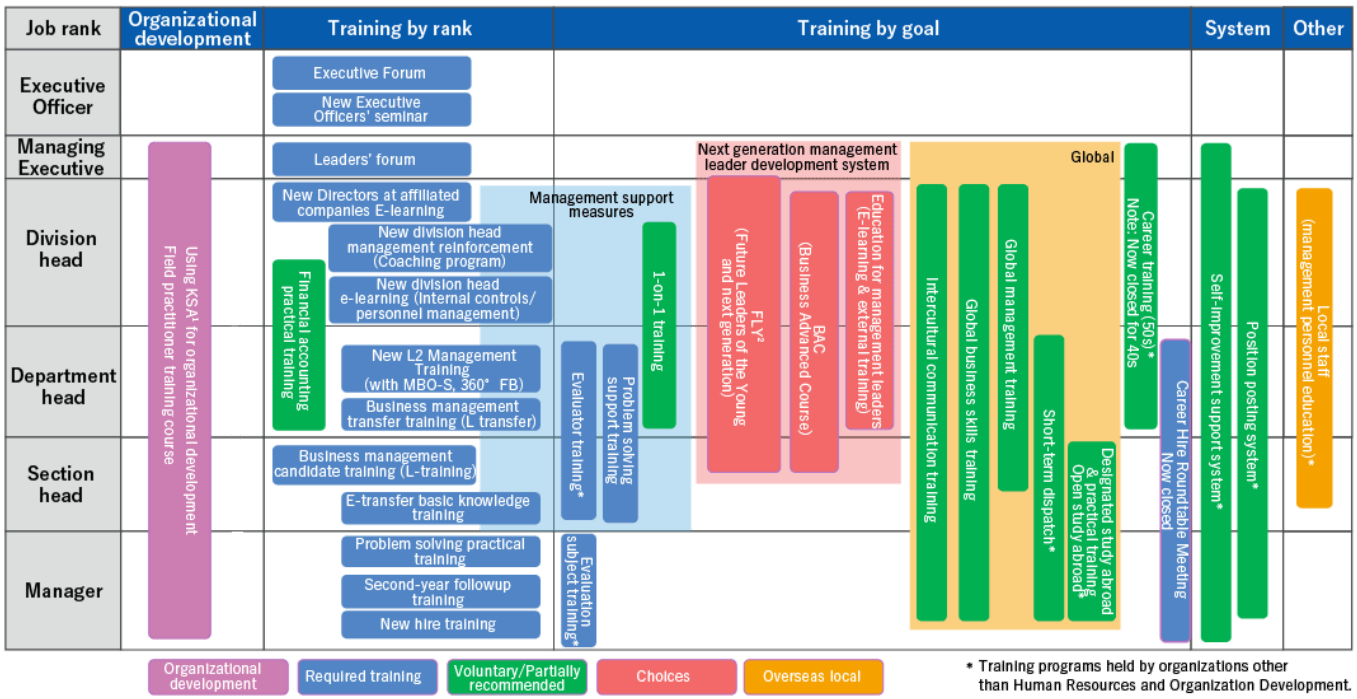
Policy

Based on the idea that "everything starts with people — people are our most valuable assets," the Asahi Kasei Group upholds a policy of “lifelong growth” whereby we encourage challenge and growth in the development of our human resources. Regarding this policy, we will focus on the following two objectives: 1) Encourage all employees to develop their career path independently and continue learning and challenging themselves for growth, 2) Strengthen management skills to maximize the abilities of individuals and teams.

Human resource development system

We offer a combination of ‘training by rank’ and ‘training by goal’ programs to help employees develop their skills and improve job performance. In addition to building basic skills to carry out their tasks, we support the line managers, develop top management candidates in the next generation, and foster individuals who will be successful globally.

Diagram of human resources development system in fiscal 2022



[1] KSA is the name of our engagement survey for vitality and growth assessment.

[2] FLY is an abbreviation for Future Leaders of the Young and next generation, a selective program to foster next-generation leaders.

Reference: Asahi Kasei Group's investment in training per employee (actual)

	FY2020	FY2021	FY2022
Investment in training (total)	2,129,282 (thousand yen)	2,806,147 (thousand yen)	3,471,596 (thousand yen)
Investment in training (per employee)	126 (thousand yen)	166 (thousand yen)	198 (thousand yen)
Time invested in training (per employee)	21.5 (hours)	22.3 (hours)	25.7 (hours)

› Human resource training-related data

Measures to support self-directed career development

Introduction of “CLAP” reskilling program

CLAP stands for Co-Learning Adventure Place, our unique program for employees to learn any content from over ten thousand courses for free. This program supports employees in acquiring necessary skills for their workplaces and facilitates reskilling to adapt to environmental changes and business transitions. As part of the CLAP rollout, we have incorporated the “learning together” concept, while helping continuous learning to fulfill their responsibilities and career goals. By leveraging people’s appeal and relationships, we offer opportunities for them to learn together and have fun at the same time.

Encouraging the senior generation’s participation by extending the retirement age

In this rapidly changing era, there is a growing number of issues that require the wisdom and experience of diverse human resources. Given the age distribution, it is also imperative to transfer technological skills to younger generations. Therefore, we have extended the retirement age to 65, effective from fiscal 2023, hoping that all employees will further develop their expertise and remain active beyond the age of 60. In addition, we have updated our rehiring program and introduced a new benefit plan to empower employees so that they can enhance their skills and fulfill their expected roles, reach their full potential, and lead fulfilling lives.

Position posting system

We adopted an open recruitment policy in fiscal 2003. Since then, dozens of employees voluntarily move from one department to another to take on new challenges each year. The number of transfers under this program has been growing in recent years, from 25 employees in 2020, 53 in 2021, to 67 in 2022. To support lifelong growth and self-directed career development, which are the pillars of our human resources strategy, we aim to revitalize the workforce by expanding the scope of concurrent roles within the company, enabling employees to gain experience outside their departments for a certain period.

Supporting independent study

In October 2003, the Asahi Kasei instituted a program to support independent study by employees. To encourage employees to acquire higher level specialized or technological ability, the company will pay part of the cost of attending courses or lectures. In fiscal 2022, a total of 1,260 employees utilized the program.

Measures to improve management capabilities to draw out the strengths of individuals and teams

We aim to create an organization that can enhance vitality and spur the growth of both individuals and the organization.

Action for improved engagement KSA (vitality and growth assessment)

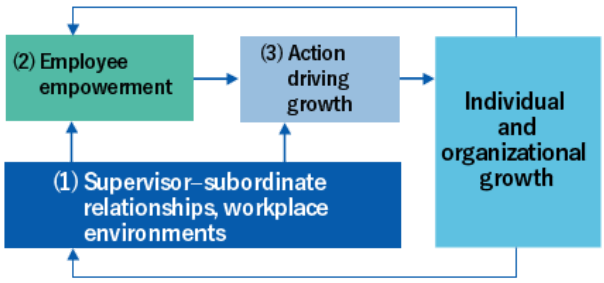
In fiscal 2020, we reviewed the content of our existing employee awareness survey and introduced KSA (vitality and growth assessment), a new survey that aims to confirm work engagement and behaviors conducive to growth. The survey is provided once a year to all employees in Japan, and the report is provided to line managers as reference information for understanding the current state of their organizations. We also engage in activities aimed at creating a better workplace through dialogue with employees.

At the same time, we conduct stress checks to identify health risks and create an environment in which each employee can achieve sustainable growth while maintaining good physical and mental health.

KSA is based on the Vitality and Growth Environment Model in Organizational Behavior by Professor Hirakimoto of Osaka University, and assesses the state of individuals and organizations in terms of three indicators (1) supervisor–subordinate relationship, workplace environments (2) employee empowerment (3) action driving growth.

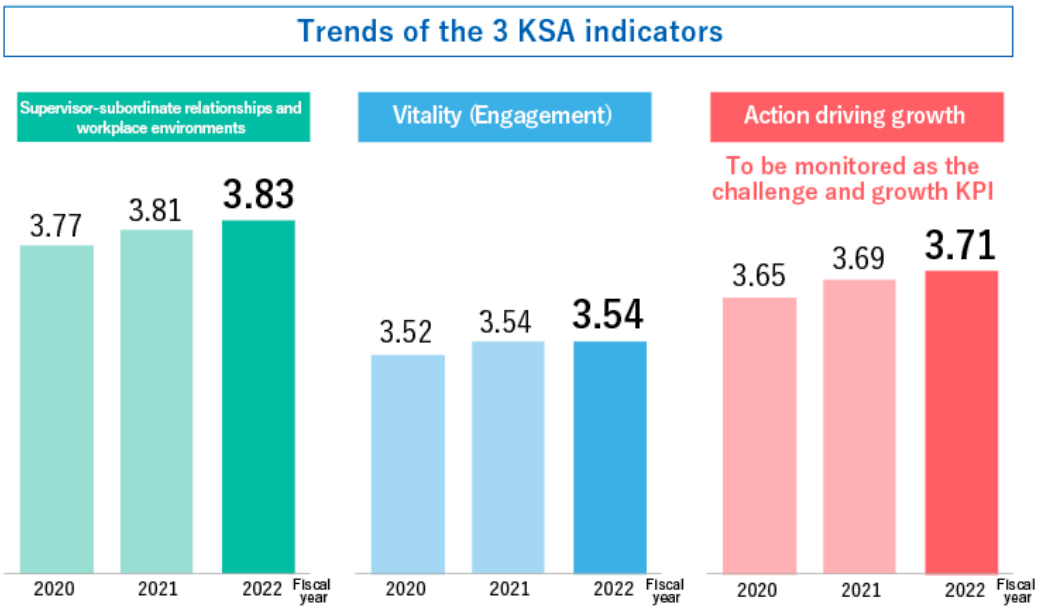
By assessing the level of impact of those three indicators, it can:
- Clarify the effects of initiatives taken so far
- Indicate the current state of the organization to guide next steps.

The KSA (Vitality and Growth Assessment) Structure



Items measurable by KSA (Vitality and Growth Assessment)

(1) Supervisor–subordinate relationships, workplace environments (organizational resources)	(2) Vitality (Engagement)	(3) Action driving growth
● Supervisor encouragement ● Interpersonal relationships supporting work ● Inspiring ingenuity ● Respecting diversity ● Workplace encouraging frank discussion (psychological safety)	● Ability to maintain a positive outlook (individual capabilities) - Self confidence, self actualization - Ability to overcome adversity - Ability to set a path toward a goal - Optimism ● Work engagement	● Experiential learning behavior ● Contribution to the organization ● Problem solving, making improvements ● Job crafting



Note: Answer on a scale of 1 to 5.

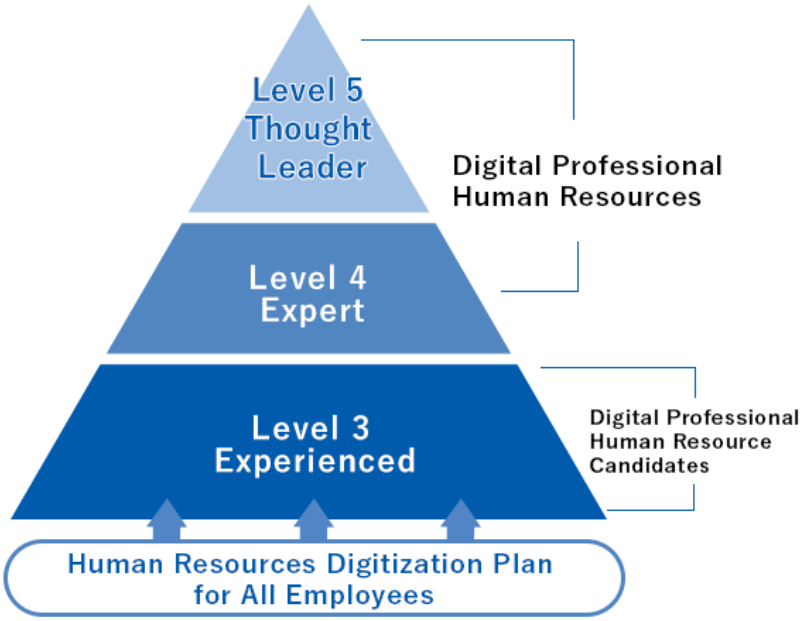
Enhancing management skills and developing upper-management candidates

We offer an extensive training program for manager-class personnel, who play a key role in organizational management. The program includes group training on management, e-learning, 360-degree feedback, 1-on-1 lectures, and courses on KSA (see above). In fiscal 2020, we started offering personal coaching for department managers to help them solve problems on their own. As of February 2023, two hundred people out of 680 manager-class employees have already completed the program.
We also put emphasis on the development and acquisition of upper management talent. In addition to encouraging their personal growth through coaching, we offer programs to strengthen leadership and teamwork. Every year, several employees are designated as Group Executives* through this program. As of April 2023, there were 36 Group Executives, and 76 department/division manager-class individuals in the candidate pool to become Group Executives. We will maintain this talent pool in terms of both quality and quantity.

* Those selected from among the Executive Officers, who have the responsibility and authority to enhance the Asahi Kasei Group's value as a whole, are designated as Group Executives with the approval of the Board of Directors. Specifically, these are Lead Executive Officers or above in Asahi Kasei, as well as Executive Officers of equivalent standing in the core operating companies.

Developing digital human resources to promote Digital Transformation (DX)

In 2021, we formulated DX Vision 2030 to promote the development of DX as a pillar of our growth strategy. We will strive to achieve a sustainable society a reality by maximizing the benefits of digital technology.
The most important factor in promoting DX is digital human resources. While enhancing DX training by employee level, we are working to increase the number of digital professionals who can promote advanced digitalization to 10 times as many as in fiscal 2021 by the end of fiscal 2024. As part of our DX training for all employees, in April 2021 we launched an internal "Open Badge System" to promote the acquisition of fundamental digital knowledge, and we are also developing a DX training program for business managers.



Functional enhancement of HR Dept.

For successful human capital management, it is essential to enhance the organizational capacity of the HR department, which plays a crucial role in achieving this goal. Upon redefining the capabilities required for the HR department in the future, we put particular emphasis on improving data utilization skills and career consulting capabilities. As for the data utilization skills, we have developed an in-house program, supervised by Professor Hiroya Hirakimoto of Osaka University, to equip all HR members with data collection and analysis skills (as of the end of fiscal 2022, 77 people have completed the courses). We also encourage employees to obtain national career consultant certifications. As of April 2023, 27 employees have been certified. In fiscal 2022, we established the Career Development section to support the career development of our employees, as a measure to provide enhanced career solutions for the senior generation, young and mid-career workforce.

Human Resources

Human Resources Strategy | Human resources development and active engagement | **Diversity, Equity & Inclusion (DE&I)** | Employment and Labor Practices

Policy

The Asahi Kasei Group Code of Conduct clearly stipulates that "we must respect individuals' basic human rights and diversity, not discriminate on the basis of nationality, ancestry, ethnicity, religion, gender, ideology, age, physical characteristics, sexual orientation and gender identity, employment status, form of contract, etc., nor condone such discrimination" as company policy. We promote the establishment of a vibrant workplace that ensures equal opportunity and enables all employees to perform at their best without experiencing discrimination. We aim to instill our company policy to prevent any discrimination or harassment through corporate ethics training for employees at each level, including new hires, newly appointed assistant managers, and section managers. Additionally, we consistently provide corporate ethics training tailored to specific business units and geographical areas.

We have also identified “co-creativity” as one of the pillars of our human resources strategy in the current medium-term management plan. To respond to a rapidly changing business environment and continue creating new value, it is essential for us to enhance “co-creativity” by leveraging diverse human resources to collaborate in new business development. Diversity, equity & inclusion (DE&I) is one of our key management strategies. To leverage our co-creativity, we must ‘expand’ and ‘connect’ our diversity, organically integrating technologies, businesses, and human resources to bring out our unique value.

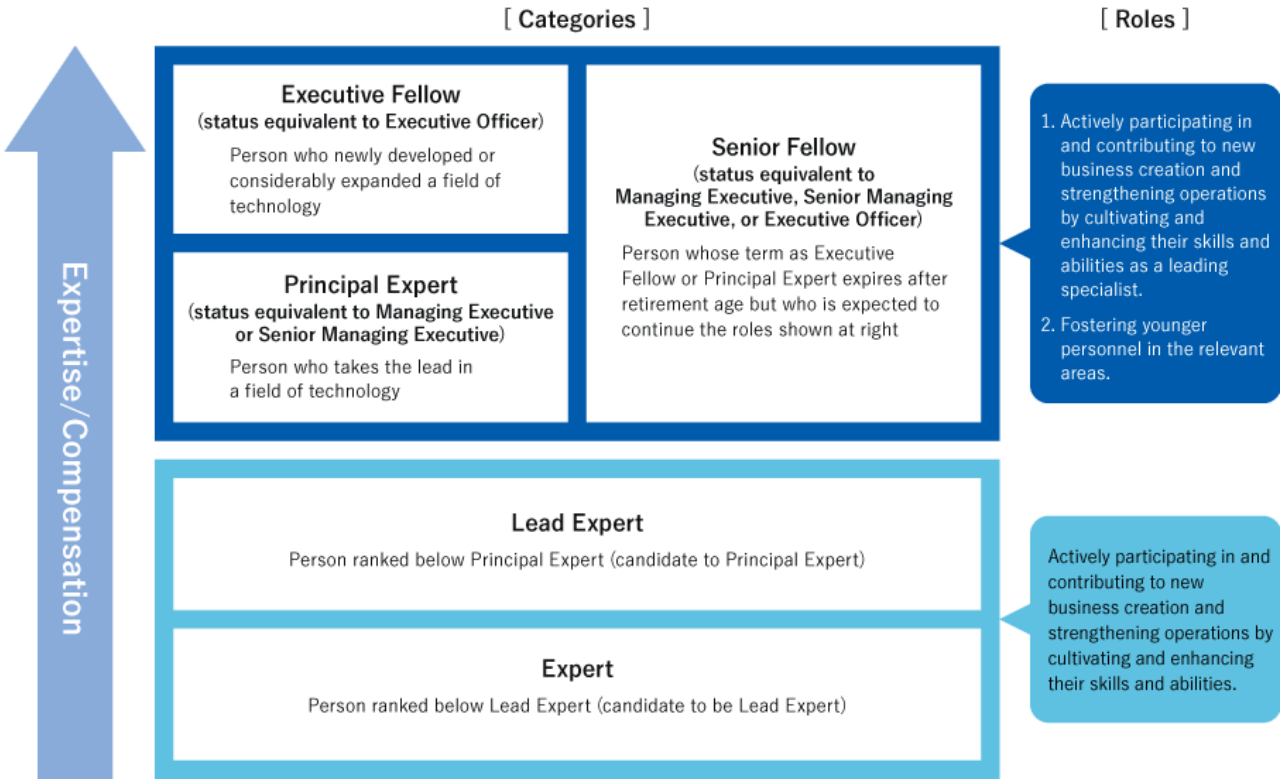
Management Framework

Recognizing the importance of developing an organization comprised of talented individuals with diverse backgrounds to ensure our sustainable growth, we promote the diversity, equity and inclusion (DE&I) initiatives group-wide, led by the Diversity Promotion Office, a department dedicated to addressing this subject. At the same time, we are working to strengthen our promotion framework by establishing a committee led by the upper management and business unit leaders to monitor and expedite the progress of DE&I initiatives.

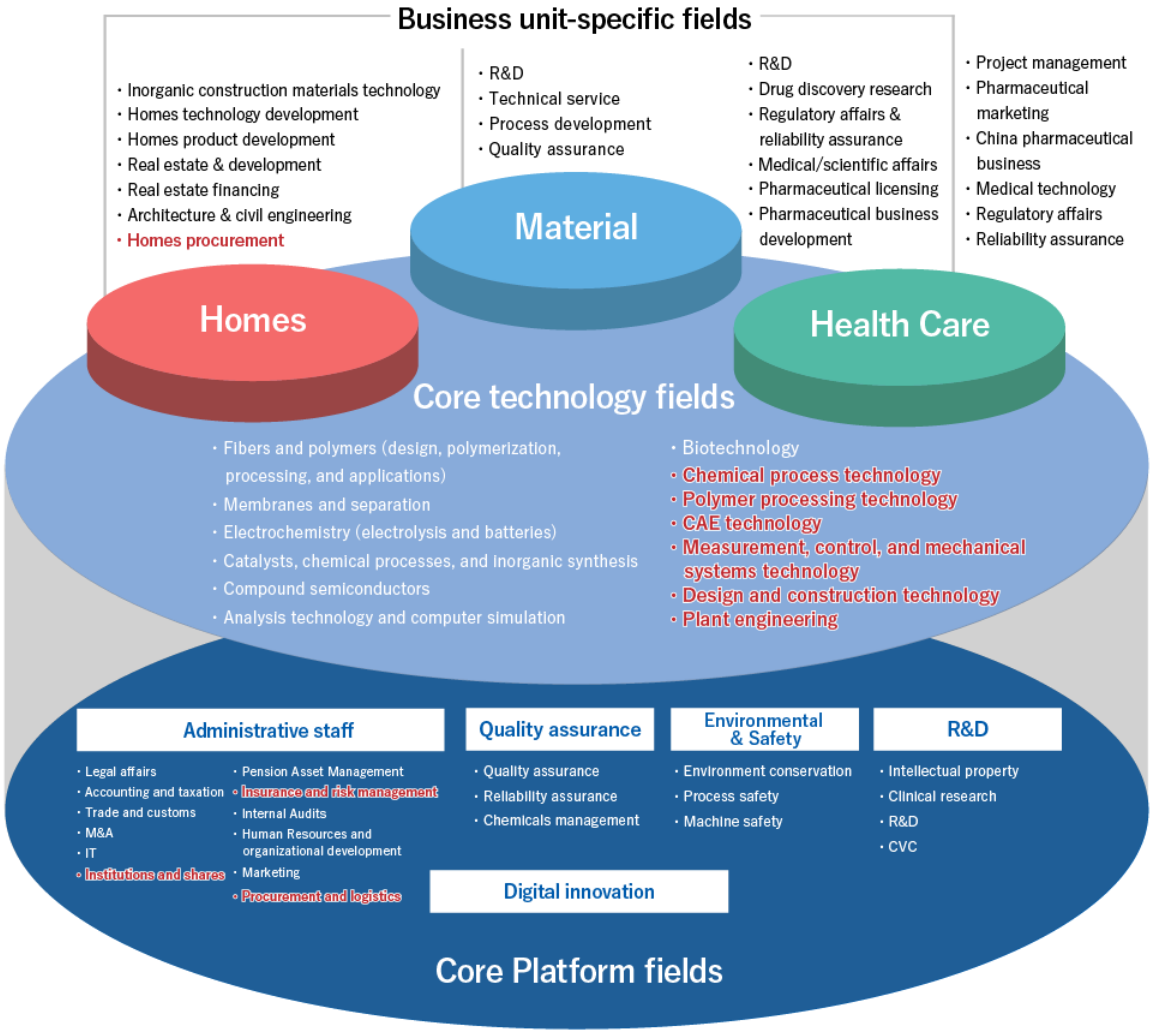
Development of diverse professionals through the Group Masters program

We employ a "Group Masters" program to broaden the segment of human resources with expertise that holds universal value through the appointment, training, and treatment of human resources expected to be actively involved and participating in creating new business and strengthening existing business as "Group Masters." Under the program, we have defined five categories of Group Masters. We have clarified the respective roles of each Group Master category and enhanced treatment to create a mechanism that encourages the growth of human resources while securing outstanding external human resources at the same time.
We have also formulated a succession plan for Group Masters in each field, and have linked the succession plan to business reinforcement and human resource development, which will strengthen our competitive edge.

Categories and roles of Group Masters



Target areas



Changes to the Group Master Specialization Fields in fiscal 2023

Core Technology fields

Among Core Technology fields, three related to production technology were reclassified into the following six:

- Chemical process technology
- Polymer processing technology
- CAE technology
- Measurement, control, and mechanical systems technology
- Design and construction technology
- Plant engineering

Core Platform fields

The following were newly added among administrative staff fields:

- Procurement and logistics
- Insurance and risk management
- Institutions and shares

Business unit-specific fields

The following was newly established in the Homes sector:

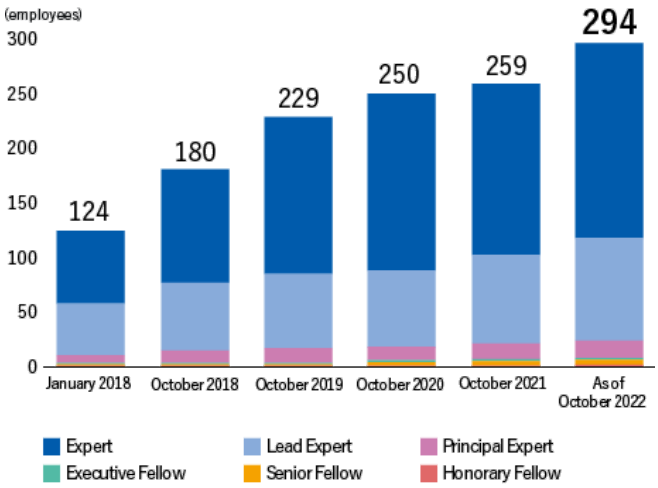
- Homes procurement

To achieve the objectives of creating new business and expanding our businesses through the Group Masters system, we have been reviewing and enhancing our specialization fields every year in line with our business policy.
In fiscal 2023, new fields were established and appointment requirements were reviewed as follows.

- In the field of production technology, key technologies have changed considerably in response to changes in the business environment. We have created an environment enabling us to develop highly skilled human resources and pursue technological advancement by optimizing the division of fields to match the actual situation. We have recategorized the fields to facilitate collaboration with other areas and contribute to the Asahi Kasei Group’s business.
- The growing complexity of procurement and logistics operations has urged us to strengthen the expertise of the organization through the development of personnel with high expertise who can lead in this field. Given this situation, we set up a new field specializing in procurement and logistics along with its assignment requirements. Furthermore, since Asahi Kasei Homes needs expertise specific to the housing business as well, we established Homes procurement as a separate field and defined its assignment requirements.
- To address the need for risk financing and avoidance/mitigation measures for the qualitatively and quantitatively visualized risks, we established a new field of insurance and risk management, along with its assignment requirements.
- In response to the increasingly sophisticated demands of investors for corporate management coupled with the need for better corporate governance based on an understanding of the Group's business, we established a new field for institutions and shares along with its assignment requirements.

Number of Group Masters and Targets

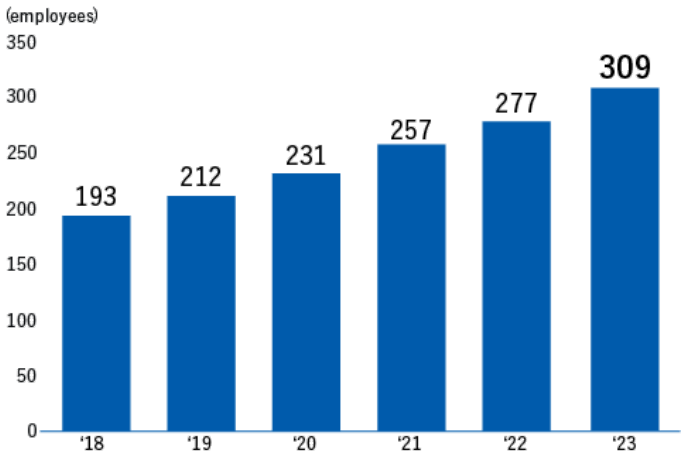
In our medium-term management plan that began in 2022, we set the KPI for the number of Group Masters to reach 300 in total by fiscal 2024, but because we are almost there as of 2022, we have increased the KPI to 360.



Group Master Numbers and Targets

Expansion of opportunities for women

Based on the belief that the expansion of opportunities for women is one of the key elements of DE&I promotion and that advancing this initiative will lead to an environment in which a diverse array of human resources can play an active role regardless of gender, other attributes and age, etc. we established a dedicated organization (currently the Diversity Promotion Office) in 1993 to foster an environment in which women can continue working through expanded job opportunities and support measures that help them to balance work and family life. Since the 2010s, we have supported career development by providing handbooks to supervisors containing reference information on nurturing female employees who joined the company right after college. We also conducted seminars prior to maternity leave and on returning to work. Additionally, we offered a mentor program to support the career development of female managers after experiencing childbirth, child care, and other life events. In 1994, we had only three female managers, but as of June 1, 2023, the number has increased to 309. At the upper management level, we currently have two female Executive Officers, two female Directors, and one female Audit & Supervisory Board Member.
Under our medium-term management plan announced in April 2022, we declared our intention to focus on the ratio of female managers in leadership positions (for line posts and highly specialized positions) as an indicator to measure the success of our diverse human resources (FY2030 target is 10%). The ratio is also reflected to the remuneration of Executive Officers. In addition, based on these developments, our Action Plan for the expansion of opportunities for women has been revised as follows.



Changes in the number of female managers

Asahi Kasei Group Action Plan*	We have developed an action plan to promote the active participation of women more than ever. As part of our efforts to create an environment in which diverse human resources with various values and backgrounds can play an active role together and contribute to the growth of our business and organization.
Term	FY2022 to 2025
Content	**Objective 1** Expand the human resources that can be candidates for senior management who play a leading role: Increase the number of female managers by 40% from the number as of March 31, 2021 Latest status: 36% increase (as of June 1, 2023) **Objective 2** Aim for a situation where women are active in positions where they play a leading role: Aim to increase the ratio of women in positions of Manager and above and in Group Master positions to at least 10% by the end of fiscal 2030, and implement the following during the term: (1) Formulate and implement action plans for promoting women's active involvement within business organizations (2) Spread understanding of the importance of diversity and inclusion initiatives, including the promotion of women's active involvement Latest status: 3.9% (as of June 1, 2023)

* Asahi Kasei, Asahi Kasei Microdevices, Asahi Kasei Homes, Asahi Kasei Construction Materials, Asahi Kasei Pharma, and Asahi Kasei Medical

Promotion of work style reforms

The Asahi Kasei Group is promoting work style reforms to enable all employees to reach their full potential in alignment with social trends.
In response to the spread of COVID-19, the work-from-home program introduced in 2019 was extended as a temporary work-from-home policy. In July 2022, this temporary arrangement became permanent with the introduction of telecommuting aid. Specifics are as follows:

Work from home program	Eliminated limit on number of times the program can be used
	Expanded eligibility for new employees, etc.
	Introduced work-from-home allowance
Flexible work hours without core hours	Systematized concept of "interval" between working hours and applied to eligible employees

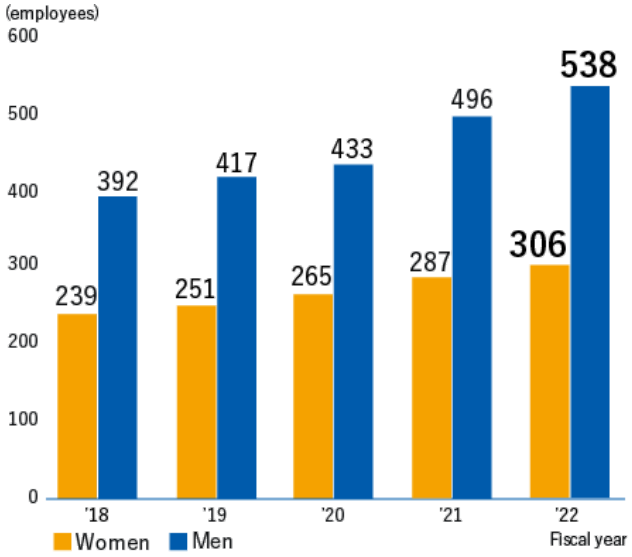
Balancing work and family life

In order to improve the balance of work and family life, the Asahi Kasei Group complies with laws and regulations aimed at eliminating and reducing long working hours and provides various forms of support for employees to work with security and vitality in accordance with their individual circumstances and values from the perspective of balancing work and family life. At the same time, we also foster a workplace environment that facilitates utilization of the provisions by raising awareness of them through our corporate intranet and offering management support for superiors. Many of the provisions we offer are also available to non-regular employees with some changes to the details, and are actually utilized by them.

Parental leave

Our parental leave is available through the fiscal year in which the child turns 3 years old at Group companies in Japan*.
In fiscal 2022, 844 people took advantage of the parental leave, of which 538 were men and 306 were women. The parental leave utilization rate for men who had a newborn child was 77.5%.
As an initiative to support male employees in taking parental leave, we launched the “Papa and Pre-parent Seminar” in April 2021. The program includes explanations of the parental leave system and other systems to support balancing work and child care, as well as case studies shared by those who have taken child care leave. A total of 110 individuals participated in fiscal 2022.

* Regular employees of Asahi Kasei, Asahi Kasei Microdevices, Asahi Kasei Homes, Asahi Kasei Construction Materials, Asahi Kasei Pharma, Asahi Kasei Medical, and major affiliates in Japan are eligible.



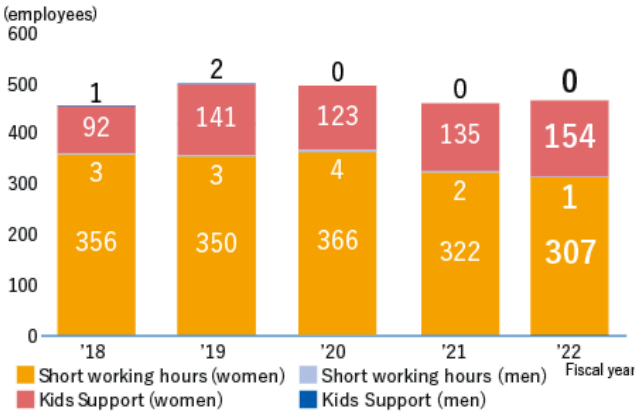
* Number of employees who took parental leave in each fiscal year

Employees using parental leave

Shortened working hours for child care

At Group companies in Japan*, employees are able to utilize shortened working hours to care for preschoolers, with the working day shortened by up to 2 hours until the child enters elementary school. In September 2007, a provision called “Kids Support” was added to enable employees with children until the end of the third grade of elementary school can work in a short time as well. These provisions may be used concurrently with a "flex-time" system for flexible working hours.
In fiscal 2022, 462 employees took advantage of shortened working hours for childcare and kids’ support, one of whom was a male employee. In April 2020, we began to expand the applicable period of the shortened working hours system for childcare for contract employees (up to the start of elementary school) and the application of the kids support system.

* Asahi Kasei, Asahi Kasei Microdevices, Asahi Kasei Homes, Asahi Kasei Construction Materials, Asahi Kasei Pharma, and Asahi Kasei Medical



Shortened working hours for child care・Utilization of “Kids Support” shortened working hours for child care

Platinum Kurumin certification mark

In 2016, Asahi Kasei Corp., Asahi Kasei Microdevices Corp., Asahi Kasei Pharma Corp., and Asahi Kasei Medical Co., Ltd. received Platinum Kurumin certification from the Ministry of Health, Labor and Welfare. Platinum Kurumin certification is awarded in recognition of proactive support for the development of the next generation which is particularly outstanding.

Support for family care

Group companies in Japan* have established systems to support caring for family members that go beyond legal stipulations to provide support for balancing work with care for family members.

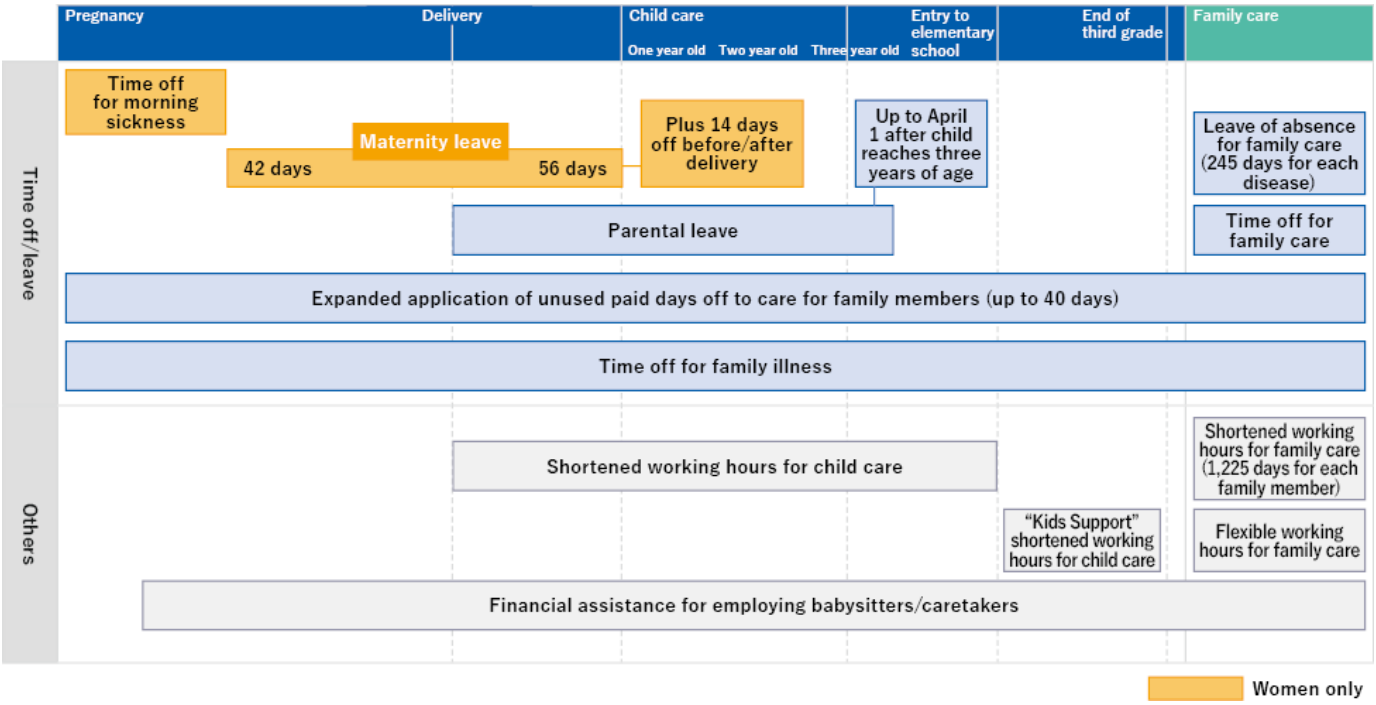
Booklet on balancing work with care for family members

- Leave of absence for family care:
  A leave of absence of 245 days in total is available for each disease of each family member who requires care.
- Shortened working hours for family care:
  A total of 1,225 days for each family member who requires care
- Flexible working hours for family care:
  Flex-time system for working with short core times, etc.

Since 2011, our Group has held seminars on balancing work and family care at various locations throughout Japan. Since 2020, the seminars have been held online for our Group employees throughout Japan. We are working to meet a diverse array of needs, such as by offering “Seminars for Supervisors with Subordinates Balancing Family Care and Work” from 2018 to 2020, “Seminars on Balancing Work and Family Care: Basic Knowledge” in 2021, and “Seminars on Balancing Work and Caregiving: Long Distance Caregiving” in 2022.
The free caregiving telephone consultation service (available 365 days a year and 24 hours a day to all Group employees and their family members), which was launched in April 2019, has been used for over 18 cases over the year. Furthermore, in April 2020, we expanded our short-time work program for caregivers as a measure in response to the increase in the number of at-home caregivers.

At the same time, in order to create an environment that facilitates utilization of these systems, we disseminate information on balancing work and family care and information about these provisions through our corporate intranet and distributed booklet on balancing work with care for family members (since January 2013).

* Asahi Kasei, Asahi Kasei Microdevices, Asahi Kasei Homes, Asahi Kasei Construction Materials, Asahi Kasei Pharma, and Asahi Kasei Medical



Main provisions to support balance in work and family life

Personnel transfers across business sectors

We have been engaged in cross-sector personnel transfers for some time. In fiscal 2022, approximately 300 employees were transferred across our business sectors. (The number includes those affected by organizational reforms.) A recent example of our expansion through these efforts is the overseas expansion of Asahi Kasei Homes. We expanded the business at a faster pace by leveraging our group-wide resources, knowledge, and business foundations. This overseas expansion has led to growth in Asahi Kasei Homes business and increased its cash generating capacity. Our group-wide efforts to expand business by leveraging human resources like this are the fruit of our “diversity in business and technology” referred to as intangible assets. We plan to further strengthen such efforts in the future.

Introduction of CaMP (talent management system)

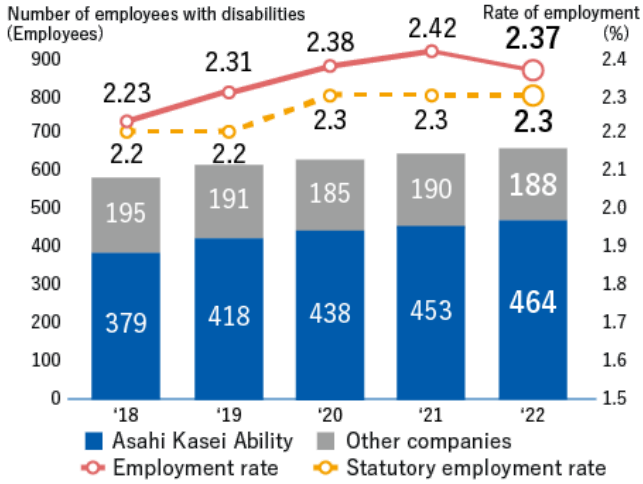
In fiscal 2022, we began using this talent management system to visualize our human resources. We call this talent management system as CaMP, which stands for Career Management Place. Using the CaMP, we aim to promote “co-creation” by centrally managing personnel information, including career plans, expertise, and experience, and by providing support for growth, such as human resource development and personnel allocation.

Development of global human resources

We have implemented measures aimed at promoting global business development from the human resources perspective, as defined in our medium-term management plan. These include “Study Abroad Program Open to All” and “Short-Term Overseas Training Program” for young employees who wish to gain overseas experience, as well as “Overseas Practical Training Program” for selected employees aspiring to be a manager of our overseas subsidiaries, and “Study Abroad Program for Nominated Employees" for those who want to be involved in global business development. We are also working to develop local talent in our overseas subsidiaries to strengthen their co-creation skills.
We provide and administer programs tailored to their situation, including the relocation of local employees overseas, raising awareness about our philosophy, providing intercultural communication and manager training.
For example, in China, Asahi Kasei (China) Co., Ltd. provides all local subsidiaries of Asahi Kasei in China with open lectures, as well as human resource development programs based on their job function and level.
In addition to increasing the number of foreign nationals and local hires in key positions overseas to support business development outside Japan, we promote initiatives that foster talented individuals who will contribute to the Asahi Kasei Group’s success beyond their roles in the respective fields. For example, during the review of the medium-term management plan that began in 2022, the leadership candidates in the U.S., Europe, China, and Japan discussed the ideal for the Asahi Kasei Group in 2030. The recommendations made during this discussion formed the basis of the “Be a Trailblazer” concept of our medium-term management plan.
We also actively promote talented individuals who joined the Asahi Kasei Group through international M&A and became involved in management as Executive Officers.
Note that Asahi Kasei Corporation has seven non-Japanese Executive Officers in fiscal 2023.

Employment of persons with disabilities

The Group supports all employees regardless of disability status so that they can fulfill their potential and work in comfort.
Asahi Kasei Ability Corp. was established in 1985 as a special subsidiary for the employment of persons with disabilities, performing a wide range of services for the Asahi Kasei Group, including office automation services such as data entry, digitizing documents (conversion to PDF files), website design, printing of business cards, document printing and binding, dispatch of sample products, cleaning, copying, and planter box gardening. Our Group offers a variety of services, including data entry, digitization of documents (into PDFs), OA services such as website creation, business card creation, printing and bookbinding, serving as an agent for sample shipments, cleaning, transcription, and tending to flowers.
The statutory employment rate for persons with disabilities in fiscal 2022 was 2.3%, while the Asahi Kasei Group’s annual hiring rate for the year was 2.40%*. As of March 31, 2023, it was 2.38% (657 persons), which is above the legal requirement.



Rate of employment and number of persons with disabilities employed*

* The rate of employment and the number of persons employed are the average figures for each fiscal year for applicable companies of the Asahi Kasei Group. Calculations are based on total employment of 27,607 persons at the 23 applicable companies as of March 31, 2023. (number of persons calculated in accordance with the Act on Employment Promotion, etc. of Persons with Disabilities)

Initiatives at Asahi Kasei Ability

(1) Expanding Existing Operations

1. Creating banana paper business cards

   We use banana paper, which is made from banana fiber extracted from organic banana stems, as a material for making business cards, whereas previously it was disposed as waste. In terms of SDGs, these business cards have been attracting a lot of attention within our Group as well, and requests for their production have increased, leading to their expansion.

2. Expansion of ceramic business (handmade ceramics)

   We have been developing job duties suitable for the unique natures of various disabilities, and we have continued conducting operations in the agriculture industry, ceramics industry, and coffee processing. This allows us to ensure a wide variety of work processes and provide manufacturing work experience by having employees use their hands and fingers. In March 2023, we purchased a new electric furnace and began using it in production to meet the rising demand for products like chopstick rests and small plates.

Working with ceramics

Crafted chopstick rests

(2) Abilympics (skills competition for people with disabilities)

Many employees from Asahi Kasei Ability participate in the Abilympics (a skills competition for people with disabilities) in various prefectures every year and win prizes. In fiscal 2022 national competition (held in Chiba Prefecture), nine employees participated as prefectural representatives, and two employees won Silver Awards in the office assistant category. In March 2023, the 10th International Abilympics was held in Metz, France, and a member of Asahi Kasei Ability represented Japan to compete in the dressmaking category, showcasing skills acquired through daily work in Japan and abroad.

A scene from the sewing competition

Group photo of the participants

System to Support the Activities of All Motivated Human Resources

In addition to promoting the active participation of women and people with disabilities, we have developed a wide range of supportive measures to create an environment that supports the individual circumstances of our employees and allows them to fully demonstrate their abilities.

For example, we have established a rehabilitation work system that allows employees to resume work in a phased manner in accordance with the instructions of an industrial physician to support a smooth return to work after a period of medical treatment. In March 2023, we launched a new program called “Time off for medical appointments” to assist employees in balancing work responsibilities with necessary medical care. This program provides support for employees who are in need of hospital visits for medical care or infertility treatment.
As globalization continues to advance, an increasing number of personnel have a spouse who is transferred to an overseas assignment. In fiscal 2013 we adopted a provision for such personnel to take a leave of absence to accompany their spouses living overseas. In fiscal 2022, this provision was utilized by 11 personnel (including 0 male employees).
In January 2021, we began offering equal recognition to same-sex partners as married couples under our internal rules to support LGBTQ employees. The head office building has genderless restrooms that are accessible to anyone regardless of their sex or gender identity. We will continue to promote LGBTQ awareness among employees and create a more comfortable workplace.

Human Resources

Human Resources Strategy | Human resources development and active engagement | Diversity, Equity & Inclusion (DE&I) | **Employment and Labor Practices**

Policy

The Asahi Kasei Group believes that all of the human resources working at the Group are the source of new value creation based on their diversity and capability to change.

As a signatory to the UN Global Compact, the Group supports and respects the labor-related principles set forth therein. We also endorse the United Nations Guiding Principles on Business and Human Rights and the Children's Rights and Business Principles, and we will use these frameworks to grasp and appropriately address labor issues in our business.
The United Nations Global Compact stipulates the following labor principles.

- Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining
- Businesses should uphold the elimination of all forms of forced and compulsory labor
- Businesses should uphold the effective abolition of child labor
- Businesses should uphold the elimination of discrimination in respect of employment and occupation

Furthermore, the Asahi Kasei Group Code of Conduct clearly states that the Group, as well as its suppliers, does not allow inhumane practices such as child and forced labor, prohibits discrimination for any reason including employment status, respects human rights and diversity, and carries out its business with sincerity and a sense of responsibility.

Based on the above approach, we will not only comply with domestic and international labor laws and regulations on the following labor issues, but also strive to create a work environment where employees can reach their maximum abilities while working with safety and peace of mind.

- Prevention of child and forced labor
- Reduction of excessive working hours
- Formulation of working conditions based on consultation between labor and management

  Asahi Kasei Corporation offers new graduates a starting salary of at least 115% above the national weighted average of regional minimum wages in Japan.
  We maintain a set standard of living for our employees by complying with each region’s decided minimum wage and paying a fair living wage.
  We also adhere to the minimum wage regulations set by local ordinances and provide equal remuneration for the same positions, without considering gender or other differences, based on the fundamental principle of equal pay for equal work.
- Guarantee of freedom of association and collective bargaining rights

  We guarantee the freedom of association and collective bargaining rights for the employees we hire.

The Asahi Kasei Group's working conditions are formulated and implemented based on consultation and agreement between labor and management.

Management Framework

General Affairs and Human Resources of Asahi Kasei Corporation oversee the Asahi Kasei Group’s initiatives related to personnel and labor management. Each Group company has its own HR policy and is actively engaged in human resource development. Regular audits are conducted to ensure compliance with laws and regulations, as well as to prevent any improprieties. The results of these audits are reported to the Board of Directors as necessary.

Compliance with labor standards

Consultation between labor and management regarding labor standards

We strive to ensure legal compliance through such means as sharing information on topic and amendments to labor-related laws with Group companies in order to ensure Group-wide legal compliance.
In fiscal 2017, our Group also established an expert committee for the labor union and company to examine work style reform, and measures such as a telecommuting system have been implemented.
Moreover, we have promoted the use of annual leave days to reduce working hours. In addition to this, we monitor workplaces that have comparatively long working hours with the aim of preventing excessive working hours at the level of each organization.

In fiscal 2022, there was three violations of the Labor Standards Law. The amount of overtime and holiday work exceeded the monthly limit (80 hours). After the violation occurred, we promptly held a hearing with the senior manager of the affected organization to determine the cause and implement preventive measures. We also adjusted workloads and enhanced the workplace support structure.
In fiscal 2022, we started offering e-learning courses on attendance management to all personnel responsible for work hours and attendance in order to enhance labor-management awareness on a company-wide level.

Communication between management and labor

The Group supports employees' freedom of association and right to collective bargaining and strives to maintain a constructive partnership between management and labor.
Discussions on the overall management of the Asahi Kasei Group are held on a regular basis between the management of Asahi Kasei Corp. and the labor union, and separate discussions are periodically held at each business unit and operating site. We also hold regular management roundtables with the Asahi Kasei Group Federation of Labor Unions, which is an alliance of our individual labor unions, to provide opportunities for discussion and to facilitate communication between workers and management.
We have concluded a union shop agreement with the Asahi Kasei Labor Union (an agreement under which all employees, except managers and supervisors, are members of the union), and the union has 9,713 members (as of June 1, 2023).

Creating Regional Employment

In the regions where our Group‘s businesses operate, we will contribute to local communities through employment and procurement activities in those communities.

Human Rights

Policy

Respect for everyone’s human rights is one of the most important parts of the Asahi Kasei Group’s business activities. The Asahi Kasei Group Human Rights Policy, established in March 2022 with the approval of the Board of Directors, conforms to the International Bill of Human Rights and the International Labour Organization’s (ILO) Declaration on Fundamental Principles and Rights. In addition, we endorse the 10 Principles of the UN Global Compact, the UN Guiding Principles on Business and Human Rights, as well as the Children's Rights and Business Principles. Based on these frameworks, we will grasp and appropriately address human rights issues in our business.

Asahi Kasei Group Human Rights Policy

Respect for human rights is the basis of all activities of the Asahi Kasei Group. We pursue our Group Mission to “contribute to life and living for people around the world” in accordance with the basic approach and efforts expressed in this human rights policy.
Even as times change, the Asahi Kasei Group’s commitment to the people of the world never changes. We believe nothing is more important than for diverse people to enjoy vibrant lives while respecting each other's individuality and human rights.

We require all executives and employees of the Asahi Kasei Group, including those under non-regular employment, to respect human rights in accordance with this Policy. We expect all of our business partners, including our suppliers, to understand and support this Policy.

Our Approach

We are committed to respecting the human rights of all stakeholders throughout our activities and business value chain.

We respect human rights as stipulated in the International Bill of Human Rights and the International Labor Organization’s Declaration on Fundamental Principles and Rights at Work. In addition, we support the United Nations Guiding Principles on Business and Human Rights. Our activities are based on these principles.

We comply with applicable laws and regulations in all countries and regions where our activities are conducted. Where national/regional laws fall short of or conflict with international human rights principles, we will seek ways to honor the principles of internationally recognized human rights to the extent possible while complying with the national/regional laws.

If we identify that we have caused or contributed to negative impacts on human rights in the business value chain, we endeavor to remediate them through appropriate processes with business partners.

Addressing Human Rights Issues

- We comply with all applicable laws and regulations related to working hours and wages.
- We comply with all applicable laws and regulations related to safety and hygiene. We also prevent accidents and disasters, create a safe and hygienic work environment, and strive to maintain the physical and mental health of our employees.
- We strictly prohibit forced labor, slave labor, human trafficking, and child labor.
- We strictly prohibit any discrimination based on race, ethnicity, birth, nationality, religion, gender, sexual orientation, disability, or thought, and any inhumane treatment including harassment.
- We comply with all applicable laws and regulations related to the protection of personal information and manage this information appropriately.
- We protect the safety and health of our stakeholders by ensuring the quality and safety of our products and services.
- We understand and respect the local culture and the human rights of local communities including their health and safety.

Promoting Respect for Human Rights

Education

We will continue to provide necessary education and awareness-raising opportunities for all executives and employees, including those under non-regular employment, to put this policy into practice.

Implementation of human rights due diligence

We will implement human rights due diligence based on the United Nations Guiding Principles on Business and Human Rights. Specifically, we will assess human rights risks in our activities and continuously work to prevent and mitigate the identified negative impacts. If we identify that we have caused or contributed to negative impacts on human rights, we endeavor to remediate them through appropriate processes.

Commitment to engage with affected stakeholders

We believe that the perspective of affected stakeholders is critical for us to recognize actual or potential human rights impacts on stakeholders by our activities, and to develop appropriate responses to address such impacts. We will engage with relevant stakeholders in a timely manner to understand and consider measures to address human rights issues.

Grievances Mechanisms

We will continuously work towards the optimization of our grievance mechanisms through a system to which our employees and the employees of our business partners can report and consult on human rights concerns. We ensure confidentiality regarding reported cases and the personal information of the persons submitting reports and have measures in place to protect those persons from unfair treatment caused by reporting issues.

Disclosure

We will monitor and regularly disclose the progress of our efforts to respect human rights through our website, the Asahi Kasei Report, and other relevant communication channels.

Approved by the Board of Directors of Asahi Kasei Corporation on March 8th, 2022

- Asahi Kasei Group Human Rights Policy (360.1KB)
- Participation in human rights initiatives (signatory to UN Global Compact)

Management Framework

We established the Human Rights Committee as a forum for discussion and guidance on the respect of human rights, and also as an organization to promote the implementation of the Asahi Kasei Group Human Rights Policy. The committee held its first meeting in November 2022. Amidst the growing public interest in human rights related topics year by year, and with the increasing number of legislations being enacted by governments around the globe, the committee will continue to share information on human rights initiatives.

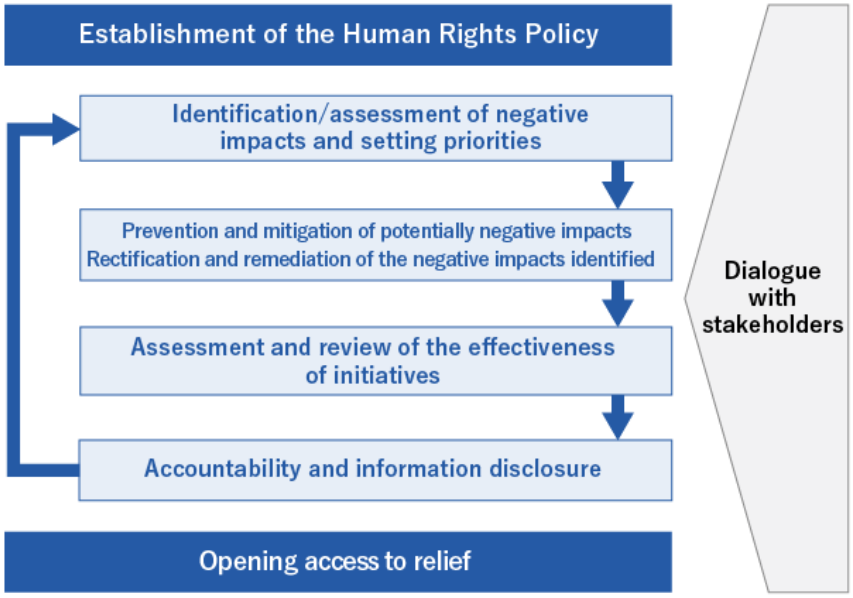
The Human Rights Committee is positioned as a subcommittee of the Sustainability Committee.
The committee chaired by the president is composed of members from diverse fields, including leaders responsible for business units, administrative functions, and technology functions. Matters discussed by the Human Rights Committee are reported to the Board of Directors.

Human Rights Management Framework (as of August 1, 2023)

Human Rights Due Diligence

To fulfill our responsibility to respect human rights, we will establish a human rights due diligence system and will create a mechanism for implementing this system on an ongoing basis. The term “human rights due diligence” refers to the ongoing process implemented to proactively identify, avoid, and mitigate any negative human rights impact that the Group may have on society.

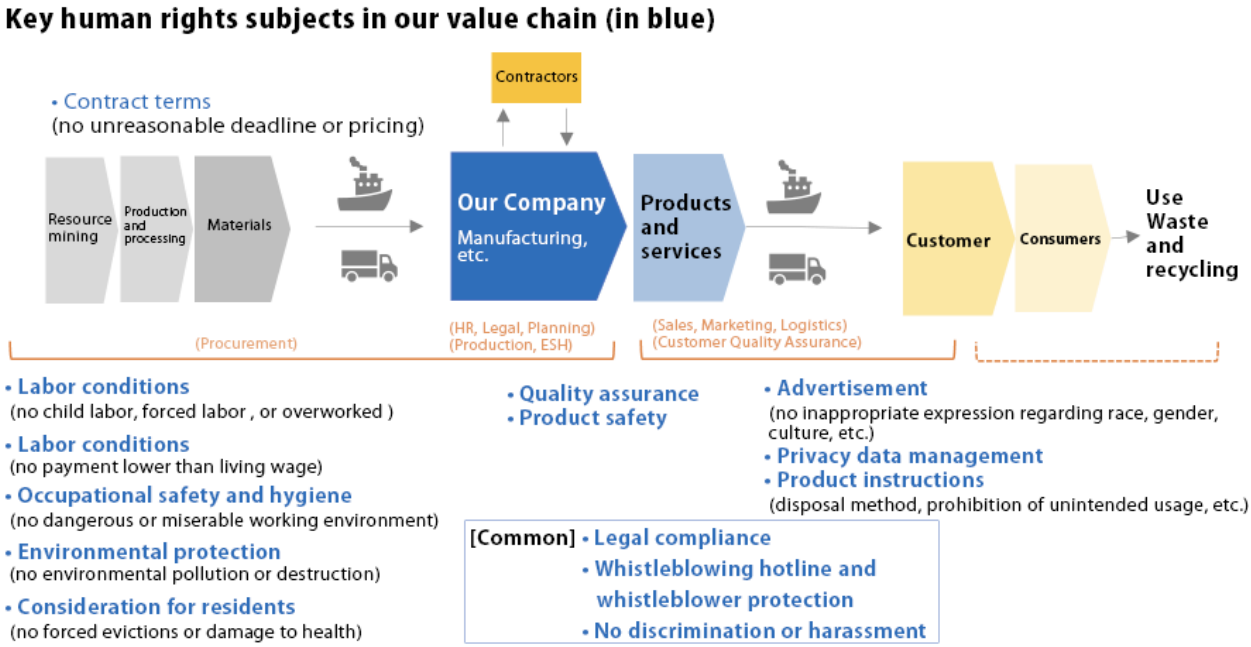
In fiscal 2022, we conducted a survey and review on how we can systematically incorporate the Asahi Kasei Group Human Rights Policy into our groupwide business activities in terms of compliance and implementation. We confirmed our future plans and directions at the Human Rights Committee meeting.
Besides the internal review, we actively participate in the subcommittee activities on human rights organized by the Global Compact Network Japan. We also contributed to the development of "Manual for Human Rights Due Diligence Practices—Responsible Corporate Behavior in the Area of Human Rights" (released in May 2023) led by the working group within the Supply Chain Subcommittee.



Procedures for Human Rights Due Diligence

Identification of key human rights themes in the value chain including our company

The Asahi Kasei Group operates a diverse range of businesses. Our first step is to gain a new perspective on the various value chains and supply chains of each business in consideration of human rights.
The following chart shows how each of the human rights compliance items defined in the Asahi Kasei Group Human Rights Policy applies at what point in the value chain. We shared this information internally.



Consideration of human rights in the supply chain

Consideration of human rights in procurement

The Asahi Kasei Group is working to promote awareness about CSR, including respect for human rights, with coordination among Corporate Procurement & Logistics, the Sustainability Strategy Planning Department, and group companies. Our supplier guidelines include provisions on respecting human rights as a fundamental principle for all our suppliers to comply with. To ensure all of our suppliers are fully informed about these guidelines, we conduct an annual CSR procurement questionnaire to assess each supplier's approaches on human rights and labor practices.

› CSR Procurement

Consideration of human rights in logistics

In response to a severe shortage of truck drivers in Japan, we have endorsed the White Logistics Movement, a voluntary action declaration promoted by the Ministry of Land, Infrastructure, Transport and Tourism, the Ministry of Economy, Trade and Industry, and the Ministry of Agriculture, Forestry, and Fisheries. We work toward enhancing the productivity and efficiency of the trucking industry while improving the working conditions for drivers.
Starting in fiscal 2024, a cap on overtime hours (960 hours per year, excluding holidays) will be implemented for truck drivers. This is expected to create challenges in securing transportation, particularly for long-distance routes. To cope with this so-called "2024 problem," we are working with logistics companies to identify issues and develop specific solutions.

Human rights reporting and consultation hotline

The Asahi Kasei Group's compliance hotline handles reports and consultation on all aspects of compliance, including human rights. The hotline is available to suppliers and their employees in addition to Asahi Kasei Group employees.
We will establish a complaint handling procedure for all the rights holders in the future.

› Compliance > Whistleblower system (Compliance hotline)

Human rights education and awareness raising activities

The Asahi Kasei Group clearly stipulates a policy of zero tolerance for any kind of discrimination or harassment in the section of the Asahi Kasei Group Code of Conduct entitled "Respect for Human Rights and Diversity." To help our upper management gain a deeper understanding of the respect for human rights, we invited outside experts and held a human rights seminar in October 2022. We also offered an e-learning course on human rights in June 2022 to help employees better understand the business and human rights. Approximately 87% of the eligible employees (approx. 29,000 people) completed the course. We will continue to promote awareness of human rights and strengthen our efforts to deepen employees' understanding of the human rights issues for which corporations are socially responsible.

Harassment Prevention and Training

The Asahi Kasei Group Code of Conduct clearly stipulates a policy of zero tolerance for any kind of discrimination or harassment. To this end, we prohibit sexual harassment, harassment related to pregnancy, childbirth, and use of parental leave, family care leave, or other leave, and power harassment and other forms of harassment in our employment regulations. We also seek to instill within our domestic group companies our company policy of zero tolerance for any kind of discrimination or harassment through training on corporate ethics for employees at each level, including new hires, newly promoted assistant managers, and newly promoted managers. In addition, we implement corporate ethics training by business unit and geographical area. From fiscal 2020 and beyond, we will enhance the content of remote training and video lectures as part of our efforts to prevent harassment.

Health & Productivity Management and Occupational Health & Safety

Occupational Health & Safety | Health & Productivity Management

Policy

While business is operated globally, the structure of society is changing dramatically. The population continues to age, and the way of hiring people as well as working styles are changing in various ways. In this time of change, it's necessary to ensure a comfortable and safe workplace environment for all employees and enable them to make the most of their capabilities and possibilities.
The Asahi Kasei Group regards all employees as precious assets. In terms of maintaining health and safety at our workplaces and work sites, our ESH & QA Principles state: "In all operations, we give the utmost consideration to health, operational safety, workplace safety and hygiene, quality assurance, and environmental protection throughout the product life cycle from R&D to disposal, as preeminent management tasks." Based on this, we work in cooperation with employees (and, where applicable, the Health & Safety Committee and Labor/Management Committee) to create a comfortable workplace environment throughout the company.

Preventive action for occupational accidents

In fiscal 2020, the Asahi Kasei Group established a Life Saving Actions (LSA) program to eradicate serious occupational accidents, and we began implementing it throughout the Group. We have established the following four behaviors as prohibited behaviors that could result in loss of life if not observed, and are promoting thorough adherence to these behaviors in all aspects of our business activities.

The four behaviors prohibited by LSA

In addition, our ongoing efforts to prevent workplace accidents is integrated into our comprehensive OHSMS[1] program that combines conventional safety and hygiene initiatives[2] with risk assessments and a prevention-oriented plan-do-check-act (PDCA) system.

[1] Tidiness/orderliness/cleanliness (3S), reporting of near-accidents and potential hazards, hazard prediction analysis, safety patrols, and case studies

[2] Occupational Health and Safety Management System: A standardized management system used to confirm that continuous improvement is being applied to measures to minimize the risks of workplace injuries and to prevent the emergence of future risks

Approach to prevent occupational accidents

1. Identification of potential hazards

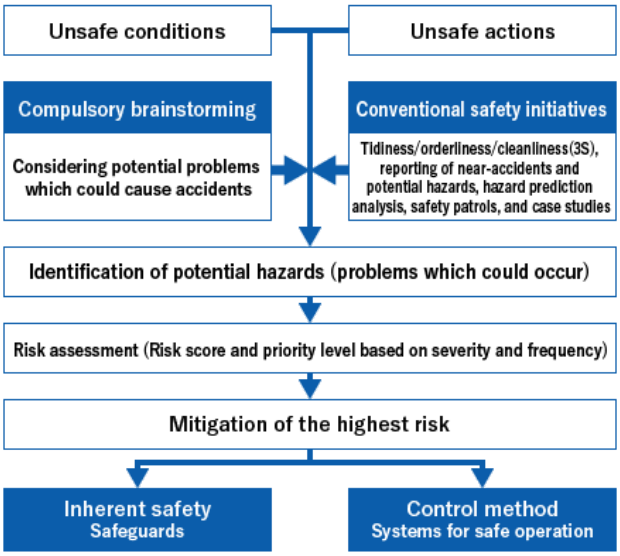
Effective prevention of workplace accidents requires the identification of all potential hazards in a workplace. In addition to conventional safety and hygiene initiatives, it is important to think of potential issues and consider safety from the perspective of the problems which conceivably arise in a wide variety of situations—as a result of both potentially unsafe physical conditions (hazardous working environment due to equipment, materials, noise, etc.) and potentially unsafe work actions of personnel.

2. Risk assessment

Priority for mitigating the potential workplace hazards identified is assigned based on a scoring system that combines the severity of the impact of problems which could occur and the frequency with which such problems would be likely to occur. We implement mitigation measures starting with significant risks with the highest risk scores.

3. Mitigation of the highest risks

Measures to achieve inherent safety by eliminating unsafe conditions (by eliminating dangerous procedures, automation, eliminating sources of problems, changeover to safe materials, etc.) and the application of safeguards are extremely effective in the effort to avoid risks.
We focus on achieving inherent safety and applying safeguards (isolation and stoppage) to avoid risks associated with the use of machinery and equipment to prevent the “caught in/between machinery” category of accident, which can easily result in particularly severe injury.



Overview for prevention of workplace accidents

Inherent safety and safeguards

Measures to achieve inherent safety and the application of safeguards to avoid risks are generally considered to provide the greatest level of safety, as shown in the following table. We incorporate such measures in the construction of new or replacement facilities, upon safety reviews of existing facilities, and to prevent the recurrence of accidents.

Systems for safe operation

Our group is striving to ensure safety in our activities to comply with safe operating standards*. Specifically, we are devising and implementing measures such as checking the status of compliance with safe operating standards in our daily operations. Operations for which the elimination of risk through equipment modification is impractical are classified as operations requiring special control and strictly managed, such as by ensuring worker competence and prior plan-based approval.

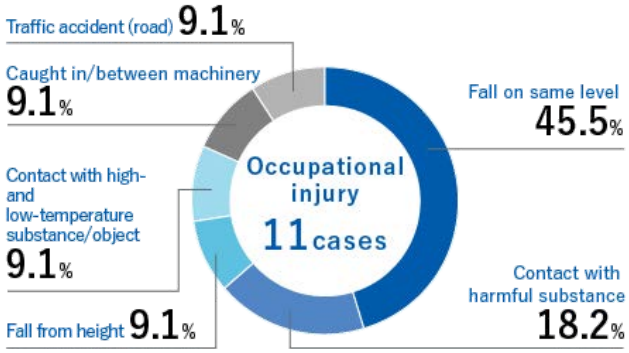
* Systems for safe operation: Rather than individual rules for specific procedures, safe operating standards are a system of safety principles which define common safety practices that apply to categories of operation based on similarity of risk. For example, to prevent entanglement in machinery, our standard stipulates not to touch any exposed moving parts.

Sharing and utilizing information of occupational accidents

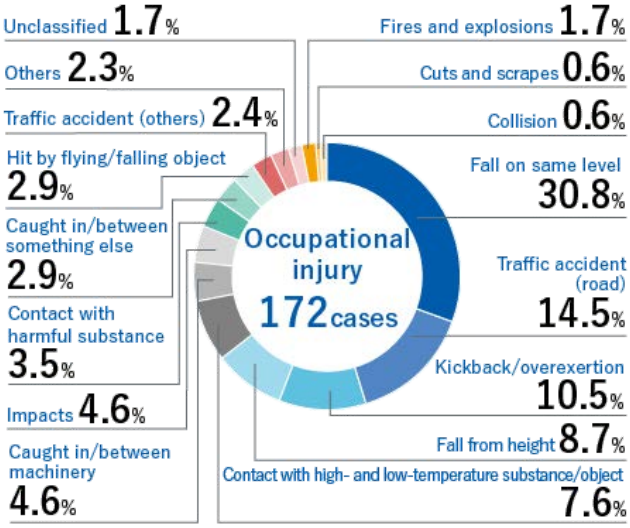
We investigate causes and take measures to prevent recurrence at sites where workplace accidents occur. We share a database of information on all workplace accidents within the Asahi Kasei Group for utilization in activities such as safety training, case study discussions, and prevention of similar accidents.

Occupational accident statistics

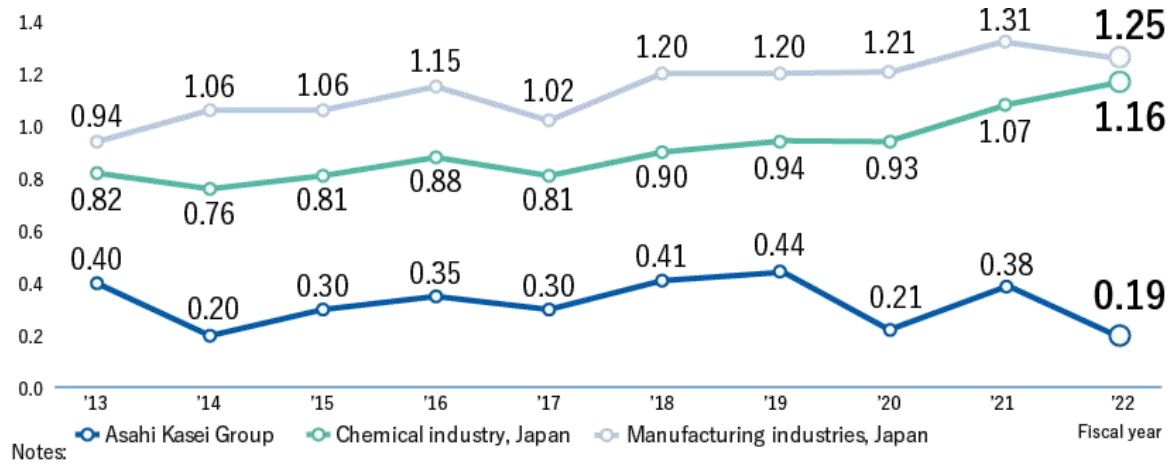
In fiscal 2022, 11 lost-worktime injuries occurred among Asahi Kasei Group employees in Japan. The number of incidents was half that of the previous year. We will continue to engage in safety initiatives through our LSA program to prevent the occurrence of serious accidents in the future.



Incidence of lost-workday injury by event category (FY2022 in Japan)



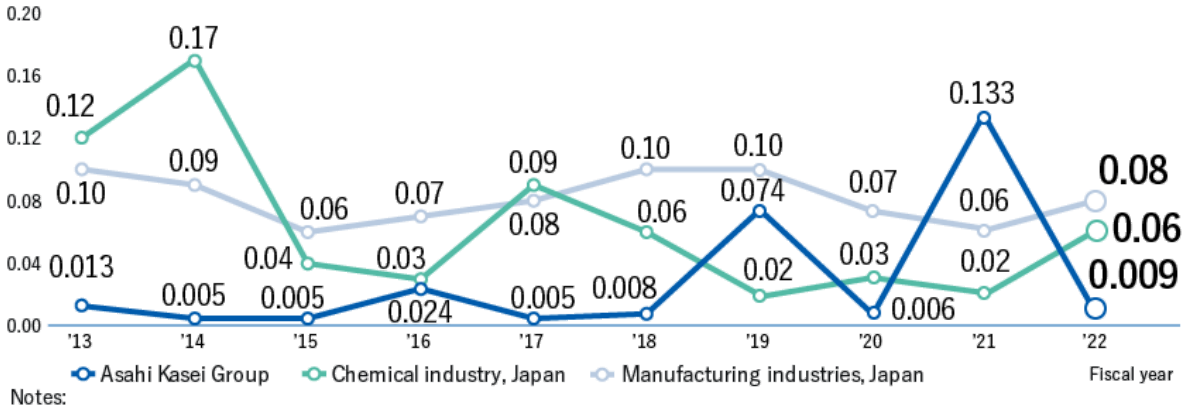
Incidence of lost-workday injury by event category (FY2013–2022 in Japan)



Notes:

- Fiscal years for Asahi Kasei Group calendar years for the chemical industry as well as manufacturing industries in Japan.
- 100% coverage

Frequency Rate[1]



Notes:

- Fiscal years for Asahi Kasei Group calendar years for the chemical industry as well as manufacturing industries in Japan.
- The severity rate increased in fiscal 2019 because of one "caught in machinery" accident that caused lasting injury, and in fiscal 2021 because of one fatality caused by an explosion.
- 100% coverage

Severity Rate[2]

[1] Number of accidental deaths and injuries resulting in the loss of one or more workdays, per million man-hours worked.
Our goal of 0.1 or less is extremely ambitious. At a plant with 100 workers, it would mean only one worker in 50 years suffered from a workplace injury which resulted in a day off.

[2] Lost workdays, severity-weighted, per thousand man-hours worked.

Maintaining and improving comfortable workplaces

Workplaces where potential health hazards are present are subject to regular monitoring under the Working Environment Measurement Law. Additionally, we will manage risks for chemicals to identify and reduce risks resulting from chemical substances. With an amendment to Japan's Industrial Safety and Health Act in May 2022, there have been major changes, including the requirement for businesses to autonomously manage chemical substances. The Asahi Kasei Group is implementing appropriate measures in response.

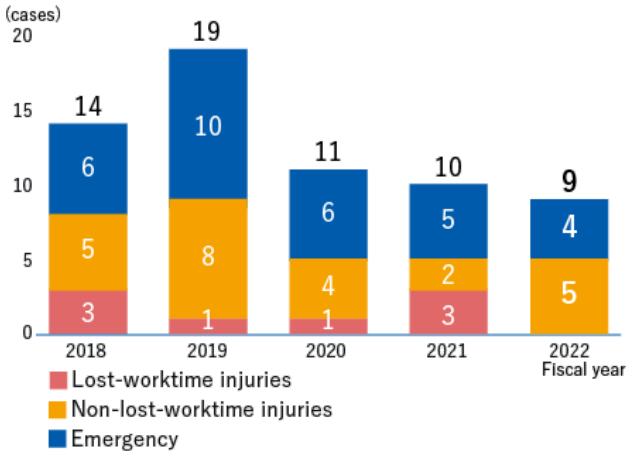
Noise and heat exposure data are recorded and maintained for all relevant personnel to enable each individual's exposure to be managed and minimized. We are advancing plant modification and reviewing work procedures to create a more comfortable work environment.

Safety initiatives at Asahi Kasei Kawasaki Works

The Kawasaki Works comprises three production areas: Shiohama, Ukishima, and Chiba, with manufacturing sections that operate 24 hours a day, as well as R&D, production engineering, and support divisions. The workforce consists of approximately 1,700 individuals, including employees, dispatched workers, and subcontractors assigned on site. The members from diverse backgrounds promote our safety initiatives.

1. Introduction (background)

The Kawasaki Works has a history of active involvement in numerous safety initiatives. In light of the elevated count of work-related accidents involving both employees and contractors during fiscal 2018, they initiated a program aimed at fostering a culture of complying with rules in 2019.
In fiscal 2022, the initiative was renamed **“No Injury and No Accident”** to raise awareness about safety in workplaces.



Number of occupational accidents at Kawasaki Works (employees + subcontractors)

2. Specific initiatives

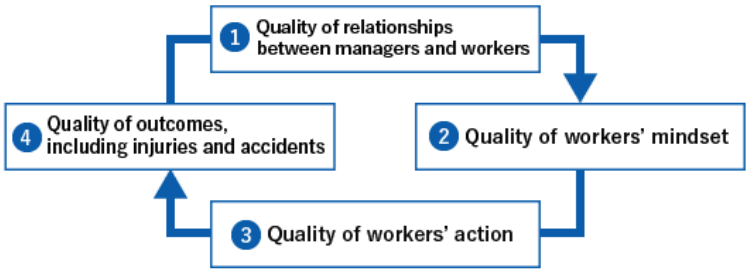
To uphold our commitments of No Injury and No Accident, we conduct the following activities in addition to our existing safety practices.

1)**"Mr. STOP" campaign** (started in fiscal 2021)

2)**Raising the quality of relationships between managers and workers: Dialogue between supervisors and subordinates**

Building an organization that respects one another and works closely.

In order to share the concept in the below diagram and have a better relationship (psychological stability) between workers and their supervisors, it is important to discuss specific ideas and methods thoroughly. Dialogue is encouraged for this purpose.



3) **Workplace-focused activities**

Sites with a high number of occupational accidents are identified as 'high priority sites.' Corporate ESH conducts surveys at these sites and engages in dialogue to enhance safety awareness among employees.

4) **"No Injury"—A promise to keep oneself free from injury**

We encourage each individual to think consciously about safety, fostering safety awareness to prevent injury at both individual and group levels. This is achieved through open dialogue and information sharing.

5) **"No Accident"—A promise to protect fellow workers**

Inadequate safety measures on the ordering side (Asahi Kasei) have led to injuries involving contractors during delivery of work. This effort aims to eliminate such occupational accidents through dialogue and thorough safety measures.

3. What is "Mr. STOP"?

Aim and Purpose

Targeting young employees with less than five years of experience (42% of all occupational accidents) and often-overlooked contractors (38% of all occupational accidents), the program aims to achieve zero occupational accidents.

Activity Details

Our top priority is to recognize and appreciate good work by conducting site visits to observe work from different angles, including Life Saving Actions (LSA), a company-wide initiative. Whenever we notice unsafe work, we ask them to stop the work and have them consider the risks involved. Our approach emphasizes mutual understanding and learning rather than merely pointing out mistakes.

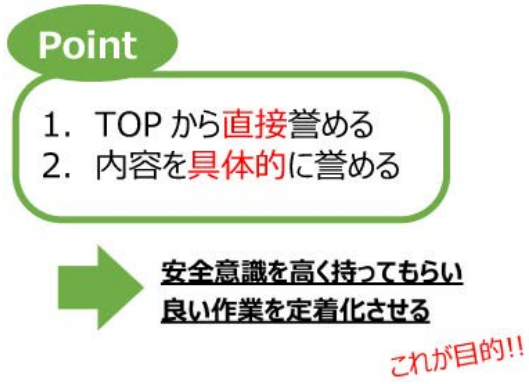
STOP Activities
(Safety Training Observation Program)

This is a customized version of DuPont's safety management program, adapted to align with Japanese-style safety initiatives. The fundamental principle is to eliminate hazards and prevent accidents through observation and identification of unsafe conditions and behavior, and to take action accordingly.

4. “Good Point Award”

We walk through the site and promptly nominate exemplary practices and workmanship, even those considered ordinary, as candidates for the Good Point Award. If there are deserving candidates (self-recommendations are also accepted), the production manager presents the awards to them in front of everyone on site.

Fiscal year	Awards received	Good Point entries (including awards)
FY2021	33	347
FY2022	36	422
FY2023 (until June)	9	161
Results	78	930




表彰状

STOP グッドポイント

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The award certificate contains specific details.

A scene from the award ceremony for subcontractors

Award given to shift workers in production

5. Outcome of the “Mr. STOP” campaign

One of our contractors said to us at the ceremony, “being praised in such a specific way makes me feel compelled to do things more safely than ever before.” This positive cycle of improvement appears to be the result of the Mr. STOP initiatives because they received the recognition they deserve.

6. Conclusion

We have not reached our goal of zero occupational accidents, but considering the actual occupational accidents occurred, it looks like we have made a steady improvement in our safety standards. We firmly believe that we can foster truly safe workplaces if we continue to improve safety awareness of each and every employee through various safety initiatives, focusing on “No Injury and No Accident,” our promises of not leaving anyone behind. Also, we believe that such efforts will lead to zero occupational accidents and continuation of the practice.
We will continue to build a culture of praises like those seen in the Mr. STOP initiative, and strive to create production facilities where everyone can work in good health and comfort, with a sense of safety and security.

Dealing with the asbestos issue

We have dealt with the asbestos issue as explained below.

	Specific Measures
Measures for buildings owned by our Group, including its plants	Conducted asbestos surveys and systematically removed, contained, or enclosed it in accordance with the Ordinance on Prevention of Health Impairment Due to Asbestos.
Replacement of asbestos in plant joint sheets	Asbestos in joint sheets is replaced with non-asbestos materials sequentially when joints are opened for inspection or maintenance.
Responding to health issues of our Group retirees	The Group does not engage in the production or handling of asbestos as specified in the Ordinance on Prevention of Health Impairment Due to Asbestos. However, if a retiree who had handled asbestos on a temporary basis during his or her tenure with the Group (for maintenance purposes for example) requests it, he or she can receive a medical examination and a follow-up will be conducted.

Health & Productivity Management and Occupational Health & Safety

Occupational Health & Safety | Health & Productivity Management

Health & Productivity Management Policy

The situation surrounding employees has changed considerably over recent years, with the retirement age being extended to 65 and the stressful situations caused by changes in work conditions triggered by the spread of COVID-19. At the same time, for the Asahi Kasei Group to provide value to society through its business, we need employees to be more productive and creative than ever.
In response, we have been developing health & productivity management*, which positions health-related initiatives as a company-wide management issue, and expand on the health and productivity management of past ESH & QA activities.
In October 2020, the Asahi Kasei Group announced the Statement on Management for Health. Human resources are the essential element for the improvement of corporate value. Providing an environment that supports the physical and mental well-being of employees is becoming increasingly crucial for corporations. Therefore, we will work to further promote health and productivity management based on the Group Health & Productivity Management Vision described in the Statement.
We will further enhance our programs for the prevention of mental health issues, which is a priority in our PDCA cycle, as defined in the health and productivity management goals of our medium-term plan. In 2022, we adopted the 'percentage of employees absent from work due to mental health issues' as an indicator for the director's remuneration policy to measure the progress. Furthermore, we will strengthen health and productivity management and promotion measures, with an emphasis on women from a DE&I perspective, in line with physical and mental health promotion through the positive outcomes and improvements achieved in our health and productivity management. The next step is the promotion of well-being management, which aims to create a state of physical, mental, and social well-being for our employees.

* In Japanese “Kenkokeiei” is a registered trademark of Nonprofit Organization Kenkokeiei.

Statement on Management for Health

The Asahi Kasei Group pursues sustainable growth of corporate value while contributing to the achievement of a sustainable society by leveraging its strengths of diversity and the capability to change. We believe that human resources are the key to achieving this goal.
In the future, it will become ever more important for the company to create an environment where employees can both physically and mentally healthy and where everyone can play an active role. We hereby declare that we will work to promote health and productivity management, which further refines the initiatives for promoting and maintaining health we have developed to date, under our Group Health and Productivity Management Vision.

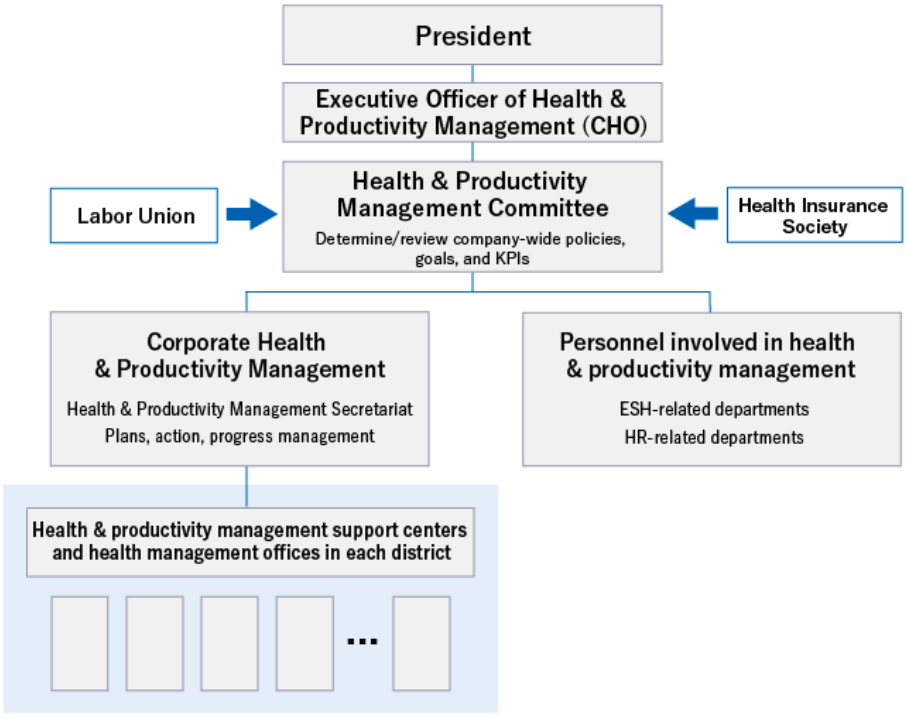
October 2020, Asahi Kasei Corp.

The Asahi Kasei Group Health & Productivity Management Vision

The Asahi Kasei Group will contribute to the achievement of a sustainable society by encouraging the active participation and growth of each individual and the improvement and development of Group productivity. To this end, the company will ensure that its employees and their families are both physically and mentally healthy, and strive to enhance their job and life satisfaction.

Promotion framework for health & productivity management

In January 2020, we established the Corporate Health and Productivity Management organization. In the following April, we assigned an Executive Officer with responsibility for Health and Productivity Management. In April 2021, our nine Health Management Centers, which have occupational health staff at each of our major domestic sites, became part of Corporate Health and Productivity Management. This enabled us to standardize and optimize overall health-related operations, improve coordination among different sites, and promptly address group-wide challenges, with unified promotion of health & productivity management. While this was adopted at the main domestic sites in April 2021, its application is being extended to smaller offices and affiliated companies in Japan from April 2022.



Promotion framework for health & productivity management

Purpose of health & productivity management

Our cornerstone is the maintenance and promotion of physical and mental health of our employees and their families. By creating synergy through the success and growth of each individual, greater job satisfaction and fulfillment, and a vibrant and strong organizational culture, we aim to improve the productivity and growth of the Asahi Kasei Group. We will also strive to create a virtuous cycle between two aspects of sustainability: contribution to sustainable society and sustainable growth of corporate value.

Overview of health & productivity management

Health & Productivity Management Strategy Map

In promoting health & productivity management, we pursue thorough understanding the expected outcomes of our investments and measures along with how our initiatives translate into concrete actions to address the issues we aim to resolve. We have charted these relationships on a diagram.

› Strategy Map (436.8KB)

Health & Productivity Management Objectives (Priority Measures)

To achieve our health & productivity management objectives, we believe it is important both to create opportunities for employees to be active and grow, and to revitalize individuals and organizations.
To create opportunities for employees to be active and grow, we will reduce the number of days employees take off work. In addition to this, we will work on revitalizing individuals and organizations.
From the perspective of improving productivity, we will also strive to help employees get more and better-quality sleep, a lack of which is said to be a major contributing factor behind “presenteeism[1].”
For this reason, the Group has set its primary health and productivity management goals as follows: (1) creation of opportunities for employees to play an active role and grow, etc. (improving the absence rate through countermeasures for mental health issues, people with serious lifestyle-related diseases, people with metabolic syndrome, cancer, and smoking), (2) revitalizing individuals and organizations (improving work engagement[2]), and (3) improving the quality and quantity of sleep.

[1] A state in which employees go to work but are unable to perform due to physical and mental health issues. In a study conducted by the Ministry of Economy, Trade and Industry (METI) that used the WHO-HPQ to measure employee productivity, it was reported that presenteeism accounts for 60-80% of total health-related costs.

[2] A positive and fulfilling psychological mindset toward one’s work that consists of three components: enthusiasm, immersion, and vitality.

(1) Creating opportunities for employees to play an active role and grow, etc. (improving the absence rate)

Item	FY2019 Results	FY2020 Results	FY2021 Results	FY2022 Results	FY2023 Target	FY2024 Target[3]
Percentage of employees absent from work due to mental health Issues[1]	0.91	0.98	1.00	1.07	0.80	0.64
Percentage of employees seriously ill with lifestyle-related diseases[2]	11.0	11.0	10.7	10.7	8.9	7.7
Percentage of employees suffering from metabolic syndrome	11.1	11.4	11.1	10.7	8.9	7.8
Number of days off per cancer case	79.2	68.1	87.5	88.6	67.3	67.3
Smoking rate	25.8	24.7	23.5	22.5	18.5	15.5

[1] Percentage of employees who are absent from work for 30 or more consecutive days during the fiscal year

[2] Selected based on in-house criteria

[3] Medium-term target as of 2020

(2) Revitalizing individuals and organizations (improving work engagement)

As a primary preventive measure to help employees recognize their stress levels and reduce the risk of mental health issues, the Asahi Kasei Group conducts annual stress checks in July using the mental health support system ‘e-Diagnosis: New Occupational Stress Quick Assessment System (Fujitsu Limited).’
In fiscal 2020, we also adopted the KSA (vitality and growth assessment) survey, which enables more detailed analysis and visualization of work engagement (enthusiasm, immersion, and vitality) in workplaces.
We are working to raise employee work engagement at each workplace through comprehensive analysis of e-Diagnosis and KSA results and by facilitating communication among employees.

› Overview of KSA (Vitality and Growth Assessment)

(3) Improving the quality and quantity of sleep

Presenteeism generally accounts for 60-80% of total health-related costs, and this is said to be several times higher than medical costs. Next to mental health issues, the quality and quantity of sleep is considered to be a major cause of presenteeism, so we will promote countermeasures to address this problem.
Specifically, we will (1) establish a method for evaluating sleep, (2) investigate ways to handle employees who are not getting enough sleep, and (3) promote education and training to improve sleep literacy.
In addition, starting in fiscal 2022, reducing the percentage of employees who do not get enough rest from sleep has been newly established as a KPI for sleep as part of our Health and Productivity Management Objectives.

Item	FY2019 Results	FY2020 Results	FY2021 Results	FY2022 Results	FY2023 Target	FY2024 Target*
Sleep KPI (%)	32.4	28.5	27.2	28.0	24.2	22.7

* Medium-term target as of 2020

Specific initiatives

Mental health and care

The Asahi Kasei Group is working to reduce the rate of employees missing work due to mental health issues by enhancing its four complimentary approaches to care in accordance with its mental health care guidelines.

(1) Self-care

To promote understanding of stress and how to cope with mental health-related issues, we have been implementing and improving the training on mental health. In May 2023, we offered mental health self-care education to all employees to help them recognize and manage their own stress and mental health issues in an early phase.

(2) Line care

As part of the care along the reporting line, each district is working to improve the work environment through the Vitality Criteria checklist of the e-Diagnosis and training sessions. The Suzuka district is working to create a comfortable workplace, and thanks to the 15-years of ongoing efforts, the percentage of employees absent from work due to mental health issues has been decreasing. Since fiscal 2020, we have been offering workshops in the Mizushima area in collaboration with the HR department, occupational health staff, and the labor unions, using e-Diagnosis and KSA in an integrated manner. In fiscal 2022, other districts across Japan began following the practices of the Mizushima area.

(3) Care provided by occupational health staff and others

We conduct stress surveys on individuals using e-Diagnosis and have our occupational health staff follow up with them.
In some of the areas, we have conducted a pilot program called “Follow-up Care for Relocated Employees, etc.” targeting relocated employees and new hires, and we monitored how they were adjusting to new environments and workplace. This program aims to prevent the progression of unfavorable outcomes for those who exhibit any signs of irregularities. Given the effectiveness of the survey and measures taken, we prepared manuals and tools necessary to roll out this program at our major production sites in Japan. We will work to prevent mental health issues associated with relocations and other events by implementing this program across the company.

(4) Care provided by specialized organizations

Rework programs are also available for those who took a leave of absence due to mental health issues, as part of the rework trial designed to help them resume their roles successfully. In addition, we provide care by specialists, including training sessions by external lecturers and referral of counseling services.

(5) Analysis of direct factors and circumstances resulting in leave of absence for mental health

To reduce the number of employees on sick leave due to mental health issues, we have our occupational health staff analyze the causes of these absences on a district-by-district basis. They determine contributing factors by considering both direct causes and background information obtained from interviews. Results from each site are also aggregated, with company-wide data analyzed according to various aspects such as job category and position, which are then shared throughout the company, and for which countermeasures are created.

Initiatives for employees with severe lifestyle-related diseases and metabolic syndrome

In order to maintain and improve the health of our employees, the Asahi Kasei Group is working to prevent and address lifestyle-related diseases.

(1) Specific health guidance and Get Fit Challenge

In addition to the health promotion program we operate under specific health guidance, we launched the “Git Fit Challenge” in fiscal 2021, aiming to prevent the onset or progression of lifestyle-related diseases and their complications. This program aims to prevent lifestyle-related diseases by extending the target beyond those who must receive specific health guidance and by including overlooked individuals. The specific health guidance has been found to be effective in addressing lifestyle-related diseases and weight loss to a certain degree. To increase participation in medical checkups, in fiscal 2022, we have implemented a company-wide policy encouraging employees subject to specific health guidance to receive counseling, with support from their department and section, unless they have valid reasons not to. Under the new policy, employees who are recommended to receive specific health guidance must attend follow-up consultations unless they have valid reasons. They are also allowed to schedule these appointments during work hours.

(2) Creation of exercise occasions

Each production site organizes walking events, as well as annual physical fitness tests to monitor the changes over time. Also, exercise videos that are easy for anyone to do anywhere are available on our intranet to encourage employees to start exercising.

Actions to promote exercise habits at each site

To prevent the development of serious lifestyle-related diseases and metabolic syndrome, we host walking events and physical fitness tests at each production site as part of our efforts to promote regular exercise.
With the introduction of the “&well*” walking app, we encourage participants to change their behavior, raise health awareness, and foster communication, even in remote work settings. In addition to the app, some districts use the traditional step-counting tools together with the “&well” app to track the number of steps per division and organize their own walking events. Similarly, another district organized a “Mystery and Health Walk” event, including a quiz rally where participants walked inside the manufacturing site's premises to discover quizzes, all aimed at increasing steps with the use of the “&well” app.

* Planned and operated by Mitsui Fudosan Co., Ltd.

Health promotion and maintenance for women

We didn't limit our efforts to women's health but also focused on enhancing women's performance. We addressed health issues related to hormonal changes and life stage concerns, crucial for women's success, career advancement, and personnel retention. In fiscal 2022, we hosted seminars on lifestyle-related disease awareness for women in the Ohito area. Many of our employees attended this seminar titled “Managing Women's Health after Menopause.” In the Hibiya area, a new type of yoga called “Comedy Yoga” was held as a project sponsored by the Japan Sports Agency. This yoga session aims to improve the engagement of working women in sports, alleviate daily stress, and enhance women's social surroundings.

A scene from Yoga lesson for employees

(3) Occupational health staff visualize the physical and mental state of employees at each workplace as a group and report to the department heads

In the Nobeoka and Fuji regions, which are major manufacturing sites of the Asahi Kasei Group, the results of health checkups, lifestyle data, and sickness and injury leave data are analyzed by workplace, and the occupational health staff report the results of the group analysis to the head of each workplace. This allows those overseeing each workplace to gain an objective understanding of the physical and mental state of their employees as a group, identify issues, and take measures to improve the situation.

Cancer awareness initiatives

(1) Education to improve cancer literacy

We provided a company-wide e-learning program to all employees, focusing on cancer prevention and promotion of a better work-life balance. The program aimed to educate employees about cancer, promote healthier lifestyles that can reduce the risks of cancer, and encourage regular cancer screenings for early detection and treatment. Also, some offices had the course video available on the intranet for employees to view at any time after the lecture.

(2) Recommendation for cancer screening

We encourage cancer screening during regular health checkups or physical exams, with some of the expenses covered. We also make sure our employees are familiar with our support programs for those who undergo cancer treatment and return to work after their leave.

Efforts to Reduce the Smoking Rate

In April 2023, the Asahi Kasei Group announced its non-smoking policy based on the principle that we will support smoking cessation and prevent our employees from being exposed to undesired passive smoke. Beginning in April 2024, smoking will be prohibited during work hours. From April 2025, we will implement a non-smoking policy on the premises and during banquets*. Besides the Smoking Cessation Challenge organized and implemented by the Asahi Kasei Health Insurance Society, we will provide a variety of quit smoking programs and seminars to help smokers refrain from smoking.

* No smoking during banquet: Those who left the dining area to smoke are not permitted to re-enter.

Launch of the sleep program and its trial

In 2021, we piloted a sleep improvement program with the goal of enhancing sleep quality, improving work performance and daily routines. Since 80% of the participants showed improvement, we decided to continue the program into 2022. Continuing from 2021, the Tokyo Head Office and sales offices in the Tokyo and Osaka areas surveyed approximately 6,000 individuals about their sleep. Around 70 people who reported severe insomnia were selected to participate in the sleep improvement program following interviews. In the Mizushima area, they held a trial program aimed at improving the sleep quality of shift workers. The program had 18 participants, including 13 full-time day workers and 5 shift workers. It achieved over 80% satisfaction and a 68% improvement in daytime disturbances, demonstrating its effectiveness to a certain degree, even for the shift workers. For two consecutive years, we hosted an online-based sleep seminar to educate them about sleep. We later made the content available on-demand, which resulted in our employees' improved sleep literacy. In fiscal 2023, we prepared a manual on our sleep improvement initiatives, covering a series of processes from a sleep survey, interviews with occupational health staff, and implementation of a sleep improvement program. This framework will enable us to implement sleep improvement programs in each district and establish specific procedures for sleep assessment, follow-up measures, and health guidance. They will be deployed company-wide, including full-time day workers and shift workers.

Education on Health & Productivity Management

To support employees in acquiring knowledge and skills for health and productivity management, we provides a number of training programs based on the job roles for the various employee ranks.

Training	Method of Training	Purpose	FY2022 Participants
New hire training	Online Training	Gain an understanding of the basic health concepts as a responsible member of society, handling precautions for hazardous materials, and essential company rules	203
Training for new managers	e-learning	Gain an understanding of the overall health care concept and action framework, along with responsibilities of the company and employees	316
Training for newly appointed top management	e-learning	Gain an understanding of the Asahi Kasei Group's overall health & productivity management along with its importance	361

Addressing Global Health Challenges

Health Management Support for Overseas Employees

Although infections of COVID-19 are waning, we consider health problems caused by various infectious diseases to be a global issue. The Asahi Kasei Group is strengthening healthcare practices to protect the health of our employees working overseas, which are increasing in number as our business expands globally.
While the healthcare situation varies slightly depending on the length of the assignment and location, we provide pre-transfer medical checkups, vaccinations, advance Tamiflu prescriptions (anti-influenza medication) in case of a new influenza pandemic, and pre-transfer health education, as well as annual medical checkups throughout employees' assignments and a post-transfer medical checkup upon their return.
During an assignment, a web interview with an industrial physician is conducted six months after the assignment. In addition to the e-Diagnosis conducted in Japan, we use a health survey form to assess symptoms, local lifestyles, mental and physical health, and vaccination status. Based on the questionnaire results and medical exams, we schedule online interviews with our occupational physician or health advisor as required.
Moreover, for employees working overseas who are suspected of working long hours based on their total computer access time, online interviews with industrial physicians are conducted based on the questionnaire results.
"Health Letter from Tokyo" is regularly distributed to expatriates as well, providing information such as health checkup results and lifestyle questionnaires, and health information, all compiled by region. Also, in collaboration with a medical assistance company, we provide support for medical examinations at local medical institutions and health consultations to address health concerns and issues.

Activity evaluation and recognition by external organizations

To gain an objective understanding of the Asahi Kasei Group's health & productivity management efforts and further improve our activities, we had the following external organizations evaluate our initiatives.

Recognized as White 500 (large enterprise category) in the Certified Health and Productivity Management Organization Recognition Program 2023

We were recognized as one of the "White 500" organizations under the Certified Health and Productivity Management Organization Recognition Program (Large Corporation Category) of 2023, jointly operated by the Ministry of Economy, Trade and Industry (METI), and Nippon Kenko Kaigi. The Certified Health and Productivity Management Organization Recognition Program acknowledges corporations for their exceptional health and productivity management practices, aligned with community health agendas and health promotion activities advocated by the Nippon Kenko Kaigi.

Received the Silver Prize in the Cancer Ally Awards 2022

We received the Silver Prize in the 2022 Cancer Ally Awards, sponsored by a non-governmental organization dedicated to addressing cancer and issues of those who are receiving cancer treatment while continuing their career. This project aims to create a society and workplace environment that empowers cancer patients to maximize their potential while undergoing treatment.

Certified as a Sports Yell Company of 2023

We have been certified as a Sports Yell Company of 2023 by the Japan Sports Agency. This program aims to encourage the involvement of prime-age workers in sports and generate a societal interest in physical activities. It will grant certification to companies that actively promote sports to improve their employees' health. We were recognized for our efforts in providing exercise videos, athletic facilities, and walking events held at each of our sites.

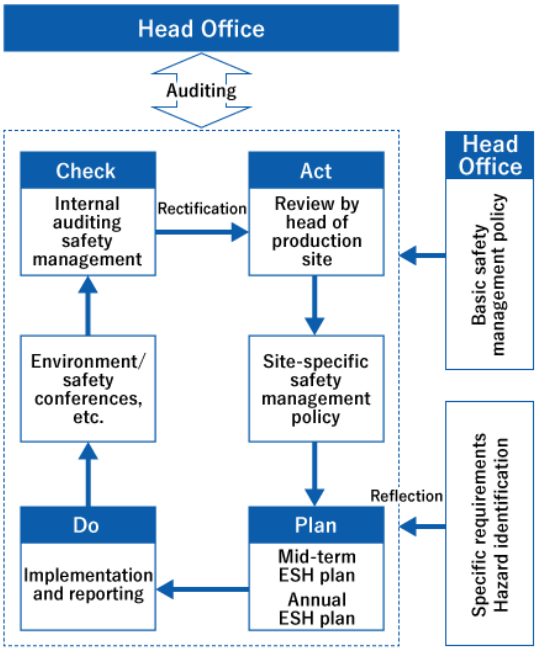
Recognized as Tokyo Sports Promotion Company 2022

We were recognized as a "Tokyo Sports Promotion Company" by the Tokyo Metropolitan Government. This program recognizes companies that encourage their employees' sports activities and contribute to society in the field of sports. We were recognized for our efforts in raising employees' health awareness through walking events and seminars held at each production site.

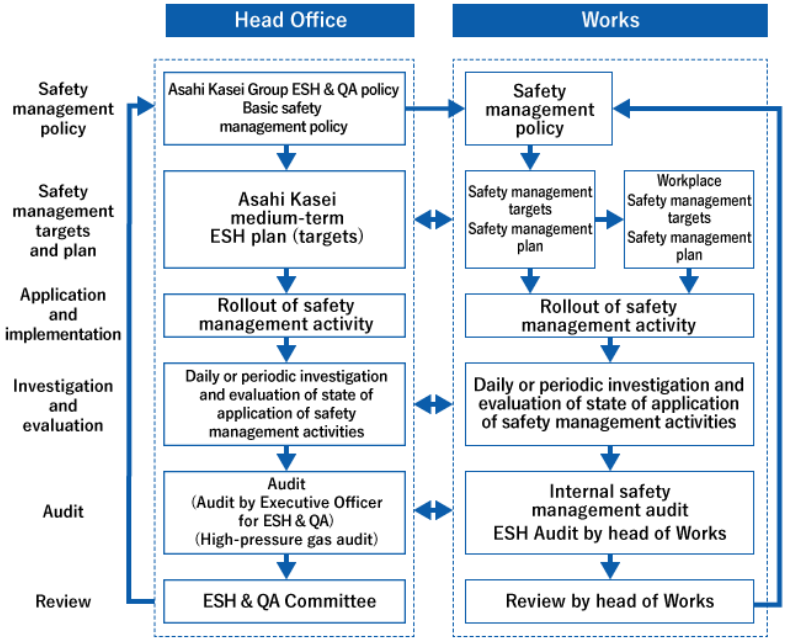
Process Safety

Policy

As part of its Group Philosophy, the Group Mission of the Asahi Kasei Group is to contribute to life and living for people around the world.
Based on this Group Mission, the Asahi Kasei Group ESH & QA and Health & Productivity Management Policy, revised on July 11, 2022, states, "the Asahi Kasei Group gives the utmost consideration to health maintenance, operational safety, occupational health and safety, quality assurance, and environmental protection throughout the product lifecycle from R&D to disposal as preeminent management tasks in all operations." Furthermore, as a specific matter regarding ESH, the policy states "we strive for stable and safe operation while preventing workplace accidents and securing the safety of personnel and members of the community."



PDCA cycle for safety management



Process safety management system

Safety management for high pressure gas

At the Mizushima Works and Kawasaki Works, we have received certification for self-inspection for high-pressure gas safety from Japan's Ministry of Economy, Trade and Industry. Accordingly, we perform our own "certified safety" and "conformity inspections" for equipment as part of the ongoing effort to maintain stable and safe operation, and we ensure the safety of the applicable facilities.
Concrete activities are based on the High Pressure Gas Safety Act and are specified in the High Pressure Gas Certification Safety and Completion Test Regulations approved by the President of Asahi Kasei.

High Pressure Gas Safety Controller	Asahi Kasei Corp. President
High Pressure Gas Process Safety Division General Manager	Asahi Kasei Corp. Director
High Pressure Gas Process Safety Management Department General Manager	Asahi Kasei Corp. Senior General Manager of Corporate ESH

We held the High Pressure Gas Process Safety Measures Promotion Conference (chaired by the Asahi Kasei Corp. Senior General Manager of Corporate ESH who is head of the High Pressure Gas Process Safety Management Department) four times (July and October 2022 and January and April 2023) with the relevant parties from head office, the Mizushima Works, and the Kawasaki Works in order to exchange information in a timely manner and implement the PDCA (plan-do-check-act) cycle. Furthermore, the High Pressure Gas Process Safety Measures Meeting, chaired by the High Pressure Gas Process Safety Division General Manager (Asahi Kasei Corp. Director commissioned by the President), was held once (July 2022) to check on the status of process safety at the Mizushima Works and Kawasaki Works. In addition, the on-site patrol by the High Pressure Gas Process Safety Division General Manager was conducted in December 2021 at the Kawasaki Works. For the past two years, both the Mizushima Works and Kawasaki Works have recognized continuing operations as a key issue, and took thorough measures to prevent COVID-19 infections and secure the availability of personnel, ensuring that operations did not have to be suspended due to infections.
The Mizushima Works was awarded super certification (Specified Certified Operator), which necessitates a higher level of high-pressure gas safety management, in September 2021 when the high-pressure gas safety certification was renewed. The Kawasaki Works also applied for and obtained ordinary certification during the renewal audit in August 2022. Along with other sites that have not yet acquired the certification for self-inspection, we will strive for more advanced high-pressure gas safety management.

Basic Policy for High Pressure Gas Safety

- Safety is an important fundamental of management, and all of our business activities depend on safety.
- Each one of our employees is responsible for safety, and safety is ensured by all employees together.
- We apply a PDCA (plan-do-check-act) cycle to continuously improve the level of safety.
- Measures to assess risks, and to eliminate and mitigate them, are persistent and ongoing.

Process safety management

In fiscal 2022, 16 safety-related accidents occurred, including at domestic and overseas affiliated companies.

[Number of safety-related accidents in fiscal 2022]

- Number of serious industrial accidents: 0 (accident intensity of 18 points or more, or accident resulting in death)
- Number of industrial accidents: 2 (accident intensity of 3 points or more but less than 18 points)
- Number of minor industrial accidents: 14 (accident intensity of less than 3 points)

Note: Classification by accident intensity is based on the standards of the Japan Petrochemical Industry Association (CCPS).

In fiscal 2022, there were no serious industrial accidents, but there were two industrial accidents. The first was in April 2022, when a fire occurred at the Bemberg Plant and lasted for 8 1/2 hours before being extinguished. Along with the semiconductor plant fire that occurred in October 2020 (which lasted for 64 hours before being extinguished), there were issues with fire prevention measures at indoor plants, so we have begun new activities for prevention. The second was in September 2022, when a fire occurred at the Saran Intermediate Manufacturing Section due to polymer burning inside a dryer.
There were also 14 minor industrial incidents which occurred such as small fires, smoldering, and small leaks of hazardous materials on the premises, but thorough primary measures on site prevented damage from spreading. We will continue to strengthen our efforts to reduce the severity and number of industrial accidents going forward.

Improving fire prevention measures by establishing standards for installing fire prevention equipment in areas at high-risk of indoor fire

Regarding the semiconductor factory fire in October 2020, we established an accident investigation committee and released a fire accident investigation report in September 2021. Since the fire occurred in a clean room, we investigated all 216 of our clean rooms in order to identify measures to prevent recurrence, and conducted on-site inspections of 14 domestic clean rooms and held an interview regarding one overseas clean room. We found some cases where early detection of fires would be difficult, and some cases where effective fire extinguishing equipment was already in place. Furthermore, the subsequent fire situation at the Bemberg Plant showed that once flammable plastics and cardboard catch fire, it is difficult to extinguish the fire in an indoor plant, so fire prevention measures were looked at that focused not only on clean rooms but also on indoor fires in general.

	Semiconductor plant fire (October 2020)	Bemberg plant fire (April 2022)
Arrangement of people	Three-shift workplace, but not manned all the time	Three-shift workplace, but not manned all the time
Equipment where fire occurred	Flammable plastic inside machine	Contains flammable materials such as cardboard and paper tubes
Earliest detection	Because it was a clean room, smoke was being purified from the air, which enabled the fire to build up before the smoke detector activated	A heat alarm sounded, but the fire had already spread by the time someone got to the scene
Initial extinguishing	The first person on scene thought it couldn't be put out with a fire extinguisher	Attempted to put out fire with extinguisher, but the flames were too high to put out
Fire department response	Difficult to go inside as the space is almost completely sealed	Took time to shut down utilities, spraying water only began after 1 1/2 hours

On the other hand, we were also able to obtain advanced knowledge about fire prevention equipment from outside experts. A system that can detect fires early even in clean rooms where smoke is purified from the air has already been put into practical use, and we have also confirmed examples of using this system in the company to enable the quick extinguishment of fires. We were also able to confirm examples of the installation in the company of fire extinguishing equipment to prevent the spread of fire after it breaks out. In order to widely deploy these throughout the company, we established standards in March 2023 for installing fire prevention equipment in areas at high-risk of indoor fire. We will implement improvements in the future, including putting fire extinguishing equipment in areas that are at high-risk of fire, such as in places where cardboard boxes for product shipment are stored. We will also increase both the quality and frequency of disaster prevention training, and revise the emergency response plan submitted to the fire department in order to prevent fires from occurring and prevent them from spreading.

Drenchers which prevent a fire from spreading

Activities to pass on operational safety technology

Details of initiatives under activities to pass on process safety technology

To achieve safe operations, it is essential to perform sound plant maintenance, and to operate facilities in a safe and stable manner. The Asahi Kasei Group carries out process safety risk assessments during plant construction and puts in place controls to prevent fires and explosions after the start of operation. We periodically inspect safety valves and interlock functions, properly maintain aging parts, and repeatedly review facilities and processes based on case studies of accidents both inside and outside the company.
In particular, in response to the so-called three major accidents that occurred outside the company in 2011, we began activities to pass on operational safety technology in 2013. These activities involved identifying hazards in chemical plants, confirming preventive measures that may manifest as risks, and passing on the details.
The activities consist of the following four steps:

- Step 1: Identification of hazard sources and assessment of hazard risks
- Step 2: Creation of technology transfer materials and succession of executive changes using summary materials
- Step 3: Training operators to use troubleshooting manuals, factor analysis, etc.
- Step 4: Training of operators with ability to apply knowledge to work through troubleshooting drills

First, in Step 1, we rank the hazard sources identified from brainstorming and by accidents that occurred in the past. In a system where a runaway reaction occurs due to some deviation, if safety devices such as interlocks and safety valves do not function, or if the container exceeds the design pressure and there is a possibility of rupture, it is defined as Hazard Rank A. Naturally, we maintain a low risk rank by implementing multiple operational controls that do not cause deviations and by maintaining and managing safety devices. In addition to these abnormal reactions, we will also consider abnormalities, such as suspension of service, contamination, and expiration of polymerization inhibitor, and how to deal with them.
In addition, Step 4 involves training to ensure that operators working in shifts can correctly respond to expected abnormalities (training to determine the cause of abnormalities, respond, and prevent them from spreading). The individual skills of the trainees are then assessed to ensure that they are acting in the correct manner, and retraining is conducted until their skills reach the level required for their role.

Here we will look at some example activities carried out in the manufacturing section. Many talented and experienced operators in this manufacturing section have retired, with most of them replaced by younger operators with little experience working in a chemical plant. In addition to teaching the new personnel how to operate, we make use of the safety and disaster prevention technology transfer activities so that they can appreciate the underlying manufacturing technology as well. The operators are educated on Steps 1 and 2 above using technical materials, etc., and then trained so that they can master Steps 3 and 4.

Here is an example from the documentation passed on of a fire caused by the materials handled in this manufacturing section that occurred in 1980. At the time, the manufacturing department regularly collected and disposed of a fine layer of dust that had accumulated on the roof of the factory. However, one of the plastic bags containing the dust that had been collected during a sunny summer's day spontaneously ignited, and the fire spread to the rest of the plastic bags containing the dust. After this accident, dust collection equipment was improved so that dust was no longer discharged onto the roof, but the potential danger inherent to the substance remains unchanged. Therefore, this activity summarizes the multiple countermeasures that were identified and implemented at the time as the cause of the fire, and provides education on the implications of the work. This activity not only prevents recurrence, but also prevents unintentional failures in change control.

Excerpt from materials related to past accidents at the Kawasaki Works

Kayaku Japan Co., Ltd. Tohmi Plant explosion

In March 2022, an explosion occurred at the Tohmi Plant of Kayaku Japan Co., Ltd., resulting in a very tragic accident that killed one person who was assigned to manufacturing work. Kayaku Japan Co., Ltd. is a company in which Nippon Kayaku Co., Ltd. and Asahi Kasei have invested 50% each. Kayaku Japan Co., Ltd. has established an accident investigation committee with third party outside experts to examine and investigate the cause of the accident. In January 2023, a summary of the investigation results was released. According to the published report, the explosion occurred in the cleaning room, which is the next step in the process after the nitrification room where nitroglycerin is synthesized. The above-mentioned safety and disaster prevention technology transfer activities were also carried out at Kayaku Japan Co., Ltd. Tohmi Plant, and were finalized in 2016. The applicable facility was a nitrification room where an accident had occurred in the past, but there were no documents regarding the cleaning room or other areas.

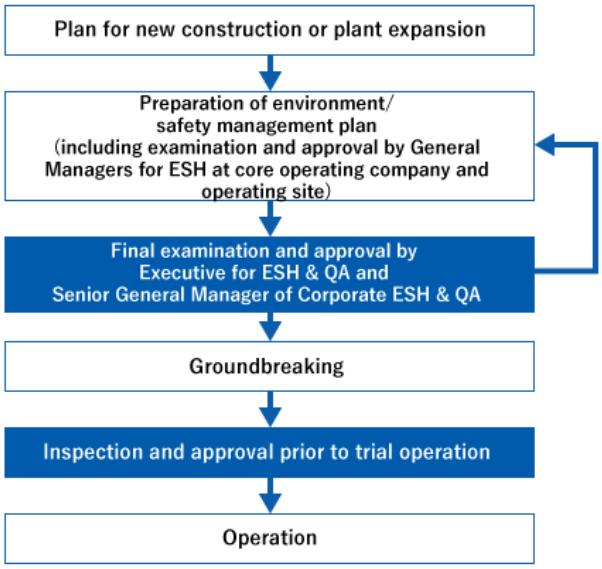
However, the nitrification, cleaning, and compounding rooms all handle the extremely hazardous nitroglycerin, so it is possible that they were not fully aware of the nature of this activity. It is also possible that Corporate ESH of Asahi Kasei, which should be inspecting the plant as a third party, did not identify the inherent dangers of the substance and did not give instructions to evaluate the next process step.

We will reflect on these deficiencies in our safety and disaster prevention technology transfer activities, which we began reinforcing in fiscal 2022, and will utilize them in various activities related to safety and disaster prevention.

Pre-screening when investing in equipment

We perform process safety assessments before plant construction to ensure safety, not only when establishing new plants or expanding plants but also when modifying or dismantling plants. Based on our pre-inspection standards for capital investment, we conduct pre-installation safety inspections and pre-trial safety inspections before starting actual operation to confirm safety of new or modified equipment of a certain size or larger. The inspection system is applied not only in Japan, but also outside of Japan.
Safety assessment is performed as part of the pre-investment inspection. Ranks are assigned based on the degree of hazard, with methods such as HAZOP* utilized in the risk assessment of high risk facilities.

* HAZOP "Hazard and Operability Study"
A method of identifying causes behind occurrences and countermeasures based on assumptions due to deviations from design points. This highly exhaustive method is widely utilized throughout the process industries.



System for inspection prior to capital investment

Measures for safe and stable production at plants

Given our diverse range of operations that include the Material, Homes, and Health Care business sectors, the Asahi Kasei Group has plants with a wide variety of different characteristics. No single approach to safety would be appropriate for all plants.
We employ a systematic process to tailor the safety effort to each plant's specific requirements, including the use of the PDCA cycle. One characteristic of this process is the formulation of separate maintenance standards for each individual unit of equipment to ensure the appropriateness of the method and period of maintenance.
In addition, measures that span across the Asahi Kasei Group include a Maintenance Personnel Committee and group-wide plant engineering council with 4 specialist panels: Formulation of optimum systematic maintenance programs, establishment of standards and criteria, formulation of training systems for maintenance engineers, and sharing engineering information. We will ensure safe and stable production at our plants through these maintenance activities.

Training for maintenance

We believe that maintenance means creating the condition of equipment necessary to accomplish production objectives. Although we use a PDCA cycle for the planned maintenance system, people are the most fundamental element. It is vital for each individual to gain the essential technical knowledge and contribute to the strength of the team.
The Asahi Kasei Group's maintenance technicians should have the ability to carry out planned maintenance, to predict hazards, and to make improvements rather being purely repair personnel who fix malfunctioning machinery and return it to its original state. To develop such maintenance technicians, we clarified the training principles for maintenance technicians, formulated a training curriculum for each individual based on these principles from fiscal 2009, and applied the PDCA cycle for education and training based on the curriculum for all maintenance technicians.

Training for process safety

At our petrochemical sites in Mizushima and Kawasaki, the Asahi Operation Academy (AOA) serves as the training center to cultivate the skills necessary to conduct production activities at petrochemical plants. AOA teaches the principles and structures of equipment, heightening the ability to identify the cause of equipment failure and to respond appropriately. Miniature plants and simulators are used at AOA to provide hands-on experience with controls and instrumentation. Operators thereby gain the technical skills and practical understanding of chemical engineering necessary for safe and reliable plant operation, with the ability to respond appropriately in the event of any abnormality.
In conjunction, we provide education on human behavioral characteristics and accident case studies in order to instill greater sensitivity for safety among employees and obtain strict compliance to safety rules to avoid dangers. We carry out safety training exercises in which employees are given simulated experience of workplace dangers including being caught in/between machinery, contacting hazardous liquids, tripping and falling on the same level, suffering a burn, falling from height, etc.
From fiscal 2019, we began incorporating VR experiences into our basic engineering education and safety training curriculum, and we are working to enhance training to improve risk sensitivity in equipment handling and operation.

Regularly conducted training	Basic technology courses (machinery, instruments, electricity, and chemical engineering) Safety experience courses (being caught in/between machinery, contacting hazardous liquids, suffering a burn, stumbling, tumbling or falling, getting scalded, etc.) Job level-based courses (problem-solving training, etc.)
Training target	Manufacturing operators and facility management personnel

Emergency response

A comprehensive set of internal regulations guides the proper response to any industrial accidents or natural disasters which may occur.
The smooth operation of the emergency response system ensures that personal safety is secured, that effects of the situation are prevented from spreading to surrounding areas, and that damage is held to a minimum, through close communication between the plants, regional management, and the head office. The plants prepare annual plans for periodic training drills, and perform drills in coordination with the head office.
In Fuji, a firefighting competition sponsored by the Fuji City Fire Association was held for the first time in three years now that the pandemic has ended. Five teams from the Fuji branch participated with the Asahi Kasei Homes team taking third place in the indoor fire hydrant category. We will continue to discuss with each site how to strengthen the planning and implementation of effective disaster prevention drills.

The Asahi Kasei Homes team from the Fuji Branch taking part in the firefighting competition hosted by the Fuji City Fire Association (September 14, 2022)

Transportation and Distribution Safety

To prevent transportation and distribution accidents related to dangerous goods, such as hazardous materials, poisonous substances, and high-pressure gases, and to further improve the quality of our logistics, the Asahi Kasei Group is engaged in various safety activities such as logistic safety and quality conventions, safety meetings, safety inspections, and product handling education together with logistics providers contracted for the storage, handling, and transportation of products.
In addition to a logistics safety quality conference, in which logistics companies were brought together both online and face-to-face, together with senior management from Asahi Kasei to raise awareness around safety, a safety conference was held in fiscal 2022 attended by many people involved with different products.

Main activities in fiscal 2022

- Logistics safety and quality symposium: 50 companies
- Safety meeting for dangerous goods (held twice per year): 35 companies
- Safety meeting for resin products: 11 companies
- Safety meeting for photosensitive dry films: 3 companies
- Logistics safety inspection: 43 companies
- Product handling training: 21 items, cumulative 82 companies

In addition, we have introduced HAZMATers (Hazardous Materials Emergency Response Service), provided by the Maritime Disaster Prevention Center, to further strengthen our ability to respond to emergencies. The engagement of HAZMATers makes a highly specialized emergency response available 24 hours a day, 365 days a year, ensuring swift action to prevent the spread of damage if an accident occurs.

HAZMAT emergency dispatch vehicles

[Number of logistics accidents in fiscal 2022]

	Target	Results
Serious logistics accidents*	0	0
Logistics accidents**	0	1

(Excluding some affiliates such as Asahi Kasei Homes)

In a logistics accident that occurred in fiscal 2022, a worker's wrist got caught and was fractured during unloading. Corrective measures are being taken to prevent this from happening again.

Definition of accidents:

* Serious logistics accident: (1) One or more dead or seriously injured, (2) 100 million yen or more in damages, or (3) Significant social impact (resident evacuation notice, etc.)

** Logistics accident: (1) Personal injury (other than a serious logistics accident), (2) Public response (firefighting, leak prevention, etc.), (3) Explosion, spread of fire, poisoning, or risk of such accidents, or (4) 5 million yen or more in damages

Social Activities

Policy

At the Asahi Kasei Group, we believe that it is our social responsibility to contribute to the development of local communities in which we operate by building a good relationship with them. We work to honor and respect the local culture of each community where our operations are based, and to maintain effective dialog and communication with community members.
It is the policy of the Group as a whole to contribute to the vitality of communities, while at the same time engaging in activities that help to solve local issues through the creation of local employment and procurement based on the Group's businesses. In addition, through community exchange events, plant tours, and community contribution activities, we strive to gain the understanding of local communities about our business and initiatives, and utilize the feedback we receive in our management.

Management Framework

Administrative departments at the Asahi Kasei Group's sites lead communication with the communities around our plants, planning and operating periodic networking events, plant tours, and other activities.

Plant tours

We offer plant tours to provide better understanding of our operations and the measures we implement for the environment and safety (tours are not available at all plants). Plant tours were suspended since fiscal 2020 due to the pandemic, but resumed at some plants in fiscal 2022.

Factory tour (Mizushima Works)

Factory tour (Oita)

Dialog and interaction

At each of the Group's main production sites, we engage in dialog and interaction that includes discussion with local residents through bodies such as local governments, providing public access to our facilities such as sports halls and grounds and parking lots, and holding events.

A meeting with a local residents' association (Moriyama Works)

2022 CSR report meeting (Suzuka Plant)

Children catching insects on some open ground (Ohito District)

Clean-up activities around the plant (Kawasaki Works)

Litter pick-up patrol (Fuji Branch)

Cleaning up the beach near the plant (Nobeoka Region)

NPO supporting education of the next generation

In 2009, some interested members from the Asahi Kasei retirees association formed "Hagemashitai" (Encouragers), a volunteer group for providing support with schoolwork, and began providing help with math and science schoolwork to junior high school students in Nobeoka, Miyazaki Prefecture. In 2012, Hagemashitai was incorporated as an NPO and is expanding in size and continuing its activities still today. We support the NPO.

Asahi Kasei retirees volunteer to help students as an NPO activity

Social Activities

Local communities | Community fellowship

Policy

The Asahi Kasei Group is involved in a wide range of community-focused activities under the following Community Fellowship Policy to fulfill our responsibilities as a corporate citizen. We strive for mutual prosperity with the local communities and stakeholders focused on the three themes of Nurturing the Next Generation, Coexistence with the Environment, and Promotion of Culture, Art, and Sports.

1. Effective utilization of our human resources and technologies to advance community fellowship based on the unique characteristics of the Asahi Kasei Group.
2. Striving for meaningful community fellowship actions with a constant awareness of our objectives and effectiveness.
3. Supporting and nurturing participation in community fellowship by employees, encouraging volunteerism and individual initiative.

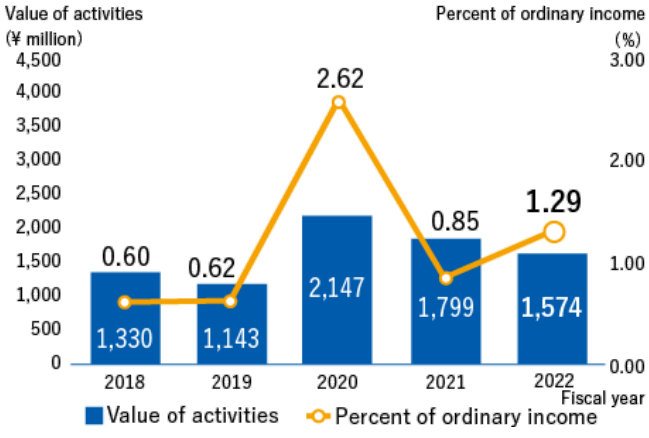
Asahi Kasei Group Community Fellowship Activity Themes

- Nurturing the Next Generation
- Coexistence with the Environment
- Promotion of Culture, Art, and Sports

Value of community fellowship activities

The Asahi Kasei Group supports the active participation of employees in community fellowship activities. In addition, we participate in the One-Percent Club of the Keidanren (Japan Business Federation), and convert our social contribution activities into monetary value by a method set forth in its annual Survey of Expenditure for Corporate Philanthropic Activities. The total value of our donations in fiscal 2022 (including community investments) was ¥1,574 million.

* The results of the activities of the entire Group were converted into monetary values based on the methodology of the Japan Business Federation (Keidanren) “1% Club” Value of Community Fellowship Activities Survey.



Value of community fellowship activities

Note: Figures for fiscal 2021 have been revised.

› Japan Business Federation (Keidanren) “1% Club”

Nurturing the Next Generation

School visits and science lab for students

To promote understanding and heighten interest in science and technology among elementary, junior high, and high school students, we visit schools and host visits by students at our plants to give explanations and demonstrations of science and technology and on environmental issues. We also support career development with occupational lectures and problem-solving training, and host visits by students to our offices.
In fiscal 2022, 2,090 students from 31 schools participated in a total of 39 sessions.

Izunokuni City, Shizuoka Prefecture

Fuji City, Shizuoka Prefecture

Moriyama City, Shiga Prefecture

Nobeoka City, Miyazaki Prefecture

Sponsoring educational programs on science and the environment by newspaper companies

The Asahi Kasei Group sponsors educational events organized by newspaper companies that provide children with an opportunity to learn about science and the environment.

Supporting the Japan Student Science Awards

The Asahi Kasei Group was again the sole sponsor of the 66th Japan Student Science Awards in fiscal 2022 organized by The Yomiuri Shimbun newspaper. The Asahi Kasei Prize was presented at these Awards in recognition of outstanding study of science at junior and senior high schools.
An online exchange meeting was also held for winners of the Asahi Kasei Prize and Shizuoka Prefecture Governor's Award and our young engineers.

Hideki Kobori, Chairman (at the time) of Asahi Kasei Corporation, presenting the Asahi Kasei Prize (photo provided by Yomiuri Shimbun)

Online exchange meeting (photo provided by Yomiuri Shimbun)

Planet Earth Classroom

We again provided sponsorship in fiscal 2022 for "Planet Earth Classroom," a series of environmentally themed projects for elementary school students planned and managed by the Asahi Shimbun newspaper. We supported the events by editing an environmental study textbook for distribution to elementary schools nationwide, giving lectures on the topic of “Long-lasting houses are kind to the Earth” at elementary schools, and dispatching personnel as instructors for environmental study events for families.

Shinichiro Kawai, Head of the Long-Life Home Research Center of Asahi Kasei Homes, gave classes at the Kankyo One-Day School environmental education event held in Tokyo in September, and for fifth-year students at elementary schools in Osaka and Saitama prefectures in December, on the topic of “Long-lasting houses are kind to the Earth.”

A Kankyo One-Day School class (photo provided by Asahi Shimbun)

Students from a Kankyo One-day School class (photo provided by Asahi Shimbun)

Riko Challenge Summer of 2022 event co-hosted by the Cabinet Office, the Ministry of Education, Culture, Sports, Science and Technology, and the Japan Business Federation

As a member of the Japan Business Federation, Asahi Kasei endorses the Riko Challenge, promoted mainly by the Cabinet Office for human resource development in science and engineering. We also cooperated in the Riko Challenge Summer, an event which first started in 2015. In 2022, we held an online event titled "Science Workplace Tour: Watch and Learn!" for high school students interested in science and engineering.

Experiment videos published on children's chemistry channel

When the Children's Chemistry Channel (planned and produced by Dream Chemistry 21 Committee) was launched, we cooperated in the production of video content and released an experiment video titled "Let's make a lemon battery!"

Miraikan corporate partnership

Since fiscal 2008, we have been a corporate partner of Miraikan - The National Museum of Emerging Science and Innovation. As a corporate partner, we work together with Miraikan to help cultivate interest in science and technology among children and other visitors.
Under this partnership, we have exhibited at exhibitions held by the Miraikan, provided products for use in demonstrations, and participated in various events.

In fiscal 2022, for the first time in three years, we sponsored a special experimental class at a local science museum, which was proposed by Dr. Hideki Shirakawa, winner of the Nobel Prize in Chemistry.
Additionally, in December, Hebel Village was introduced in the Thinking about Aging and Living workshop at the Miraikan. Employees from the Senior Business Promotion Department and the Senior Life Research Institute of Asahi Kasei Homes participated in the workshop titled Thinking about Aging and Living - Rediscovering Life through Collage.

The special experiment classroom with Dr. Hideki Shirakawa

The Thinking about Aging and Living workshop

Exhibited at Out of KidZania in Nobeoka 2022

Asahi Kasei exhibited at the work experience event Out of KidZania in Nobeoka 2022 (main venue: Shitagau Noguchi Memorial Hall) held in Nobeoka City, Miyazaki Prefecture, and gave elementary and junior high school students a chance to learn about fiber manufacturing work with some thread making (nylon). In the SDGs section we displayed the Asahi Kasei Group's initiatives, businesses, and products aimed at achieving the SDGs, such as the Ziploc Recycling Program, the mechanism of generating electricity, and the AED Plus automated external defibrillator.

The thread making (nylon) booth

The SDGs section

Asahi Kasei Prize awarded at the 12th National Science Koshien Championships hosted by JST

In March 2023, Asahi Kasei sponsored the 12th National Science Koshien Championships hosted by the Japan Science and Technology Agency (JST). The Asahi Kasei Prize was awarded at this event which was held in Tsukuba City, Ibaraki Prefecture. Asahi Kasei has been supporting this event since it first began in 2011.

The Asahi Kasei Prize winning school

Hard at work during the competition

Honorary Fellow Akira Yoshino holds special class on the subject of solving the world's environmental problems

In October 2022, Akira Yoshino, an honorary fellow of Asahi Kasei, held a special class at a Tokyo high school on the subject of "What ideas would you propose to solve the world's environmental problems?" This special class was started in 2018 as part of our activities aimed at nurturing the next generation, which is one of the themes of the Asahi Kasei Group's social contribution activities. This is the fifth time the event has been held.

Akira Yoshino talking to students

Scholarship program

We established a scholarship program to help foster talent that will contribute to the advancement of science and technology in new fields.
Applications are taken from students in masters courses, doctoral courses, and 6-year university courses specializing in chemistry, chemical engineering, mechanical engineering, civil engineering, architecture, control engineering, electrical engineering, electronics, high-current electricity, physics, IT, biology, pharmacology, agricultural science, medical science, and veterinary science.

Coexistence with the Environment

Tree-planting at Asahi Forest in Miyazaki Prefecture

Every year, we carry out tree-planting activities at the Asahi Forest on Hayahi Ridge in Nobeoka City, Miyazaki Prefecture.
The event had been postponed since fiscal 2020 because of the pandemic but has now resumed from fiscal 2022 (the photo shows tree planting taking place in fiscal 2022).

Promotion of Culture, Art, and Sports

Corporate sports activities

Asahi Kasei has long supported athletic activity and maintains top-tier long-distance track and judo teams, with employees having competed in the Olympics nearly 50 times over the years. Our support for sports and athletics also includes sponsorship of the Golden Games in Nobeoka, a notable long-distance track competition in Japan, and provision of running and judo lessons for local students by members of our corporate distance running and judo teams.

In 2022, the judo team held judo workshops domestically in Nobeoka City, Miyazaki Prefecture, and in Omuta City and Fukuoka City in Fukuoka Prefecture, as well as overseas in Düsseldorf, Germany.

Nobeoka City, Miyazaki Prefecture, Judo workshop

Omuta City, Fukuoka Prefecture, Judo workshop

Fukuoka City, Fukuoka Prefecture, Judo workshop

Judo Workshop in Düsseldorf, Germany

Asahi Kasei Himuka Cultural Foundation

The Asahi Kasei Himuka Cultural Foundation was established in 1985 to enrich the environment of day-to-day life and culture in Miyazaki Prefecture, the cradle of Asahi Kasei. A wide range of cultural activities include musical and dramatic events, support for local cultural promotion, and fostering familiarity with and understanding of folk culture.

Art Appreciation Bus Tour

Art appreciation bus tours are held twice a year for viewing performances held within the prefecture and neighboring prefectures. For those who do not have access to transportation to the venue, we offer a discounted bus and performance ticket package, which has always been very popular with the tour participants on each occasion.

Performances sponsored in fiscal 2022 (at Shitagau Noguchi Memorial Hall)

Dandyism Banquet with Iwao Furusawa and Koji Yamamoto

Music concert for ages 0 and up

› Shitagau Noguchi Memorial Hall

Projects we Co-sponsor, Sponsor, and Support

Throughout the year, Corporate Communications co-sponsors, sponsors, and supports performances, primarily those held in northern Miyazaki Prefecture, as well as informs locals about cultural events held in the region.

“Nijiiro Family Concert” held in fiscal 2021

› Asahi Kasei Himuka Cultural Foundation

Disaster relief, local disaster prevention, and other activities

Support for research and educational activities for resuscitation and acute critical care

In December 2020, ZOLL Medical Corporation (Headquarters: Massachusetts, USA), a group of Asahi Kasei, made a donation of $10 million to The ZOLL Foundation to support research and educational activities related to resuscitation and acute critical care. Established in 2013, The ZOLL Foundation is a non-profit charitable organization that operates independently of ZOLL Medical. The Foundation supports innovative new research as well as research, education, and awareness-raising activities for young researchers to improve life expectancy through improved CPR techniques, preventing patient deterioration due to myocardial infarction, and improving care to reduce mortality and morbidity among emergency care patients. Grant applications are accepted twice a year through The ZOLL Foundation website. For more information, please visit the following website.

› The ZOLL Foundation website

Construction of evacuation towers

In fiscal 2013 we constructed two evacuation towers within our plant grounds in Nobeoka and Hyuga, Miyazaki Prefecture, to enable people to quickly reach a safe height in the event of a tsunami. The evacuation towers are available for use not only by our personnel, but also by nearby community members.

Evacuation tower in Nobeoka, Miyazaki Prefecture

Installation of independent drinking water supply systems

We have installed independent drinking water supply systems in the production areas at Moriyama, Suzuka, and Nobeoka. The systems utilize our microfiltration membranes to purify deep well water, making it drinkable. While serving to supply drinking water to personnel working at these sites on a daily basis, these systems also provide a vital independent backup as a secure source of safe drinking water for local communities in the event of a disaster.

Independent drinking water supply system in Moriyama, Shiga Prefecture

Disaster volunteer organization

In Nobeoka, we have a disaster volunteer organization consisting of our personnel and retirees to perform disaster drills and emergency response support for the local community.

Training to use an automated external defibrillator (AED)

Blood donation

To support "Contributing to life and living around the world," our Group Mission, the Asahi Kasei Group cooperates with the Japanese Red Cross Society to run blood donation drives as an easily accessible community fellowship activity.
We aim to hold the blood donation drive at our Head Office in Tokyo between February and March, when donated blood tends to be in short supply. We hope to promote blood donation activities with the cooperation of even more employees as an easily accessible community fellowship activity.

A volunteer donating blood

Sponsoring the Kanazawa Marathon

Together with Asahi Kasei Corp., our affiliate Asahi Kasei ZOLL Medical Corp. sponsored the Kanazawa Marathon 2022 held on October 30, 2022. The Kanazawa Marathon is a full marathon event that encourages participation by the public and features a course that allows participants to fully enjoy the attractions of Kanazawa, as well as famous athletes serving as guest pacers and the hospitality of volunteers.

Since 2016, Asahi Kasei ZOLL Medical has been a special Gold Sponsor of the Kanazawa Marathon, providing automated external defibrillators (AEDs) throughout the course and conducting AED life-saving training in advance for first aid volunteers for the event.
On October 28 and 29 in 2022, prior to the event, a booth was set up at the Kanazawa Station East Motenashi Dome Underground Plaza where visitors could get hands-on experience doing chest compressions using an AED training device.

At the booth, visitors could learn the procedure for providing primary life-saving care in the event of a person collapsing in front of them, as well as experience performing chest compressions (cardiac massage/CPR) at the appropriate speed and depth using the AED training machine and mannequins. An exhibition area for ZOLL Medical's AEDs and AED training devices was set up as well.

Donations to UNICEF

In support of UNICEF's activities to protect the lives and health of the world's children for future generations, we delivered 3.65 million tablets of water purification tablets to children around the world in November 2022 through the UNICEF Inspired Gifts program conducted by the Japan Committee for UNICEF.
The UNICEF Inspired Gifts program is a way to support UNICEF by designating UNICEF supplies to be given to children in developing countries. According to UNICEF, more than 500,000 young children around the world die each year from diarrheal diseases caused by contaminated water. This year in particular, floods and water damage due to abnormal weather have been occurring frequently in various places. As the need for clean water is increasing, the Asahi Kasei Group has decided to provide support by selecting water purification agents as relief supplies.
This support was determined based on the number of entrants and the feedback they provided in the Sustainability Photo Contest* held in 2022 for Group employees.

©UNICEF
Source: Japan Committee for UNICEF

* Sustainability Photo Contest:： We invited submissions based on the theme of "Care for People, Care for Earth" to inspire people to think about and act on sustainability from a familiar viewpoint. Care for People, Care for Earth expresses the Group's commitment to a sustainable society. We received over 1,000 wonderful photograph submissions from our Group locations around the world.

Social Contribution Activities by Group Companies Worldwide

Activities tailored to the characteristics of the community

Many offices and production sites of the Asahi Kasei Group in the United States, Europe, China, Korea, Taiwan, and Southeast Asia, engage in a variety of community fellowship activities as suited to their individual circumstances and locations. These include neighborhood clean-up, support for welfare and education, and donation to local organizations and schools. In addition, our Group proactively advance industrial-academic alliances (with Aachen University of Germany, etc.) where we have strategic business sites in Europe, pursuing mutual prosperity with the local communities of our operations. We also employ many talented personnel at Asahi Kasei Europe which was established in 2016 and our Europe R&D Center which was established in 2017.

Americas

Zoll Medical (Emergency medical equipment manufacturer)

Employees participate in an annual charity event called the Heart Walk (sponsored by the American Heart Association) to save people from heart disease and stroke.

Sage Automotive Interiors

Sage participated in a tree-planting event called TreesUpstate in South Carolina, where its global headquarters is located, and planted over 100 trees.

Since 2012, Sage has donated to TreesUpstate to plant trees in schools, parks, and neighborhoods near its global headquarters. At maturity, Sage's funding of tree plantings will remove 4.3 million miles of car emissions each year and store 195,500 gallons of stormwater each year to prevent flooding and clean the area's drinking water.

- TreesUpstate
- LinkedIn (Sage Automotive Interiors)

Crystal IS

Crystal IS believes the benefits of UVC LEDs provide make them the ideal sources for delivering UV disinfection to remote areas with insufficient or damaged infrastructure. In its UV 4 Good Program, Crystal IS partners with the following groups to provide products and resources to supply clean drinking water to these communities.

Maji Safi UV Project (Kenya)

Maji safi means “clean water” in Swahili. The Maji Safi team believes in enacting positive change for life and living throughout the world through partnerships and drinking water expertise. They aim to empower tropical populations through sustainable access to clean drinking water using UVC LED technology.

- Maji Safi

Safe Water for Ukraine

The Safe Water for Ukraine team is actively partnering with locals to enact positive change for life and living in the region. Their partnership with industry experts has led to the development of innovative solutions for providing clean and safe drinking water.

- Water for Ukraine

Asahi Kasei Plastics North America

Each year, the company hosts high school students from Livingston County, Michigan, for a tour of its offices and to introduce them to the potential of the manufacturing industry. Giving students tours of our facilities allows us to nurture their interest in the manufacturing industry and contribute to excellent human resource development for the future.

In addition, the Fowlerville Family Impact Center in Michigan provides a list of families in need of gifts, and each year we welcome four to five of those families during the holiday season to provide them with Christmas gifts and necessities. Employees use the list to donate toys, art supplies, electronics, clothing, and other items. We also donate food to the children for their New Year meals.

Synergos

Ryan House

Synergos sponsors and participates in Ryan House's annual Run for Ryan House and Community Breakfast. Ryan House offers palliative care and support services to families with children living with life-limiting or terminal conditions, all at no cost to the families.

PTSD Awareness 5K Run/Walk

Employees at Austin Companies participate in an annual 5k walk/run to honor those that have lost their battle to PTSD, those who are currently battling, and those who have survived the battle. All proceeds benefit the First Responder PTS Foundation (501c3) to assist first responders in obtaining mental health services and education related to PTSD.

West-MEC Vocational School

Erickson Framing supports the West-MEC vocational school's General Construction Technology program by discussing construction careers with students and facilitating hands-on learning activities. The General Construction Technology Program prepares students to enter the residential and commercial construction industry.

Thailand

Asahi Kasei Plastics Thailand

Since 2018, the company has participated in a charity marathon organized by a hospital and other organizations in Ayutthaya Province. In fiscal 2022, it donated approximately 390,000 baht from participation fees and other charity funds to Bang Pa-In Hospital. Donations are used to purchase medical equipment for the hospital to support patients and sick people, in order to contribute to the development of local medical care.

Employees who took part in the charity marathon

With people at Bang Pa-In Hospital

Thai Asahi Kasei Spandex

Thai Asahi Kasei Spandex (TAS) operates its plant 24 hours a day, 365 days a year, and believes that its production activities depend on the understanding of local residents. For this reason, at the end of each year, all plant managers and employees thank the local community and distribute sweets and other gifts to local children. As the event in 2022 took place on Christmas Day, many Santas took to the streets to give away presents. TAS will continue to work in harmony with the local community in Thailand. (Left photo)

In 2022, TAS held an event called TAS CSR DAY for the first time. The company invited people from the surrounding community and local kindergarten students to its premises. After TAS introduced its Responsible Care activities, the children showed what they were practicing every day, cementing a close friendship. By interacting directly with local residents at this event, TAS employees have increased their sense of responsibility for safety and the environment. TAS will continue to actively participate in educational activities that will lead to the future of the local community by providing local residents with a deeper understanding of their activities, and contributing to the local community in Thailand. (Right photo)

Europe

Asahi Kasei Europe

Twenty-two employees participated in the annual B2Run running event in Dusseldorf, Germany.
Asahi Kasei Europe (AKEU) has been participating since 2018, and a portion of the participation fee paid by each runner is donated to DKMS, an international charity focused on eradicating leukemia and other blood diseases. The participating members ran hard with a sense of mission and purpose that their running would help eradicate disease.

In addition, 40 employees and their families participated in the Rhine Clean Up initiative, cleaning up the banks of the Rhine River near the company's office.
This activity began in 2018 and involves volunteer staff from Switzerland, where the Rhine River originates, and the five countries of the Rhine basin, including Germany. Through this activity, participants help to preserve the river and the surrounding environment. AKEU has been participating since 2021 and will continue to work to pass on the beautiful river and natural environment to current and future generations, thereby contributing to the local community.

Employees who ran in the B2Run event

People involved in the Rhine Clean Up

› Rhine Clean Up report

India

Asahi Kasei India

Starting in fiscal 2022, Asahi Kasei India has been conducting a campaign in collaboration with Indian NGO Akshaya Patra to increase awareness and improve the image of its Premium Wrap product. In this campaign, if anyone posts a photo on social media (Facebook or Instagram) of food wrapped in Premium Wrap, 3 to 4 school lunches get donated for each post through Akshaya Patra.

Akshaya Patra gave a letter of appreciation for the social contribution this activity has made. Specifically, the campaign has provided educational opportunities for children and families through the provision of meals, and it has also contributed to the opening of large-scale meal centers in various places, providing about 5,000 job opportunities to local people.

Through this activity, Asahi Kasei India aims to foster awareness and habits of food preservation in India, helping to reduce food loss and eradicate hunger.

Akshaya Patra presents a letter of appreciation to Asahi Kasei India

› Campaign Site: Wrap Up Hunger with Asahi Kasei

› Activity Reports

Governance

The Asahi Kasei Group constantly endeavors to strengthen corporate governance in an effort to increase sustainable growth and enhance medium- to long-term corporate value.

Corporate Governance

We continue to pursue the best approaches to corporate governance using a system for making decisions transparently, fairly, swiftly and boldly, based on changes in the business climate.

Compliance

We aim for a higher level of corporate ethics in all of our business activities. This includes not only compliance with laws and regulations, but also social norms.

Risk Management

We have established and are strengthening basic rules for risk management in our business operations and addressing contingencies.

Tax Policy

We have established a tax policy to ensure the Asahi Kasei Group's compliance with tax related laws and regulations as well as improved tax transparency.

Corporate Governance

› Translation of the Corporate Governance Report (744.9KB)

As of December 22, 2023

Basic Approach

The Asahi Kasei Group Vision is to provide new value to society and solve social issues by enabling "living in health and comfort" and "harmony with the natural environment" under the Group Mission of "contributing to life and living for people around the world." With this as a base, the Company aims to contribute to society, achieve sustainable growth, and enhance corporate value over the medium to long term by promoting innovation and creating synergy through integration of various businesses. The Company continues to pursue optimal corporate governance as a framework to make transparent, fair, timely, decisive, and appropriate decision-making in accordance with changes in the business environment.

Basic Policies

1. Securing the Rights and Equal Treatment of Shareholders

While taking proper measures to secure shareholders' rights, the Company develops a proper environment for exercise of shareholders' rights including paying attention to foreign shareholders and minority shareholders and providing information necessary for the exercise of rights accurately and in a timely manner.

2. Proper Cooperation with Stakeholders other than Shareholders

The Group Vision of the Company is to provide new value to society and solve social issues by enabling "living in health and comfort" and "harmony with the natural environment" for people around the world, and the Company works to facilitate cooperation with its stakeholders.

3. Proper Information Disclosure and Securing of Transparency

The Company, in addition to disclosure required by laws and regulations, actively provides information to various stakeholders including financial information such as financial position and operating results, management strategy/issues, and non-financial information concerning risks and governance, etc.

4. Responsibilities of the Board of Directors

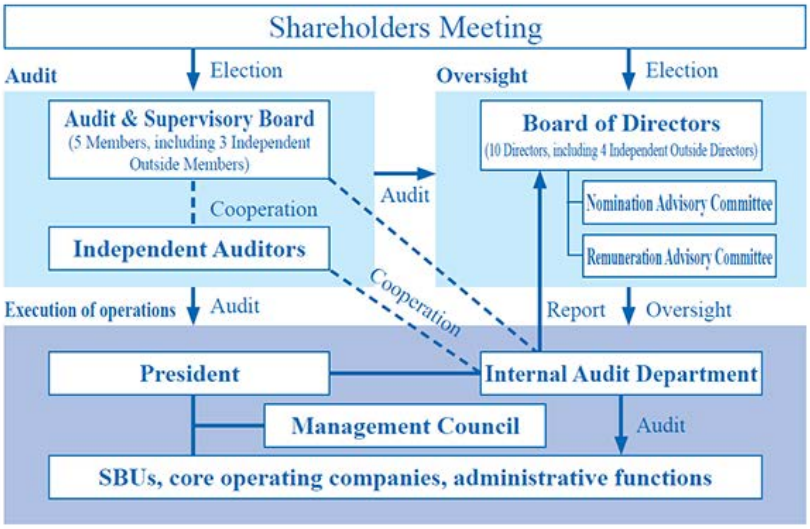
In order to achieve sustainable growth, enhance medium to long term corporate value, and increase earnings ability and capital efficiency, the Board of Directors of the Company presents the overall direction of its management strategy, develops an environment to support risk-taking by the management, and effectively oversees the business management of the Company from an independent and objective standpoint, based on the fiduciary responsibility and accountability to shareholders.

5. Dialog with Shareholders

The Company develops a system to have a constructive dialog with shareholders/investors and actively promotes such dialog.

Corporate Governance Framework

Corporate governance configuration



Meetings of Board of Directors, Advisory Committees, and Audit & Supervisory Board (fiscal 2022)

	No. of meetings held	Average attendance	Main subjects of agenda
Board of Directors	15	99% (Directors and Audit & Supervisory Board Members)	• Medium-term management plan, annual management plan • Quarterly and annual results • Examinations, decisions, and follow-up of large investments, M&A, and reorganization • Analysis and disclosure for TFCD • Enhancement of risk management, follow-up on plant accidents, and influence of the situation in Ukraine • Effectiveness evaluation of the Board of Directors, review on the officer remuneration system, nomination of officers
Nomination Advisory Committee*	5	100% (all members)	• Election of chair • Committee schedule • Nomination of officers for fiscal 2023
Remuneration Advisory Committee*	6	100% (all members)	• Review on the officer remuneration decision-making policy • Review on the performance-linked remuneration system • Review on the stock-based remuneration system • Decision of individual performance-linked remuneration amounts
Audit & Supervisory Board	19	98% (Audit & Supervisory Board Members)	• Audit plans • Opinion exchange on agenda of the Board of Directors meetings • Checks of financial statements • Opinion exchange sessions with Outside Directors • Evaluation of Independent Auditors

* The Nomination Advisory Committee and Remuneration Advisory Committee are comprised of the 4 Outside Directors and Chairman & Director Hideki Kobori and President & Representative Director Koshiro Kudo as members, with the Nomination Advisory Committee and the Remuneration Advisory Committee chaired by Outside Director Tsuyoshi Okamoto.

› Compliance
› Risk Management

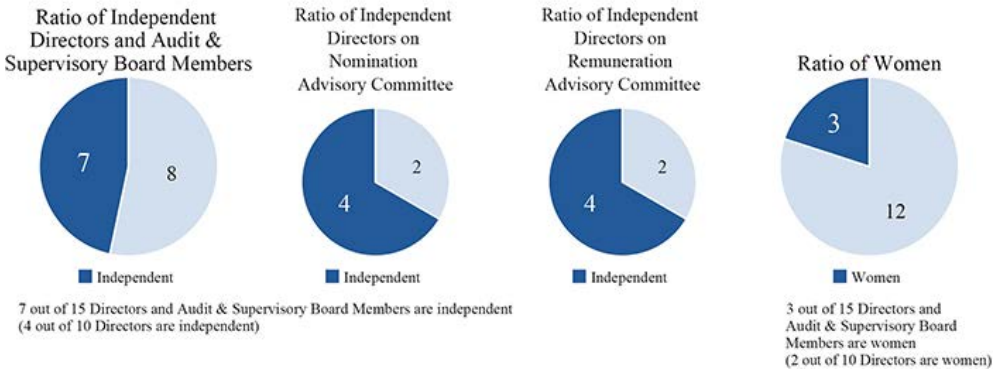
Policy and Procedures to Nominate Candidates for Directors

In selecting candidates for Directors, the Company chooses persons with deep insight and excellent skills suitable for Directors. For inside Directors, the Company chooses those with expertise, experience and skills in the required field as candidates. Meanwhile, for Outside Directors, the Company chooses as candidates corporate executives, academic experts, and former civil servants with abundant experience, expecting objective oversight of management based on their deep insight.
To further increase the objectivity and transparency of the nomination of candidates for Directors, the Company has established the Nomination Advisory Committee whose members mainly comprise outside Directors. This committee is involved in the examination of the composition and size of the Board of Directors and the nomination policy for officers and provides advice.

- Supplementary Explanation on the Reason for Selecting Outside Directors and Their Independence (NOTICE OF THE 132nd ORDINARY GENERAL MEETING OF SHAREHOLDERS) (2.0MB)

Diversity of Expertise and Experience of Directors/Audit & Supervisory Board Members (Skills Matrix)

In order to “contribute to life and living for people around the world,” the Company pursues two aspects of sustainability: “contributing to a sustainable society” and “sustainable increase in corporate value.” To this end, we have identified the knowledge, experience, and capabilities required to advance Group management and its supervision and auditing at a higher level in a discontinuous and uncertain business environment, and have considered the composition of the Board of Directors with consideration to the balance of its diversity and independence.
Specifically, in addition to “corporate management and strategy,” “finance and accounting,” “legal affairs, intellectual property, and risk management,” and “R&D, manufacturing, and technology,” which are indispensable for pursuing opportunities and reducing risks, we also emphasize “global” to align with the internationalization of markets and businesses, “digital” to advance digital transformation, “environment and society” to respond to changes in the social environment and the status of stakeholders with agility, and “human resource management” to utilize people as the foundation of business management.



			Corporate Management & Strategy	Finance & Accounting	Legal Affairs, Intellectual Property & Risk Management	R&D, Manufacturing & Technology	Global	Digital	Environment & Society	Human Resource Management
Directors	Hideki Kobori		★		★				★	
	Koshiro Kudo		★				★		★	★
	Kazushi Kuse					★	★	★	★	
	Toshiyasu Horie		★	★					★	
	Hiroki Ideguchi				★				★	★
	Masatsugu Kawase					★			★	
	Tsuneyoshi Tatsuoka	I			★		★		★	
	Tsuyoshi Okamoto	I	★	★					★	
	Yuko Maeda	I			★	★			★	
	Chieko Matsuda	I	★	★					★	
Audit & Supervisory Board Members	Yutaka Shibata			★	★				★	
	Takuya Magara					★			★	
	Akemi Mochizuki	I		★					★	
	Haruyuki Urata	I	★	★					★	
	Yoshikazu Ochiai	I			★				★	

(Note) Up to four fields with particularly high expectations are noted for each individual. The table above does not represent all of the knowledge, experience, and capabilities of each individual.

Evaluation of the Effectiveness of the Board of Directors

The Board of Directors of the Company conducts regular evaluations of its own effectiveness every fiscal year. The evaluation method and measures in fiscal 2022 and issues recognized for the future are as follows:

Effectiveness evaluation method

In the middle of the fiscal year, based on the previous fiscal year's evaluation as well as institutional investors' demands and capital market trends, the chair of the Board of Directors took the lead in examining the future direction of the Company's Board of Directors. Independent officer meetings, which were attended only by Outside Directors and Outside Audit & Supervisory Board Members, also conducted interim reviews on the effectiveness of the Board of Directors and exchanged opinions. Then, the Board of Directors discussed the matters to organize and categorize them into issues that require improvement within the current fiscal year and ones that require continuous consideration. After these steps, at the start of the new fiscal year, the Board of Directors again deliberated on the effectiveness of the Board of Directors, as well as checking the progress of improvement actions in the fiscal year.

Main measures implemented in fiscal 2022

The Board of Directors of the Company implemented the following measures in fiscal 2022 based on evaluation of the previous fiscal year.

1) The composition of the Board of Directors
   To keep a higher level of the Group management and supervision and auditing on the management in this discontinuous and uncertain business environment, we have discussed the composition of the Board of Directors considering the balance of its diversity and independence. We decided that the following rectifications will be made on the member composition to further enhance the monitoring capability of the Board of Directors and facilitate discussions in the Board of Directors:
   i. A rectification to ensure that Inside Directors are mainly composed of officers responsible for corporate departments
   ii. Increases in Independent Outside Directors and female Directors
2) Receiving feedback from employees
   Anonymous surveys were conducted for officers and employees (who are not Directors or Audit & Supervisory Board Members) who attended the Board of Directors meetings as assistants for proposing or reporting. The surveys are intended to know what expectations or issues the officers and employees have with the Board of Directors. The surveys found that employees and other staff generally recognize the value in deliberations by the Board of Directors from perspectives different from those of internal discussions. The survey also helped us identify issues with how to propose and report matters in the Board of Directors meetings with an awareness of differences from internal meetings, including the Management Council. These issues have led to the following improvements for facilitating meetings.
3) Improvements for facilitating meetings
   Starting from fiscal 2022, the agenda includes matters to be discussed in addition to matters to be resolved and reported, and a procedure is established for the Management Council meetings and other internal meetings to share their discussions with the Board of Directors. With such measures, the Board of Directors can discuss important management matters more deeply. In addition, the meetings of the Board of Directors provide a more concise explanation of materials while enabling outside officers to receive a preliminary explanation. The executive summary is utilized to organize discussion points. These improvements helped the Board of Directors have more effective discussions. Furthermore, a guidance document was created to clarify basic points so that meetings can be facilitated more effectively, considering the composition and role of the Board of Directors.

Issues recognized for the future

Based on measures implemented in fiscal 2022, the Board of Directors has confirmed a common awareness of the following issues for the future.

1) Methods to evaluate the effectiveness of the Board of Directors
We continue to scrutinize evaluation methods with objective perspectives, such as working with third parties.

2) The way that the Board of Directors should be
As our business environment is changing, we continuously pursue the ideal Board of Directors (in terms of independence, diversity, and organizational structure).

Remuneration of Directors

Note: Percentages shown for Directors who have executive responsibilities (FY2022)

Fixed base remuneration	Performance-linked remuneration	Stock-based remuneration
56.5%	27.7%	15.8%

- **Performance-linked remuneration → commitment to results**
- **Stock-based remuneration → perspective of shareholders**

(Note) Outside Directors receive fixed base remuneration only

The amount of remuneration, etc. of Directors and Audit & Supervisory Board Members in fiscal 2022

Classification	Amount Paid (¥ million)	Breakdown by remuneration type (¥ million)			Number of Directors and Audit & Supervisory Board Members Paid
		Basic remuneration	Performance-linked remuneration	Stock-based remuneration	
Directors	528	379	95	54	11
(of which Outside Directors)	53	53	–	–	3
Audit & Supervisory Board Members	154	154	–	–	6
(of which Outside Audit & Supervisory Board Members)	53	53	–	–	4
Total	682	533	95	54	17

(Note) In this table, “Stock-based remuneration” represents an amount expected to be charged for the next fiscal year, not an amount that was charged for the fiscal year under review. The Company charges the stock-based remuneration on a day when points are conferred based on the Share Grant Regulations. The point conferment date is set to a day in the next fiscal year of the fiscal year in which the target achievement base date for the points (the final day of the fiscal year) exists.

Policy on Determining Remuneration Amounts and Calculation Methods

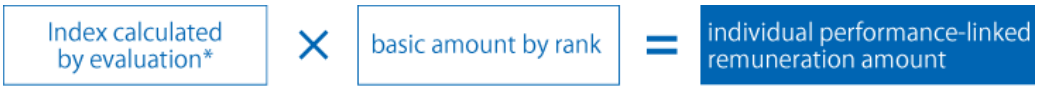
As one of the corporate governance mechanisms to ensure that the Group can achieve sustainable growth and enhance corporate value over the medium to long term, the Company has sought advice of the Remuneration Advisory Committee on the decision-making policy pertaining to the contents of remuneration, etc. for individual Directors (hereinafter, the "Decision-making Policy"). Respecting the contents of the reports thereof, the Board of Directors has made a resolution on the Decision-making Policy as follows.
The remuneration for Audit & Supervisory Board Members consists of fixed remuneration, since the performance-linked remuneration system is not applied in the remuneration for them. Individual remuneration amounts are determined through discussions with Audit & Supervisory Board Members.

Policy for Determining Director Remuneration

1. Basic policy
   The Directors' remuneration of the Company is one of the important components of corporate governance. The Company designs this system to provide appropriate incentives to both executives and supervisors for achieving sustainable growth and improving medium- to long-term corporate value.
   Remuneration for Non-executive Directors* including Outside Directors, who supervise the management of the Company, is comprised solely of fixed basic remuneration at a level determined in consideration of third-party survey data, in order to secure a high degree of independence unaffected by short-term earnings fluctuations.
   The remuneration for Executive Directors combines performance-linked remuneration with stock-based remuneration as nonmonetary remuneration, in addition to fixed basic remuneration which serves a basic livelihood, in order to provide incentives tied to earnings and management strategy as senior management, with levels of remuneration amounts and proportions of types of remuneration adjusted as appropriate for each role according to management strategy and tasks, in consideration of third-party survey data.
   To ensure the optimal way of remunerating Directors and design of the remuneration system, the Board of Directors and the Remuneration Advisory Committee regularly deliberate and continually confirm their appropriateness and make improvements.
2. Policy for determining the timing for payment and conditions of remuneration
   Considering the purpose of each type of remuneration, fixed basic remuneration is paid monthly as it serves as a basic livelihood, performance-linked remuneration is paid monthly as it serves as a constant incentive, and for stock-based remuneration, points described below are granted to eligible Directors on a certain date each fiscal year set forth in the Share Grant Regulations determined by the Board of Directors, and shares of the Company are provided to eligible Directors at the time they retire both as Director and as officer of the Group in light of the purpose of the stock-based remuneration to share the medium- to long-term perspectives of shareholders.
3. Policy for determining each individual's basic remuneration (monetary remuneration)
   Amounts of basic remuneration for Directors are determined through comprehensive consideration in accordance with rank and responsibility taking account of other companies' levels of remuneration and the Company's earnings.
4. Policy for determining content of performance-linked remuneration and nonmonetary remuneration as well as method of calculating amounts and numbers thereof
   Performance-linked remuneration, which comprises a part of remuneration for Executive Directors, combines both achievement of financial targets including invested capital efficiency with achievement of non-financial targets including individual targets such as progress on sustainability, so as to provide incentives tied to earnings and management strategy as senior management.
   Performance-linked remuneration is calculated based on a comprehensive judgment on the basis of achievement of financial targets such as consolidated net sales, operating income, ROIC, etc., together with achievement of individually set targets including progress on sustainability. Standards for financial incentives are selected as appropriate for clear and objective evaluation based on earnings results together with the perspective of awareness for improving invested capital efficiency.

The formula required to calculate individual performance-linked remuneration is outlined as follows.

[Formula required to calculate individual performance-linked remuneration]



* Coefficient comprehensively considering achievement of financial targets and nonfinancial targets

A portion of remuneration for Executive Directors is the provision of stock-based remuneration as non-monetary remuneration. To share with shareholders not only the benefits of share price increases but also the risk associated with share price decreases, a stock-based remuneration system was adopted, whereby a trust established by the Company acquires shares of the Company and grants them to eligible Directors. Based on the Share Grant Regulations adopted by the Board of Directors, eligible Directors are granted points linked to achievement of targets set by the medium-term management plan in accordance with their rank, etc. (maximum of 150,000 points per fiscal year) and the Company's shares are granted to eligible Directors corresponding to the accumulated number of points at the time of their retirement as Director and as officer of the Group (the number of shares to be granted is the number of points granted multiplied by 1.).

5. Policy for determining the proportion of basic remuneration, performance-linked remuneration, and nonmonetary remuneration for individual Executive Directors

   The proportion of basic remuneration, performance-linked remuneration, and stock-based remuneration for each Executive Director is determined to provide an appropriate incentive in accordance with management strategy and management tasks, with consideration given to the level obtained from third-party survey data.

   The proportion of basic remuneration, performance-linked remuneration, and stock-based remuneration for each Executive Director is generally 6:3:1, with performance-linked remuneration ranging between 0% to 200% of the base amount based on rank, according to evaluation. However, the Board of Directors and the Remuneration Advisory Committee regularly deliberate on its appropriateness, and improvement is made based on continual confirmation of appropriateness.

6. Policy for determining items to be entrusted regarding determination of content of remuneration of individual Directors and for determining content of remuneration of individual Directors

   Among remuneration of each individual Director, determination of the amount of performance-linked remuneration is entrusted to the Remuneration Advisory Committee based on a resolution of the Board of Directors, with the Remuneration Advisory Committee being authorized to confirm the reasonableness and appropriateness of the evaluation of the achievement of targets by each Executive Director as proposed by the President and Director, and to determine remuneration amounts for individual Directors by applying this evaluation to the formula determined by the Board of Directors.

   To ensure that such authority is properly exercised, the Remuneration Advisory Committee is comprised of a majority of Outside Directors, and it regularly reports to the Board of Directors on the process of the above confirmation and determination.

   Regarding determination of basic remuneration and stock-based remuneration for individual Directors, the Board of Directors requests deliberation by the Remuneration Advisory Committee and makes a determination based on ample consideration of the result of deliberation by the Remuneration Advisory Committee.

   Fixed basic remuneration by rank is paid upon determination of the amount by the Board of the Directors. Stock-based remuneration is granted to eligible Directors when certain conditions are met, corresponding to points granted to each Director based on the Share Grant Regulations adopted by the Board of Directors.

7. Important matters for determining the content of individual remuneration, etc. for Directors

   In the event that a Director who is eligible for payment of stock-based remuneration, which is nonmonetary remuneration, as part of the above-stated remuneration for Executive Directors, retires due to personal reasons (except in cases where it is determined that the resignation is due to unavoidable circumstances), and in the event that a Director is dismissed or resigns due to causing loss or damage to the Company's group companies as defined in the Share Grant Regulations, etc., all or some of the points granted up to that point shall be forfeited and no shares of the Company corresponding to the forfeited points shall be granted, or no further points shall be granted, based on a resolution of the Board of Directors.

* Non-executive Directors include Director and Chairman.

› Officer Remuneration, etc. (NOTICE OF THE 132nd ORDINARY GENERAL MEETING OF SHAREHOLDERS) (2.0MB)

Independence Standards and Qualification for Outside Directors/Audit & Supervisory Board Members

In determining that Outside Directors and Outside Audit & Supervisory Board Members are independent, the Company ensures that they do not correspond to any of the following and that they are capable of performing their duties from a fair and neutral standpoint.

1. A person who conducts business on behalf of the Group (Executive Directors, Executive Officers, Operating Officers, employees, etc.) or a person who has done so over the last 10 years
2. A company or a person who executes the businesses thereof whose major business partner is the Group (an entity with more than 2% of its annual consolidated net sales coming from the Group)
3. A major business partner of the Group (when payments by this partner to the Group account for more than 2% of the Company's annual consolidated net sales or when the Company borrows money from such partner amounting to more than 2% of the Company's consolidated total assets) or a person who executes the businesses thereof
4. A person who receives a large amount of money or other financial gain (¥10 million or more in one year) from the Group as an individual other than remuneration for being a Director/Audit & Supervisory Board Member of the Company
5. A company which receives a large amount of donations or aid (¥10 million or more in one year) from the Group or a person who executes the businesses thereof
6. A main shareholder of the Group (a person/company who directly or indirectly owns 10% or more of all voting rights of the Company) or a person who executes the businesses thereof
7. A person who executes the businesses of a company which elects Directors/Audit & Supervisory Board Members/employees of the Group as Directors/Audit & Supervisory Board Members
8. An Independent Auditor of the Group or any staff thereof
9. A person who has fallen into any of the categories 2 through 8 above over the last three years
10. A person who has a close relative (spouse, relative within the second degree of kinship, or those with whom they share living expenses) who falls under any of the categories 1 through 8 above, provided that "a person who executes businesses thereof" in 1, 2, 3, 5, 6, and 7 above shall be replaced with "an important person who executes the businesses thereof (Executive Directors and Executive Officer, etc.)"
11. A person who has served as Outside Director or Outside Audit & Supervisory Board Member of the Company for more than eight years in total.

Status of Audits by Audit & Supervisory Board Members, Financial Audits and Internal Audits

- For internal audits of business execution, the company has established an Internal Audit Department, reporting directly to the President. The Internal Audit Department formulates an annual audit plan according to the Company's Basic Regulation for Internal Audits, and conducts an audit of the Group under the approval of the President.

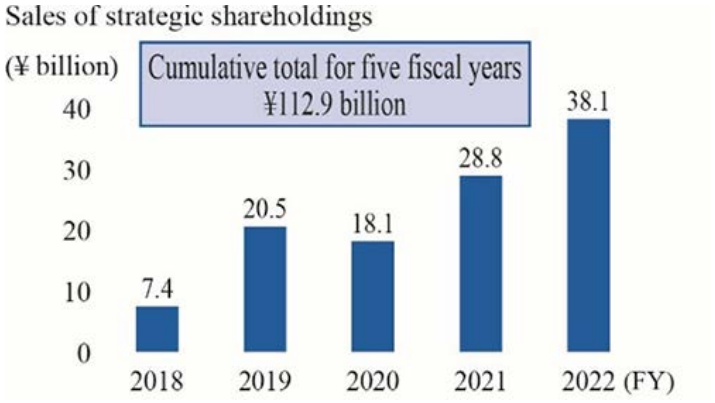
- As for audits by Audit & Supervisory Board Members, each Audit & Supervisory Board Member audits the execution of duties of Directors by attending meetings of the Board of Directors and examining the status of execution of operations based on the audit policy stipulated by Audit & Supervisory Board. To support the function of the Audit & Supervisory Board, the Company has established an Audit & Supervisory Board Members Office.
- PricewaterhouseCoopers Arata LLC is contracted as the Independent Auditors to perform financial audits according to the Companies Act and Financial Instruments and Exchange Act.
- Mutual cooperation between the Internal Audit Department, Audit & Supervisory Board, and Independent Auditors is reinforced through periodic liaison meetings of the Internal Audit Department, Audit & Supervisory Board, and Corporate Auditors of core operating companies, etc. During these meetings, the effectiveness of the Group's internal control system for legal compliance and risk management is reviewed. In addition, the Audit & Supervisory Board confirms the audit plan with the Independent Auditors and receives reports of the results of audits on the Group at the end of the quarterly consolidated accounting period and at the end of the annual consolidated accounting period.

› Details of Independent Auditors Remuneration (NOTICE OF THE 132nd ORDINARY GENERAL MEETING OF SHAREHOLDERS) (2.0MB)

› Asahi Kasei Report

Strategic Shareholdings

The Company is continuing to reduce its holdings of shares held for purposes other than pure investment (strategic shareholdings), taking into consideration factors such as the risk of share price fluctuations, costs associated with such holdings, and capital efficiency.
The purpose, effectiveness and economic rationale of individual strategic shareholdings are regularly evaluated from qualitative and quantitative aspects each year, and are reviewed by the Board of Directors. As a result of the verification, the Company reduces, through sales or other means, holdings of shares judged to be no longer compatible with the purpose of holding them or deemed to have costs and risks that outweigh the benefits of holding them, taking into consideration the conditions of the company concerned.



Compliance

Policy

The Asahi Kasei Group takes compliance seriously, and fully adheres to laws and regulations that are applicable to each business and function, as well as internal company rules.
Each employee is also expected to uphold high ethical standards and respect social norms throughout the course of business activities, acting with sincerity in accordance with our Group Values based on our Group Mission.

Asahi Kasei Group Code of Conduct

The Asahi Kasei Group Code of Conduct serves as a set of standards that include matters of compliance and applies to each and every member of the Asahi Kasei Group. The code serves as a foundation for the actions of all members of the Asahi Kasei Group to follow during the course of their day-to-day work activities to fulfill our Group Mission in accordance with our Group Values.
We will continue to review this Code of Conduct based on the expectations of society and changes in circumstances in order to maintain its effectiveness.

The Asahi Kasei Group Code of Conduct can be downloaded from the link below:

› Asahi Kasei Group Code of Conduct (441.0KB)

Asahi Kasei Group Code of Conduct

Awareness of Code of Conduct

After the establishment of the Code of Conduct in fiscal 2017, we created booklets containing this Code and distributed them to the executives as well as all domestic employees of our Group. We also spread awareness about the Code of Conduct by reading through the Code at each workplace and establishing an e-learning course for reviewing the Code.
Moreover, to further improve awareness of the Code of Conduct, we began using specific examples of compliance violations and holding discussions about them at each workplace in Japan, and we also integrated a review of the Code of Conduct into the rank-specific company training curriculum. Since fiscal 2019, we have been conducting a compliance survey once every two years to confirm the degree of awareness with regard to our Code of Conduct. In fiscal 2021, 29,116 out of the 31,131 employees in Japan (including contracted, temporary, and part-time employees) responded (a response rate of 93.5%), with about 80% saying that they understood the Code of Conduct, confirming that the Code has firmly taken hold.
Overseas, in addition to distributing booklets of the Code of Conduct in various languages, we are steadily working to expand awareness through e-learning, training, and other means, and we are promoting actions that are based on a strong sense of ethics.

Management Framework

In order to strengthen the compliance system of the entire Group, we have established a Risk Management & Compliance Committee chaired by the president, which monitors the state of compliance throughout the Asahi Kasei Group. Results of the committee's deliberations, etc., are reported to the Board of Directors.

Handling Serious Compliance Violations

If a significant compliance violation occurs within our Group, a system is in place whereby the Executive Officer for Compliance reports the incident to the Risk Management & Compliance Committee.

Whistleblower System (Compliance Hotline)

The Asahi Kasei Group began employing a Whistleblower System (compliance hotline) in 2005 to ensure that any possible ethical lapses which employees may encounter or observe are dealt with swiftly and appropriately. In fiscal 2015, the system was expanded to enable suppliers and their employees to report or consult. Reported matters will be investigated by an office consisting of those designated by the Executive Officer for Compliance as well as an organized investigation and response team if required. The Executive Officer for Compliance reports the status of operations to the Risk Management & Compliance Committee. For serious compliance violations and incidents involving officers, the Executive Officer reports to the Audit & Supervisory Board.

Strict observance of confidentiality

The Asahi Kasei Group has measures in place to prevent the persons submitting reports to be treated unfairly as a result of their report.
In addition, we strive to protect the confidentiality of the report as well as the personal information of persons submitting reports.

Applies to

Executives and employees of our Group, business partners and their employees. (Other than Executives, those who have been retired for less than one year are eligible as well.)

Matters addressed

There are no restrictions on what can be reported. The hotline receives reports on a broad range of matters, including human rights violations such as discrimination and harassment, and corruption, such as bribery.

Response method

Reports can be both made either anonymously or using one's real name, either over the Internet or in writing (addressed to a designated law office).

Reports and responses

During fiscal 2022 there were 85 reports and consultations made through the hotline system. None of them regarded significant matters which would affect the performance of operations. Of these, two were reports or consultations related to human rights issues such as discrimination and harassment.

Prevention of bribery

The Asahi Kasei Group endorses the UN Global Compact and has proclaimed that it will "strive to prevent all forms of corruption including coercion and bribery." Corruption including bribery is clearly prohibited within the Asahi Kasei Group Code of Conduct as well.
The Asahi Kasei Group Policies for Prevention of Bribery clarify basic policies to prohibit bribery and procedures to follow to prevent bribery. These policies are made known to the entire Group based on a clear internal framework.

› Asahi Kasei Group Basic Policies for Prevention of Bribery (92.5KB)

1. Procedures
   Transactions subject to procedures under these regulations directly or indirectly involve counterparties in (1) the public sector (regardless of country) and (2) the private sector in certain countries with commercial bribery regulations. Specifically, receiving or providing a meal or gift or providing donations is only permitted after obtaining the advanced screening and approval of the prescribed person in charge of each organization. Due diligence is conducted to check the suitability of business partners from the standpoint of bribery prevention in terms of transactions that fulfill certain formats of concern in terms of bribery prevention, such as contracts with agents and distributors. In addition, business partners are informed of our basic policy on bribery prevention and they are required to sign a pledge or include contractual provisions on the declaration of compliance with anti-bribery related laws.
2. Education
   We provide educational opportunities to employees, including those outside of Japan, in the form of e-learning and in-house training on overall prevention of corruption (bribery, money laundering, fraud, etc.)
3. Monitoring
   We carry out internal audits periodically as well as evaluate and review the management framework for bribery prevention in order to maintain a continuous and effective framework for bribery prevention.
4. Consulting and Reporting
   We have put into place a framework by which employees can consult with a legal department in Japan or at overseas offices in case uncertainties or doubts arise regarding bribery during the course of their daily work.
   In case an employee discovers a violation of or act that could violate bribery laws, they are required to report the matter immediately to the prescribed person in charge.
   Our whistleblowing system also enables suppliers and their employees to report or consult regarding bribery and other aspects of corruption.
5. Legal Violations related to Corruption
   In fiscal 2022, there were no cases where an employee was dismissed or subjected to legal proceedings due to corruption.

Responding to Suppliers

We have also included questions related to anti-corruption for suppliers in our CSR Procurement Questionnaire to ensure that the entire Group is involved in the prevention of bribery.

Political contributions

In terms of political contributions, we have established a system of checks and balances based on company rules to ensure compliance with the Political Funds Control Act. Political contributions are made only after the required pre-approvals are obtained. Our political contributions in fiscal 2022 were ¥15,900,000 (Asahi Kasei Group total).

Compliance with antimonopoly and competition laws

The Asahi Kasei Group Regulation for Management of Compliance with Antimonopoly Law prohibits acts which violate the competition laws of each country. To prevent acts which would constitute or arouse suspicion of participation in a cartel, standards are set for attendance at industry gatherings, and inappropriate contact and information exchange with competitors are prohibited. Furthermore, across-the-board price revisions for products sold in Japan require submission to our Market Compliance Committee which includes the Executive Officer for Compliance among its members, confirmation of the reason for the price revision, and confirmation that there is no violation of antimonopoly law prior to implementation.

Compliance with export-related laws

The Asahi Kasei Group thoroughly complies with foreign exchange and other export-related laws and regulations in accordance with our Export Control Regulation. All exported products are subject to screening for applicability of export restrictions and examination of customers. In the case that a permit is required, application to the Ministry of Economy, Trade, and Industry is made after obtaining internal company approval. To ensure awareness and understanding of the requirements of relevant laws, regulations, and internal company rules, periodic training sessions are held and the related departments undergo paper and onsite audits annually.

Ethical Considerations in Pharmaceuticals and Medical Device Development

Asahi Kasei Pharma, which engages in the research and development of pharmaceuticals, and Asahi Kasei Medical, which engages in the development of medical devices, ensure ethical considerations and full compliance with laws and guidelines on animal testing. See below for further details.

- Asahi Kasei Pharma
- Asahi Kasei Medical

Risk Management

Policy

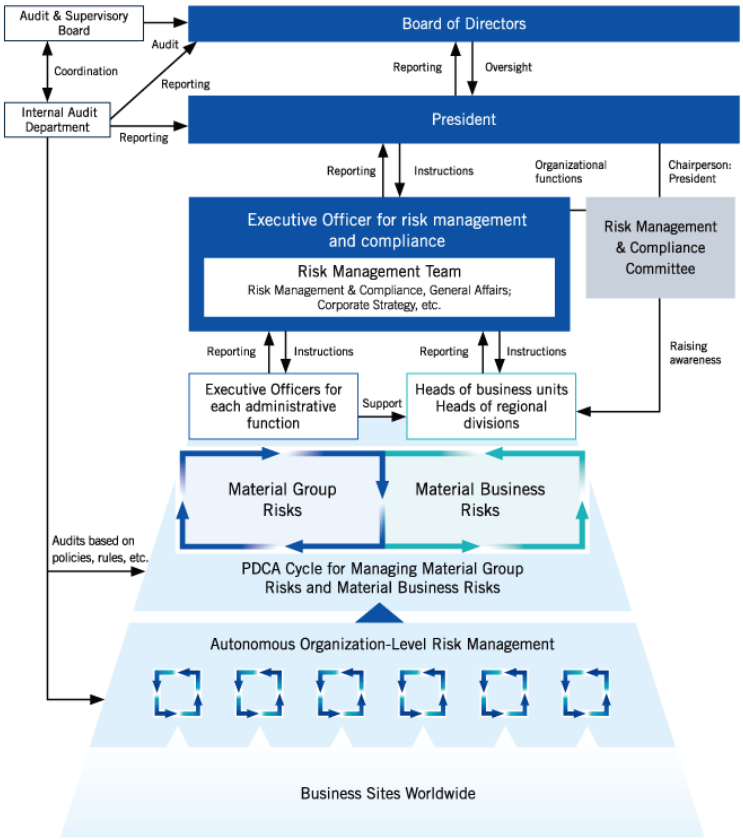
The Asahi Kasei Group has established and is working to reinforce basic guidelines for risk management and emergency response in the Group's business operations in accordance with the Asahi Kasei Group Basic Regulation for Risk Management & Compliance.

Strengthening risk management

While we are accelerating our global expansion in a variety of businesses in three sectors, the business environment surrounding the Asahi Kasei Group has been drastically changing due to changes in values since the pandemic, friction between the United States and China, and growing tensions in international relations such as the situation between Russia and Ukraine. New risks and increasingly complex risks are having a greater impact on the Asahi Kasei Group than ever before. As such, we need to visualize the risks across group-wide to strengthen countermeasures. Therefore, we are positioning fiscal 2022 as the first step in strengthening risk management and are promoting specific measures.

Risk management system and roles of related parties

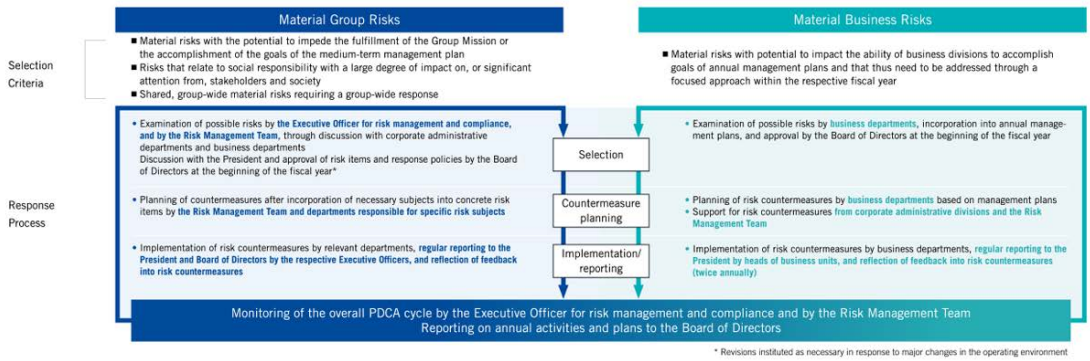
Under the supervision of the Board of Directors, the Executive Officer for Risk Management and Compliance assists the President, who is responsible for overall risk management. Under the direction of the President, said Executive Officer ascertains overall risk management and gives instruction and support to each department head (Executive Officers responsible for administrative functions, heads of business units, etc.) regarding risk response measures in each organization. Additionally, a Risk Management Team has been set up under the Executive Officer for Risk Management and Compliance to monitor the activities of each organization within the company and provide support for specific risk countermeasures. The Risk Management & Compliance Committee, chaired by the President, ensures that all organizational leaders are informed of management-level decisions and instructions regarding risk management.



Strengthening the PDCA cycle for risk management

With autonomous risk management by every organization as the basis, the Asahi Kasei Group is working to strengthen its PDCA cycle. Within this, Asahi Kasei has set Material Group Risks as those particularly important risks that the Board of Directors regularly supervises on in terms of monitoring risk response. The Group has also defined Material Business Risks as those that may hinder achievement of the annual management plan in each business unit.

Risk management PDCA cycle (Material Group Risks and Material Business Risks)



› Risk Analysis

Risk management system based on external standards

To ensure transparency in its risk management system and reporting, the Group references external standards that include frameworks and standards such as the GRI, the Ministry of the Environment “Environmental Reporting Guidelines (2018),” SASB Standards, ISO 26000, and others.

› Guidelines consulted

Handling ESG risks

In light of environmental issues such as climate change as well as changes in industrial structure, decreases in the working population, and so on, it is possible that new ESG-related risks will become apparent from social changes related to sustainability. We address these ESG risks as a vital management issue. In particular, given that our businesses rely heavily on energy, addressing climate change is essential, and we consider it to present both risks and opportunities in terms of management.
Based on this mindset, we conducted an analysis of the risks and opportunities present in the various scenarios that could result from climate change based on their level of severity in keeping with the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures) and devised countermeasures.
We are working to make management as well as our business and environmental divisions aware of these results and take appropriate action.

› Disclosure based on TCFD Recommendations

Information Security

Recognizing the importance of countermeasures to protect against information security risks, we established the Asahi Kasei Group Information Security Policy and aim to ensure and further improve information security.

Asahi Kasei Group Information Security Policy

As ensuring information security is an important management responsibility, the Asahi Kasei Group declares that it faithfully applies its established information security policy.

1. Compliance
   We comply with laws and internal regulations concerning information security.
2. System Establishment
   We have an established system to safeguard information security throughout the organization.
3. Implementation of Countermeasures
   We implement appropriate information security countermeasures corresponding to our information assets to prevent information security incidents. In the event that an incident occurs, we respond swiftly and appropriately, strive to minimize any damage, and endeavor to prevent any recurrence.
4. Education of Employees
   We provide information security training to all employees to ensure full awareness of the importance of information security and the proper use of information assets.

5. Continuous Improvement
   We continuously assess our efforts for information security, and apply improvements as necessary.

Established December 1, 2016

Protection of Personal Information

Asahi Kasei Group is committed to the proper handling of personal information we obtain and use, in accordance with the Asahi Kasei Group Regulation for Management of Personal Information. An information security handbook which describes our rules for handling information is distributed to all employees, and education is performed via e-learning. Furthermore, we made necessary changes to the Asahi Kasei Group Regulation for Management of Personal Information to comply with Japan's revised Personal Information Protection Act that took effect in May 2017.

› Privacy Policy

Response to the EU GDPR

To comply with the General Data Protection Regulations (GDPR) that took effect in the EU in May 2018, we have newly formulated the Asahi Kasei Group Regulation for Management of Personal Information and established the necessary standards and systems.

Protection of intellectual property

The Asahi Kasei Group implements strict measures to prevent unauthorized or unintentional outflow of technological information and know-how in accordance with its basic policy and management standards for prevention of technology outflow. The Asahi Kasei Group also applies internal guidelines summarizing related precautions to take when entering business overseas as well as procedures to ensure the preservation of prior-use rights overseas. The company's internal magazine is used to raise further awareness among employees, and workshops are held for training and education regarding protection of intellectual property.

For more information about our intellectual property, please refer to the Asahi Kasei Group Intellectual Property Report.

› Asahi Kasei Group Intellectual Property Report

Crisis response system

Due to accidents, incidents, or problems, if Asahi Kasei Group operations are significantly damaged or would cause serious adverse effects on the general public, we have a system to establish a group emergency response headquarters which works with the relevant divisions and departments to ensure that the proper response is taken.
In fiscal 2017, we established the Asahi Kasei Group Emergency Response Regulation which stipulates basic policy when an emergency occurs, standards to institute an Emergency Response Headquarters, and the functions thereof.

Tax Policy

Asahi Kasei Group Tax Policy

The Asahi Kasei Group endeavors to thoroughly comply with the laws and regulations of each country, and to prepare and appropriately apply internal company rules, based on the Asahi Kasei Group Code of Conduct.
In terms of tax, the Asahi Kasei Group also complies with the tax laws of each country in which it operates and makes appropriate tax payments in accordance with the laws by performing tax treatment based on internal company rules.
In addition, in order to maximize free cash flow, the Asahi Kasei Group makes its best effort to minimize tax risks, implement appropriate tax planning strategies, and make use of any available tax incentives. As a result, the Asahi Kasei Group aims at the maximization of shareholders' value.

1. Tax Compliance

The Asahi Kasei Group complies with the tax laws and regulations of each country in which it operates, as well as taxes guidelines published by the OECD. In addition, the Asahi Kasei Group ensures that each group company files tax returns and pays taxes within the due dates stipulated in each country.

2. Tax Governance

In the Asahi Kasei Group Code of Conduct that is obligatory for all officers and employees, the Asahi Kasei Group establishes that each group company understands the tax laws and performs proper and lawful tax treatment based on such laws, regulations, and internal company rules. Moreover, based on the Asahi Kasei Group Accounting Regulations, each group company is required to develop practical management of tax governance and appropriately report on their tax situation.

3. Managing Tax Risk

The Asahi Kasei Group performs tax treatment based on the tax laws, regulations, and internal company rules. However, the Asahi Kasei Group realizes that, in some cases, a difference of opinion with a tax authority may arise. If this is the case, the Asahi Kasei Group endeavors to mitigate tax risks by seeking the advice of qualified external tax advisors and consulting with the tax authorities in advance as appropriate.

4. Tax Planning

The Asahi Kasei Group realizes that it is important to undertake effective tax planning for commercial purposes. The Asahi Kasei Group implements tax planning conducive to cash flow in accordance with the legislative intent underlying the tax laws and regulations, and does not use tax havens for the purpose of tax avoidance. In case that any income is subject to CFC rules in accordance with the tax laws and regulations of each country as a result of carrying out plans for commercial purposes, the Asahi Kasei Group files a tax return and pays tax appropriately.

5. Transfer Pricing

The Asahi Kasei Group realizes that prices in executing international related party transactions are easily arbitrarily determined and it likely results in a tax risk in each country. In order to mitigate any risk associated with arbitrary transfer pricing methodologies, the Asahi Kasei Group establishes prices for international transactions among our companies that are in accordance with the arm's length principle. Also, the Asahi Kasei Group prepares transfer pricing documentation in each country in which it operates based on the transfer pricing documentation requirements.

6. Tax Incentives

In each country in which the Asahi Kasei Group operates, various kinds of tax incentives have been introduced based on government policy. The Asahi Kasei Group continually studies the applicable laws and endeavors to enhance tax efficiency by making use of any available tax incentives to the extent that they fall within the scope of commercial purposes.

7. Relationship with Tax Authorities

The Asahi Kasei Group endeavors to build and sustain mutually respectful relationships with the tax authorities by responding to inquiries in good faith. The Asahi Kasei Group endeavors to address items suggested in tax audits appropriately.

Income Taxes

Fiscal 2022	Japan	Overseas*2	Total
Income taxes paid*1	¥83.2 billion	¥27.3 billion	¥110.6 billion

*1 Based on the consolidated statements of cash flows of Asahi Kasei Corp. for the fiscal year ended March 2023

*2 Including Japanese income taxes paid by Japanese subsidiaries of certain overseas subsidiaries

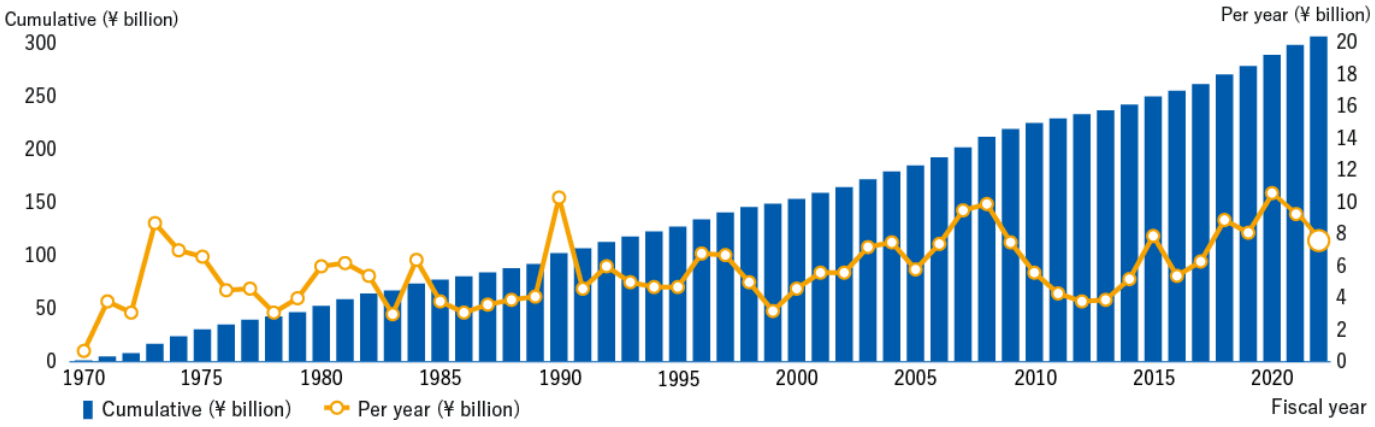
ESG Data

The Asahi Kasei Group publishes cost and performance data concerning its environmental activities.

Investment for Environmental Protection and Safety

Our Group has invested the necessary management resources in ESH & QA activities.
Investments in environmental protection and safety-related facilities up to fiscal 2022 and in fiscal 2022 are shown below.

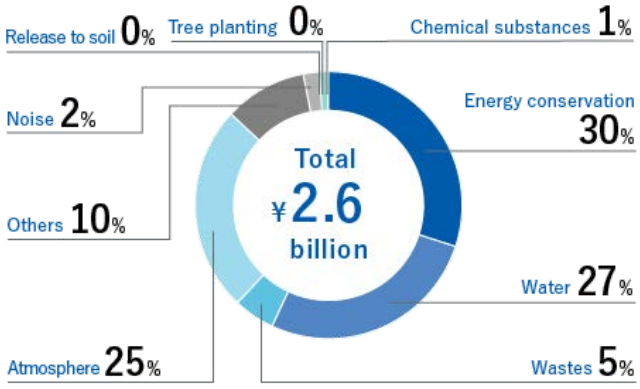
Investment in environmental preservation and safety modification



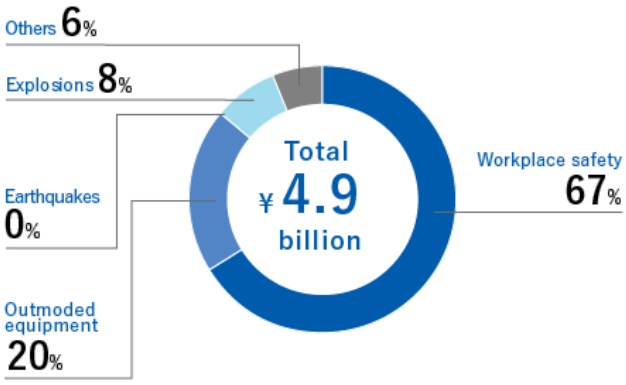
(¥ billion)

	FY2018	FY2019	FY2020	FY2021	FY2022
Environmental protection	2.18	4.14	3.88	2.8	2.65
Safety	6.71	3.95	6.63	6.43	4.85
Total	**8.89**	**8.09**	**10.52**	**9.23**	**7.5**

Investments in environmental protection-related facilities (fiscal 2022)



Investments in safety-related facilities (fiscal 2022)



Environmental Accounting

We classify the cost of our measures for environmental protection in accordance with cost classification standards promulgated by the Ministry of the Environment.

Environmental accounting by fiscal year

(¥ million)

Cost classification		FY2018		FY2019		FY2020		FY2021		FY2022	
		Investment	Expense	Investment	Expense	Investment	Expense	Investment	Expense	Investment	Expense
1	Combined operation area	1,942	11,183	3,905	10,089	3,628	7,666	2,755	9,914	2,098	10,080
	Pollution prevention	944	7,705	2,198	6,874	2,241	5,186	1,399	6,923	1,017	6,785
	Global environmental protection	807	1,230	1,221	773	1,246	689	1,069	955	945	963
	Resource circulation	190	2,248	485	2,442	142	1,792	287	2,036	136	2,332
2	Upstream and downstream	0	140	0	115	0	102	0	104	0	167
3	Management activities	62	636	43	2,394	25	654	19	1,294	136	1,953
4	R&D	119	2,787	192	8,431	228	2,185	198	1,793	374	2,628
5	Community outreach	0	27	0	24	0	18	0	17	0	25
6	Environmental damage	45	1,128	0	206	3	196	4	199	0	542
	Total	2,169	15,901	4,139	21,259	3,883	10,821	2,977	13,320	2,608	15,394

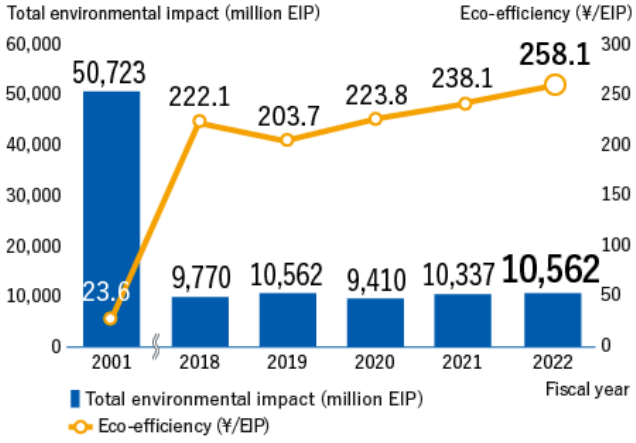
Environmental Management

Number and percentage of sites with environmental management system certification (FY2022)

Certification	Number of certified sites		Percentage of certified sites (%)
	Japan	Overseas	
ISO14001	22	37	79

Climate change

Eco-efficiency (JEPIX*) performance



* JEPIX is an abbreviation for the "Japan Environmental Policy Index", and it was developed by teams under the leadership of Professor Nobuyuki Miyazaki of the International Christian University at the Japan Science and Technology Agency and Sustainable Management Forum Japan.
Environmental performance data are converted to an environmental impact point (EIP) scale and aggregated to determine total environmental impact.
Eco-efficiency is calculated as follows.
Eco-efficiency = value added (economic index) / JEPIX Eco-Points
Eight aspects of environmental impact (including chemical releases, greenhouse gas emissions, landfill wastes, and COD load) are evaluated, and net sales are used for value added. A revised accounting policy is applied to net sales from fiscal 2011.

JEPIX-method eco-efficiency

	FY2001	FY2018	FY2019	FY2020	FY2021	FY2022
Total environmental impact (million EIP)	50,723	9,770	10,562	9,410	10,337	10,562
Net sales (¥ million)	1,195,393	2,170,403	2,151,646	2,106,051	2,461,317	2,726,485
Eco-efficiency (¥/EIP)	23.6	222.1	203.7	223.8	238.1	258.1

Greenhouse gas emissions in Japan by fiscal year

(million tons CO_2 equivalent)

Item	Index set at Kyoto Protocol (1990)	Baseline year (2005)	FY2018	FY2019	FY2020	FY2021	FY2022
Carbon dioxide	5.06	4.96	2.89	2.61	2.51	2.75	2.51
Nitrous oxide	6.82	0.76	0.09	0.13	0.29	0.09	0.08
Methane	0.00	0.01	0.00	0.00	0.00	0.00	0.00
HFCs	0.16	0.02	0.04	0.04	0.03	0.03	0.03
PFCs	0.01	0.14	0.11	0.12	0.06	0.01	0.01
Sulfur hexafluoride	0.00	0.04	0.01	0.01	0.01	0.00	0.00
Nitrogen trifluoride	-	-	0.00	0.00	0.00	0.00	0.00
Total	**12.06**	**5.92**	**3.13**	**2.91**	**2.91**	**2.87**	**2.62**

Notes

- Calculation standards for greenhouse gas emissions:
  For greenhouse gases covered by the Act on Rationalizing Energy Use and the Act on Promotion of Global Warming Countermeasures, calculations are in accordance with the methods stipulated by these laws. For gases not covered by either law, calculation methods are based on considerations such as chemical reactions.
- CO_2 emissions from generation of electricity and steam sold to other companies are excluded from data for the baseline year but included in annual data from fiscal 2013.
- We have used 'basic' CO_2 emission factors for electricity purchased in Japan until FY2019, but we have opted to use 'adjusted'CO_2 emission factors from fiscal 2020 onwards. The impact of this change on CO_2 emissions is minor.

Overseas greenhouse gas emissions by fiscal year

(million tons CO_2 equivalent)

	FY2018	FY2019	FY2020	FY2021	FY2022
CO_2 emissions	1.03	1.08	1.00	1.16	1.05

Note

- Calculation standards for greenhouse gas emissions:
  Overseas greenhouse gas emissions are calculated, in principle, based on the provisions given by the Act on the Rational Use of Energy and the Act on Promotion of Global Warming Countermeasures, and CO_2 emissions from the burning of by-product gases are mainly calculated by material balance. Until fiscal 2020, CO_2 emissions associated with purchased electricity were calculated using the latest country-specific emission factors shown in the International Energy Agency's (IEA) Emissions Factors. However, from fiscal 2021, in order to aggregate GHG emissions with values closer to actual situations, we have calculated emissions with the available emission factors in the following order of priority: 1) emission factors of procurement sources, 2) values set by national governments, and 3) IEA country-specific emission factors.

FY2022 global greenhouse gas emissions by segment

(million tons CO_2 equivalent)

Item	Material	Homes	Health Care	Other	Total
Total	3.41	0.10	0.15	0.00	3.67

Scope 3 emissions by fiscal year

(million tons CO_2 equivalent)

		FY2018	FY2019	FY2020	FY2021	FY2022
1	Purchased products and serviced	4.74	4.43	4.62	4.72	4.78
2	Capital goods	0.29	0.32	0.39	0.45	0.44
3	Fuel and energy-related activities (not included in Scope 1 or Scope 2)	0.21	0.24	0.78	0.77	0.86
4	Upstream transportation and distribution	0.30	0.27	0.25	0.24	0.24
5	Waste generated in operations	0.00	0.00	0.00	0.07	0.07
6	Business travel	0.03	0.03	0.00	0.00	0.02
7	Employee commuting	0.03	0.03	0.03	0.03	0.03
8	Upstream leased assets	0.00	0.00	0.00	0.00	0.00
9	Downstream transportation and distribution	-	-	-	-	-
10	Processing of sold products	-	-	-	-	-
11	Use of sold products	0.92	0.96	1.34	1.92	1.60
12	End-of-life treatment of sold products	4.98	4.70	5.87	5.95	5.98

		FY2018	FY2019	FY2020	FY2021	FY2022
13	Downstream leased assets	-	-	-	-	-
14	Franchise	-	-	-	-	-
15	Investment	-	-	-	-	-
	Total	11.50	10.98	13.28	14.15	14.00

Notes

- Calculation method for Scope 3:
  Our Scope 3 GHG emissions are calculated using the Corporate Value Chain (Scope 3) Accounting and Reporting Standard and its technical guidance issued by the Greenhouse Gas Protocol. For the greenhouse gas emission factors, we used data available in the Carbon Footprint Communication Program database prepared by the Japan Environmental Management Association for Industry and the Embodied Energy and Emission Intensity Data for Japan Using Input-Output Tables (3EID): Inventory Data for LCA prepared by the National Institute for Environmental Studies, Japan until fiscal 2019.
  Since fiscal 2020, we have referred to the Embodied Energy and Emission Intensity Data for Japan Using Input-Output Tables (3EID) (2015): Inventory Data for LCA prepared by the National Institute for Environmental Studies, Japan, IDEA v2.3 by the National Institute of Advanced Industrial Science and Technology, and the Emissions Unit Value Database Ver3.3 for Accounting of Greenhouse Gas Emissions, etc., by Organizations Throughout the Supply Chain issued by the Ministry of the Environment, etc.
- Calculation method for purchased products and services:
  Items with emissions equal to or greater than 4,000 tons of CO_2-equivalent were included. The emissions were calculated by multiplying the amounts, either in physical or monetary units, of products and services purchased from outside the Asahi Kasei Group by Asahi Kasei Corp., Asahi Kasei Homes, Asahi Kasei Construction Materials, Asahi Kasei Microdevices, and Asahi Kasei Medical by the respective emission factor for each type of raw material or service.
- Calculation method for waste generated in operations:
  From fiscal 2021, the activity volume was changed from final disposal volume to effluent volume.
- Calculation method for use of sold products:
  Until fiscal 2020, the calculation was based on the calculation standards set by Asahi Kasei Homes and using the emissions intensity from Housing Tech. R&D Labs' report. The period covered by the calculation was calculated based on the number of Hebel houses (detached houses and apartment buildings) delivered in each fiscal year (before fiscal 2020, based on the number of houses delivered; in fiscal 2020, based on the total floor area of Hebel houses delivered). The calculation period was set to 60 years of useful life, and the CO_2 emissions reduction effect based on the actual installation of energy-saving equipment, which differs in each case, was deducted from the calculation.

  From fiscal 2021, the following calculations were made using the Building Research Institute's "Energy Consumption Performance Calculation Program (Residential Version)" for house for which a certificate of confirmation was issued during the fiscal year.

  Σ (annual energy use by energy type per household x emission factor by energy type) x useful life (60 years)

  Emission factor by energy type (FY2022)
  Emission factor ： Electricity 0.434 (t-CO_2/thousand kWh), City gas 0.05 (t-CO_2/GJ), Kerosene 0.068 (t-CO_2/GJ)
- Calculation method for end-of-life treatment of sold products
  For Asahi Kasei, Asahi Kasei Construction Materials, Asahi Kasei Microdevices, and Asahi Kasei Medical, emissions are calculated by multiplying the weight of products purchased each fiscal year by the CO_2 emission factor at the time of disposal for each product.
  For Asahi Kasei Homes, emissions are calculated by multiplying the number of Hebel Haus units delivered each fiscal year by the CO_2 emission factor per building.
- Scope 3 category 1, 3, 4 and 12 emissions for fiscal year 2022 increased by 0.22, 0.14, 0.01 and 0.28 million tons CO2e-eq, respectively, from fiscal year 2021, as a result of an addition of goods in scope.

CO_2 emissions from product shipment (FY2022)

	Material	Homes	Health Care	Other	Total
Shipment volume (million ton-km)	734.78	306.93	3.22	0.00	1,044.93
CO_2 emissions (tons CO_2)	43,198	33,350	471	0	77,019

Proportion of low-pollution vehicles*

(Number of vehicles)

		FY2018	FY2019	FY2020	FY2021	FY2022
Used on public roads	Low-pollution vehicles	1,252	1,295	1,415	1,506	1,561
	Other	74	86	40	44	62
	Subtotal	1,326	1,381	1,455	1,550	1,623
Used within plant grounds	Low-pollution vehicles	492	451	726	764	527
	Other	227	208	66	73	149
	Subtotal	719	659	792	837	676
Total	Low-pollution vehicles	1,744	1,746	2,141	2,270	2,088
	Other	301	294	106	117	211
	Total vehicles	2,045	2,040	2,247	2,387	2,299
Proportion of low-pollution vehicles	Used on public roads	94	94	97	97	96
	Used within plant grounds	68	68	92	91	78
	Total	85	86	95	95	91

* Hybrid-electric vehicles, low-emission vehicles, fuel-efficient vehicles, and all-electric vehicles

Pollution Prevention and Resource Circulation / Water Resource Preservation

Asahi Kasei Group disposal of industrial waste

(thousand tons)

Fiscal year	Category	Waste generated	Material recycling	Chemical recycling	Heat recovery	Volume reduction	Final disposal	Coverage (%)
2022[1]	Japan (of which waste plastic)[2]	555.7 (21.3)	430.0 (9.2)	4.9 (0.9)	104.9 (10.8)	3.2 (0.1)	12.6 (0.3)	–
	Overseas	45.2	16.0	0.8	3.5	2.9	22.0	–
	Total	600.9	446.0	5.7	108.4	6.1	34.7	–
	Percentage (%)	**100.0**	**74.2**	**1.0**	**18.0**	**1.0**	**5.8**	**61**
2021	Japan[3]	530.4	385.3	8.7	124.5	2.6	9.5	–
	Overseas	47.1	15.6	0.4	2.0	4.8	24.4	–
	Total	577.5	400.8	9.0	126.4	7.3	33.9	–
	Percentage (%)	**100.0**	**69.4**	**1.6**	**21.9**	**1.3**	**5.9**	**62**
2020	Japan[3]	541.9	398.3	8.5	122.2	2.4	10.5	–
	Overseas	29.1	8.4	0.5	1.3	3.8	15.0	–
	Total	571.0	406.6	9.1	123.6	6.3	25.4	–
	Percentage (%)	**100.0**	**71.2**	**1.6**	**21.6**	**1.1**	**4.5**	**–**
2019	Japan[3]	617.1	414.5	2.0	181.6	6.0	12.9	–
	Overseas	37.5	11.5	0.4	1.5	5.0	19.1	–
	Total	654.6	426.0	2.4	183.1	11.0	32.0	–
	Percentage (%)	**100.0**	**65.1**	**0.4**	**28.0**	**1.7**	**4.9**	**–**

[1] The definitions of "material recycling" and "heat recovery" were changed in FY2022.

[2] Disposal of waste plastics based on the Plastic Resource Circulation Act

[3] Changed to include industrial waste from the domestic homes business in FY2022; figures for previous years have been revised accordingly

Emissions of specially controlled industrial waste*

(thousand tons)

Fiscal year	2020	2021	2022
Specially controlled industrial waste	34.7	23.1	18.6

* Specially controlled industrial waste is industrial waste that is explosive, toxic, infectious, or has other characteristics that may be hazardous to human health or the living environment

AAC trimmings recycled by Asahi Kasei Construction Materials

(t)

	FY2018	FY2019	FY2020	FY2021	FY2022
Hebel™ panels	360	354	350	217	325
Cement materials	970	368	259	194	202
Lightweight artificial soil	0	0	0	0	0
Total	**1,330**	**722**	**609**	**411**	**527**

Maintenance and management status of waste treatment facilities*

Facility	FY2020	FY2021	FY2022	FY2023
Kawasaki Works Incineration Plant (W-1000)	2020 Results (409.7KB)	2021 Results (409.6KB)	2022 Results (409.2KB)	2023 Results (232.8KB)
Kawasaki Works Incineration Plant (N-1000)	2020 Results (395.0KB)	2021 Results (395.0KB)	2022 Results (395.0KB)	2023 Results (230.7KB)

* Based on the Act on Waste Management and Public Cleansing, we have posted maintenance and management records for waste treatment facilities owned by our company that are required to publish maintenance and management information.

Release and transfer of PRTR-specified substances by fiscal year

(t)

	FY2000	FY2018	FY2019	FY2020	FY2021	FY2022
Release to air	4,720	520	290	250	230	400
Release to water	170	50	60	50	60	40
Release to soil	0	0	0	0	0	0
Total release	**4,890**	**570**	**350**	**300**	**290**	**440**
Reduction rate (%)	–	88	93	94	94	91
Transfer	2,100	2,500	2,400	2,700	2,500	2,600

VOC* air emissions

	FY2000 (baseline year)	FY2018	FY2019	FY2020	FY2021	FY2022
Volume (tons)	10,400	1,400	1,100	920	1,000	1,200
Reduction rate (%)	–	87	89	91	90	89

* VOC: Volatile organic compound. Although the term generally applies to any organic compound which is in gaseous state at the time of release, regulations for the control of their release exclude methane and some fluorocarbons which do not form oxidants. However, methane and some fluorocarbons are excluded from VOC regulations on the grounds that they do not form oxidants.

FY2022 release and transfer of PRTR-specified substances

(t)

Company	Sites	Substance	Release to air	Effluent water Subtotal	Release to soil Subtotal	Releases of VOCs Total	Transfer
Asahi Kasei Corp.	Nobeoka	1,1-Dichloroethylene (vinylidene chloride)	23	0	0	23	30
		Dichloromethane (methylene chloride)	13	0	0	13	0
		Chloroethylene (vinyl chloride)	6	0	0	6	42
		Water-soluble copper salts (except complex salts)	0	9	0	9	0
	Moriyama	Dichloromethane (methylene chloride)	17	0	0	17	0
		N,N-dimethylacetamide	5	0	0	5	207
	Mizushima	n-Hexane	219	0	0	219	6
		Molybdenum and its compounds	0	12	0	12	0
		Vinyl acetate	10	0	0	10	8
	Kawasaki	n-Hexane	59	0	0	59	9
Asahi Kasei Medical	Nobeoka	N,N-dimethylacetamide	2	5	0	7	159

Notes

- Substances whose total emissions into the air, water, and soil at a given site are at least five tons/year are listed along with their emission amounts, etc.
- Rounded to the nearest ton.

Asahi Kasei Group fluorocarbon leakage volume

($t\text{-}CO_2$)

Core Operating Companies / Affiliated Companies	FY2021	FY2022
Asahi Kasei Corp.	1,265.3	949.9
Asahi Kasei Medical Co., Ltd.	244.4	116.7
Asahi Kasei Pharma Corp.	58	99.3
Asahi Kasei Homes Corp.	3.3	40.6
Asahi Kasei Construction Materials Corp.	1.2	14.2
Asahi Kasei Microdevices Corp.	0	0
Other affiliated companies	152.4	106.1
Total	1,724.5	1,326.9

Release of air and water pollutants by fiscal year

Item	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
SOx[1]	Tons	6,000	6,300	5,200	6,800	3,700
NOx[2]	Tons	3,300	3,400	3,600	3,500	2,600
Soot and dust[3]	Tons	140	90	110	140	90
Effluence	Million m^3	221	216	204	202	200
COD[4]	Tons	880	890	850	850	760
N	Tons	7,000	6,500	4,900	5,900	4,500
P	Tons	20	20	20	20	20
Coverage	%	-	-	-	76	75

Air emissions by site

(t/y)

Site	FY2020			FY2021			FY2022		
	SOx	NOx	Soot and dust	SOx	NOx	Soot and dust	SOx	NOx	Soot and dust
Nobeoka	4,800	2,300	30	6,300	2,200	80	3,400	1,400	30
Mizushima	180	1,100	70	270	960	50	210	1,000	50
Moriyama	0	40	2	0	130	4	0	90	3
Fuji	0	3	0	0	2	0	0	3	0
Ohito	2	20	0	2	6	0	4	5	0
Kawasaki	1	70	4	3	100	6	2	100	5
Suzuka	0	20	0	0	30	0	0	20	0
Other	220	50	5	200	50	5	90	30	3
Total	**5,200**	**3,600**	**110**	**6,800**	**3,500**	**140**	**3,700**	**2,600**	**90**

[1] Sulfur oxides (SOx) are formed when crude oil, fuel oil, or coal containing sulfur are used as fuel. Sulfur dioxide (SO_2) is most common, but some sulfur trioxide (SO3) also forms. The term SOx is inclusive of both of these.

[2] Nitrogen oxides (NOx) are formed in nature and during combustion at thermal power plants, factory boilers, internal combustion engines, and incinerators. The term NOx is inclusive of both nitric oxide (NO) and nitrogen dioxide (NO_2).

[3] Soot and dust are fine particles formed in the combustion of fuel and other materials.

[4] Chemical oxygen demand is an indicator of water pollution by organic substances. COD is expressed in terms of the amount of oxygen that can be consumed by an oxidizer to chemically oxidize the organic substances contained in the water.

Water usage and effluence

(Million m^3)

Item		FY2018	FY2019	FY2020	FY2021	FY2022
Japan	Usage	287	246	235	245	236
	Effluence	221	216	204	202	200
Overseas	Usage	8	11	9	9	9
	Effluence	8	10	9	9	6
Japan and overseas	Usage	295	256	244	254	245
	Effluence	229	226	212	212	206

Note: Due to a review in aggregation, figures for fiscal 2021 and earlier have been revised.

Water usage and sources by fiscal year in Japan

(Million m^3)

	FY2018	FY2019	FY2020	FY2021	FY2022
Total	**287**	**246**	**235**	**245**	**236**
Municipal water	2	2	2	2	2
Ground water	22	21	20	20	18
Industrial water	263	223	213	223	216

Note: Due to a review in aggregation, figures for fiscal 2021 and earlier have been revised.

Water emissions in Japan by site

(Tons, except effluence: million m^3)

Site	FY2020				FY2021				FY2022			
	COD	N	P	Effluence	COD	N	P	Effluence	COD	N	P	Effluence
Nobeoka	650	4,600	5	132	670	5,600	6	133	600	4,200	4	125
Mizushima	50	190	3	34	50	190	3	30	50	160	3	32
Moriyama	7	8	1	9	8	9	2	10	6	8	1	9
Fuji	20	80	6	12	20	80	6	11	20	90	8	14
Ohito	0	1	0	0	0	1	0	0	0	1	0	0
Kawasaki	90	30	1	10	70	20	1	11	60	30	1	13
Suzuka	5	2	0	1	5	1	0	2	6	2	0	2
Other	30	3	0	5	30	3	0	5	20	3	0	5
Total	**850**	**4,900**	**20**	**204**	**850**	**5,900**	**20**	**202**	**760**	**4,500**	**20**	**200**

Number of Group Employees

		Scope	FY2018	FY2019	FY2020	FY2021	FY2022
Number of Group Employees	Total	Asahi Kasei Group consolidated (global)	39,283	40,689	44,497	46,751	48,897
	Male		—	—	—	33,265	34,630
	Female		—	—	—	13,443	14,254
	Gender unspecified		—	—	—	43	13
Female employee rate (%)			—	—	—	28.8	29.1

Note: According to individuals' self-identification.

Number of Employees by Status

		Scope	FY2018	FY2019	FY2020	FY2021	FY2022
Permanent	Total	Note 1	**16,966**	**17,293**	**17,417**	**17,413**	**17,267**
	Male		14,275	14,511	14,593	14,555	14,352
	Female		2,691	2,782	2,824	2,858	2,915
Non-permanent	Total	Note 1	**2,548**	**2,576**	**3,360**	**2,875**	**3,133**
	Male		1,870	1,967	2,382	1,966	2,232
	Female		678	609	978	909	901
Non-permanent rate (%)			15.0	14.9	19.3	16.5	18.1

Persons with disabilities

	Scope	FY2018	FY2019	FY2020	FY2021	FY2022
Number of employees with disabilities [Scope Note 2]	All Group companies applicable as Special Subsidiaries	574	609	623	639	652
Employment rate (%) [Scope Note 2]		2.23	2.31	2.38	2.35	2.37
Statutory employment rate (%) [Scope Note 2]		2.2	2.2	2.3	2.3	2.3

Employment/Retention

		Scope	FY2018	FY2019	FY2020	FY2021	FY2022
Number of new hires	New graduate total	Note 1	**565**	**614**	**586**	**460**	**425**
	(male)		427	486	466	369	340
	(female)		138	128	120	91	85
	Mid-career total		**487**	**410**	**298**	**345**	**378**
	(male)		468	349	276	297	303
	(female)		19	61	22	48	75
Mid-career hire rate* (%)			46.3	40.0	33.7	42.9	47.1
Number of resignations			232	292	283	328	364
Employee turnover rate (%)			1.36	1.66	1.58	1.83	2.04

* As of Sep. 30, 2022

Working Hours / Salary

	Scope	FY2018	FY2019	FY2020	FY2021	FY2022
Total hours worked	Note 1	2,008.1	1,948.7	1,973.9	1,992.2	1,966.0
Overtime hours worked		292.5	247.3	260.9	286.6	270.4
Average paid vacation days taken		14.48	15.66	14.29	14.76	16.26
Average rate of paid vacation (%)		75.1	82.3	75.3	77.6	85.4
Average annual salary (¥)	Asahi Kasei Corp.	7,871,666	7,691,021	7,691,021	7,810,513	7,605,539

Education/Training

	Scope	FY2018	FY2019	FY2020	FY2021	FY2022
Total training hours	Note 1	—	—	382,632	290,931	333,540
Average time per employee		—	—	21.5	22.3	25.7
Total cost of training conducted in Japan (thousand yen)		—	3,409,515	2,129,282	2,806,147	3,471,596
Annual education and training costs (thousand yen)*		—	205	126	166	198

* Due to a review in aggregation, we have revised the amount for FY2021 and earlier regarding the average cost per employee for training conducted in Japan.

Diversity / Work-life Balance

		Scope	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Number of female managers and supervisors		Note 1	574	622	660	701	752	801
Number of female managers			193	212	231	257	277	309
Total number of managers			5,786	5,767	5,780	5,760	5,778	5,759
Ratio of female managers (%)			3.3	3.7	4.0	4.5	4.8	5.4
Proportion of women working as managers and Group Masters (%)			—	2.3	2.8	3.4	3.7	3.9
Number of employees taking child care leave*	Male		392	417	433	496	538	—
	Female		239	251	265	287	306	—
Number of employees using shortened working hours system for child care	Male		3	3	4	2	1	—
	Female		356	350	366	322	307	—
Number of employees using "Kids Support" shortened working hours system	Male		1	2	0	0	0	—
	Female		92	141	123	135	154	—
Number of employees taking family care leave	Male		4	3	6	2	3	—
	Female		5	8	4	2	5	—
Number of employees using shortened working hours system for family care	Male		0	3	4	2	1	—
	Female		1	2	2	0	2	—

* Due to a review in aggregation, the number of employees taking childcare leave for 2018 and 2021 has been revised.

Gender Pay Gap

			Scope	FY2022
Average annual salary (¥)	Female	All workers	Note 1	5,860,247
		Permanent employees		6,520,585
		Part-time / Fixed-term employees		3,459,754
	Male	All workers		8,604,480
		Permanent employees		8,767,621
		Part-time / Fixed-term employees		5,157,015
Difference in salary between men and women (%)		All workers		68
		Permanent employees		74
		Part-time / Fixed-term employees		67

Occupational Health and Safety

		Scope	FY2018	FY2019	FY2020	FY2021	FY2022
Group lost time frequency rate (%)		Note 3	0.41	0.44	0.21	0.38	0.19
Group severity rate (%)			0.008	0.074	0.006	0.133	0.009
Number of lost-worktime injuries	Group employees		—	25	12	22	11
Of which, number of fatalities	Group employees		—	0	0	1	0
Average age		Note 4	43.8	43.8	43.7	43.7	43.7
Percentage finding problems during health examinations (%)			62.6	62.3	62.7	62.5	62.1
BMI			26.3	26.8	26.7	26.7	26.7
Smoking rate (%)			26.3	25.8	24.7	23.5	22.5
Number of days absent due to injury or illness (days per person; calculated based on reports of absence from work)			3.2	3.5	3.1	3.4	3.9
Specific health guidance rate (%)*			25.4	34.1	35.2	46.7	—
Stress check rate (%)			96.2	98.0	96.3	93.8	92.0
High stress rate (%)			7.8	8.0	8.0	8.6	8.9
Work Engagement Total value of KSA (vitality and growth assessment) work engagement and psychological capital			—	—	—	3.48	3.48
Workplace dialogue implementation rate (%)			—	—	41	61	68.6
Self-care education participation rate* (%) (implemented in 2022)			—	—	—	—	98.0
Seminar satisfaction rate* (% who responded “satisfied” or “very satisfied” among 5 choices) (Average of office area online seminars)			—	—	—	86.6	79.0

* Due to a review in aggregation, the figures for 2020 and 2021 have been revised for the specific health guidance rate, the self-care education participation rate, and the seminar satisfaction rate.

Social Contributions

	Scope	FY2018	FY2019	FY2020	FY2021	FY2022
Social contribution activity expenses (¥ million)	**Asahi Kasei Group consolidated (global)**	1,330	1,143	2,147	1,799	1,574
Proportion of ordinary income (%)		0.6	0.62	2.62	0.85	1.29

Scope Notes

[1] Asahi Kasei, Asahi Kasei Microdevices, Asahi Kasei Homes, Asahi Kasei Construction Materials, Asahi Kasei Pharma, and Asahi Kasei Medical

[2] The rate of employment and the number of persons employed are the average figures for each fiscal year for applicable companies of the Asahi Kasei Group. Calculations are based on total employment of 27,504.5 persons at the 22 applicable companies as of June 1, 2022. (number of persons calculated in accordance with the Act on Employment Promotion, etc. of Persons with Disabilities)

[3] Asahi Kasei Group companies in Japan as defined in the Asahi Kasei Group ESH & QA Regulations (a list of departments implementing Asahi Kasei's ESH & QA Program can be downloaded from the following page)
https://www.asahi-kasei.com/sustainability/rc/#anc-09

[4] Employees of major Japanese subsidiaries in addition to companies listed in Note 1

Corporate Governance

			Scope	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Number of Directors	Inside Directors	Male	Asahi Kasei Corp.	6	6	6	6	6	6
		Female		0	0	0	0	0	0
		Total		6	6	6	6	6	6
	Independent Outside Directors	Male		2	2	2	2	2	2
		Female		1	1	1	1	1	2
		Total		3	3	3	3	3	4
	Total			**9**	**9**	**9**	**9**	**9**	**10**
Ratio of Female Members of the Board of Directors (%)				11.1	11.1	11.1	11.1	11.1	20.0

Note: The number of Board of Directors meetings and committee meetings and their attendance rates are reported on the following page.

› Corporate Governance

External evaluation

Inclusion in socially responsible investment indexes

ESG Indexes included in (as of July 2023)

- FTSE4Good Index Series
- FTSE Blossom Japan Index
- FTSE Blossom Japan Sector Relative Index
- MSCI ESG Leaders Indexes
- MSCI Japan ESG Select Leaders Index
- MSCI Japan Empowering Women Index (WIN)
- S&P/JPX Carbon Efficient Index
- SOMPO Sustainability Index
- Morningstar Japan ex-REIT Gender Diversity Tilt Index(GenDi J)

FTSE4Good

FTSE Blossom Japan

FTSE Blossom Japan Sector Relative Index

2023 MSCI ESG Leaders Indexes Constituent

2023 CONSTITUENT MSCIジャパンESGセレクト・リーダーズ指数

2023 CONSTITUENT MSCI日本株女性活躍指数 (WIN)

S&P/JPX Carbon Efficient Index

2022 Sompo Sustainability Index

Asahi Kasei received AAA, the highest rating in the 2023 MSCI ESG Ratings.

MSCI ESG RATINGS AAA

CCC | B | BB | BBB | A | AA | AAA

Rated B for CDP's Climate Change and Water Security

Asahi Kasei was rated B in the categories of Climate Change and Water Security in the 2022 survey conducted by CDP.

Acquisition of the Highest Rank from Development Bank of Japan, Inc. (DBJ) under its DBJ Environmentally Rated Loan Program

In August 2022, Asahi Kasei received a Development Bank of Japan loan under the DBJ Environmentally Rated Loan Program, having obtained the system's highest rating as a "company with particularly advanced environmental programs."

Selected as a DX Stock 2023

Asahi Kasei has been selected as a Digital Transformation Stock (DX Stock 2023), an initiative conducted jointly by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange.

Recognized as White 500 (large enterprise category) in the Certified Health & Productivity Management Organization Recognition Program of 2023

The Asahi Kasei Group was recognized in March 2023 as one of the "White 500" organizations under the Certified Health & Productivity Management Organization Recognition Program of 2023, jointly operated by the Ministry of Economy, Trade and Industry (METI), and Nippon Kenko Kaigi.

› Health & Productivity Management > Activity evaluation and recognition by external organizations

Awarded the 69th Okochi Memorial Prize

Employees of the Asahi Kasei Group were awarded the 69th Okochi Memorial Prize in March 2023 for the development of a propane ammoxidation catalyst and an acrylonitrile production technology that uses the catalyst.

Healthcare Materials Division Receives Gold Medal in EcoVadis Sustainability Assessment

The Healthcare Materials Division of Asahi Kasei's Life Innovation SBU received a Gold Medal rating, which corresponds to the top 5% of all evaluations, in a sustainability assessment conducted by EcoVadis (headquartered in France) in March 2023. The survey evaluates companies' sustainability efforts in the four areas of the environment, labor & human rights, ethics, and sustainable procurement. We received an especially high assessment in the environment and labor & human rights.

Asahi Kasei Realty & Residence receives Grand Prize and Asahi Kasei Homes receives Excellence Award at the 2022 Japan Resilience Awards

In April 2022 at the Japan Resilience Awards 2022 hosted by the Association for Resilience Japan, Asahi Kasei Realty & Residence's "Kurashiki City 3 Achi East Urban Area Redevelopment Category 1 Project" won the Grand Prize, the highest award, and Asahi Kasei and Asahi Kasei Homes won the Excellence Award for their "Initiatives to Reduce CO_2 Emissions and Enhance Disaster Prevention Capabilities through the Creation and Maximum Usage of Energy from the Asahi Kasei Group's Own Power Grid."

Received the Fujisankei Group Prize at the 30th Global Environment Award

Asahi Kasei was awarded the Fujisankei Group Prize in March 2022. The company was recognized for its efforts to reduce food loss and GHG emissions, solve logistics issues, and make traceability more visible by developing and providing the Fresh Logi™ system, a cloud-based fresh produce logistics solution that lowers energy consumption and GHG emissions during transportation while keeping produce fresh.

› Fresh Logi

Platinum Kurumin certification mark

In 2016, Asahi Kasei Corp., Asahi Kasei Microdevices Corp., Asahi Kasei Pharma Corp., Asahi Kasei Medical Co., Ltd., and Asahi Kasei Ability Corp. received Platinum Kurumin certification from the Ministry of Health, Labor and Welfare. Platinum Kurumin certification is awarded in recognition of proactive support for the development of the next generation which is particularly outstanding.

The Minister of Economy, Trade and Industry "Intellectual Property Achievement Awards"

In April 2021, Asahi Kasei received the Minister of Economy, Trade and Industry's "Intellectual Property Achievement Award," which is sponsored by the Japan Patent Office in the Ministry of Economy, Trade and Industry. The Intellectual Property Achievement Award is presented annually to companies and other organizations that have made effective use of the intellectual property system and contributed to its smooth operation and development.

Encouragement Award at the 17th LCA Japan Forum Awards

In February 2021, Asahi Kasei received the Encouragement Award at the 17th LCA Japan Forum Awards in recognition of our environmental contribution product initiatives from the perspective of LCA (Life Cycle Assessment).

› The Asahi Kasei Group's Environmental Contribution Products

The Biodiversity Biwako Network receives the Grand Prize at the 2021 Nature Conversation Society of Japan Award

In March 2021, the Biodiversity Biwako Network, which consists of eight companies, including Asahi Kasei and Asahi Kasei Homes, won the Grand Prize in the Education and Promotion Category of the 2021 Japan Nature Conservation Awards sponsored by The Nature Conservation Society of Japan.

Received the 22nd Logistics Environment Award Special Award

In June 2021, Asahi Kasei was awarded the Special Award along with Mitsui Chemicals, Inc. and Sankyu Inc. The three companies' collaborative efforts to reduce CO_2 emissions during transportation, address the shortage of long-distance truck drivers, and implement other "white logistics" initiatives received high evaluation.

Related information

› Technology awards

View the past awards we have received related to research and development.

Policy Statements

	Policy
CSR-orientated Management	› Group Philosophy
	› Corporate Governance
	› Asahi Kasei Group Sustainability Policy
	› Medium-term Management Plan
ESH & QA	› ESH & QA Policy
Environmental	› Asahi Kasei Group Code of Conduct
	› The Asahi Kasei Group's Global Environmental Policy
	› Quantitative indicators and targets of global environmental measures
	› Biodiversity Policy
Social	› Asahi Kasei Group Code of Conduct
	› Human Rights Policy
	› Asahi Kasei Group Quality Policy
	› The Asahi Kasei Group Purchasing and Procurement Principles and Policy
	› Supplier Guidelines (92.2KB)
	› Human Resources Principles
	› Expansion of opportunities for women: Asahi Kasei Group Action Plan
	› Statement on Management for Health
	› Group Health and Productivity Management Vision
	› Basic Policy for Safe Operation
	› Basic Policy for High Pressure Gas Safety
	› Community Fellowship Policy
	Multi-Stakeholder Policies › Asahi Kasei Corp. (145.8KB) › Asahi Kasei Microdevices (140.6KB)

	Policy
	› Asahi Kasei Homes (140.7KB) › Asahi Kasei Construction Materials (141.2KB) › Asahi Kasei Pharma (141.2KB) › Asahi Kasei Medical (141.7KB)
Governance	› Principles of Corporate Governance
	› Asahi Kasei Group Code of Conduct
	› Asahi Kasei Group Basic Policies for Prevention of Bribery (92.5KB)
	› Ethical Considerations in Pharmaceutical and Medical Device Development
	› Asahi Kasei Group Information Security Policy
	› Privacy Policy
	› Tax Policy
	› Basic Guidelines on Animal Care and Use (Asahi Kasei Pharma)

GRI Standards Content Index

GRI content index

Statement of use	The Asahi Kasei Group has reported the information cited in this GRI content index for the period April 1, 2022 to March 31, 2023 with reference to the GRI Standards.
GRI 1 used GRI 1	Foundation 2021

General Disclosures

DISCLOSUER NUMBER	DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021		
The organization and its reporting practices		
2-1	Organizational details	› Corporate Profile
2-2	Entities included in the organization's sustainability report	› Editorial Policy › Securities Report (Affiliated Companies)
2-3	Reporting period, frequency and contact point	› Editorial Policy
2-4	Restatements of information	› Editorial Policy
2-5	External assurance	› Independent Review and Independent Assurance Report
Activities and workers		
2-6	Activities, value chain and other business relationships	› Group Companies › CSR Procurement
2-7	Employees	› ESG Data > Society › Securities Report (Employees)
2-8	Workers who are not employees	› ESG Data > Society > Number of Employees by Status

DISCLOSUER NUMBER	DISCLOSURE	LOCATION
Governance		
2-9	Governance structure and composition	› Corporate Governance › Corporate Officers › Asahi Kasei Report (Corporate Governance)
2-10	Nomination and selection of the highest governance body	› Corporate Governance
2-11	Chair of the highest governance body	› Corporate Governance
2-12	Role of the highest governance body in overseeing the management of impacts	› Corporate Governance › Sustainability Management > Policies and Framework
2-13	Delegation of responsibility for managing impacts	› Corporate Governance › Sustainability Management > Policies and Framework
2-14	Role of the highest governance body in sustainability reporting	› Corporate Governance › Sustainability Management > Policies and Framework
2-15	Conflicts of interest	› Corporate Governance
2-16	Communication of critical concerns	› Risk Management › Compliance
2-17	Collective knowledge of the highest governance body	› Sustainability Management > Policies and Framework
2-18	Evaluation of the performance of the highest governance body	› Corporate Governance
2-19	Remuneration policies	› Corporate Governance
2-20	Process to determine remuneration	› Corporate Governance
2-21	Annual total compensation ratio	› Corporate Governance › Asahi Kasei Report (Remuneration of Directors)
Strategy, policies and practices		
2-22	Statement on sustainable development strategy	› Management Message

DISCLOSUER NUMBER	DISCLOSURE	LOCATION
2-23	Policy commitments	› Policy Statements › Sustainability Management > Initiatives and Member Organizations We Participate In › Sustainability Management > Relationships with Stakeholders › Human Rights › Human Resources > Employment and Labor Practices
2-24	Embedding policy commitments	› Sustainability Management > Policies and Framework
2-25	Processes to remediate negative impacts	› Sustainability Management > Policies and Framework › Compliance › Human Rights
2-26	Mechanisms for seeking advice and raising concerns	› Compliance › Human Rights
2-27	Compliance with laws and regulations	› Compliance › Environmental Management
2-28	Membership associations	› Sustainability Management > Initiatives and Member Organizations We Participate In
Stakeholder engagement		
2-29	Approach to stakeholder engagement	› Sustainability Management > Relationships with Stakeholders
2-30	Collective bargaining agreements	› Human Resources > Employment and Labor Practices
GRI 3: Material Topics 2021		
Guidance to determine material topics		
3-1	Process to determine material topics	› Sustainability Management > Materiality and SDGs
3-2	List of material topics	› Sustainability Management > Materiality and SDGs
3-3	Management of material topics	› Sustainability Management > Materiality and SDGs

Material Topics

DISCLOSUER NUMBER	DISCLOSURE	LOCATION
Economic		
GRI 201: Economic Performance 2016		
201-1	Direct economic value generated and distributed	› Securities Report (Major KPIs) › ESG Data > Society > Social Contribution
201-2	Financial implications and other risks and opportunities due to climate change	› Environmental Management › Disclosure based on TCFD Recommendations
201-3	Defined benefit plan obligations and other retirement plans	› Securities Report (Retirement Benefits Related)
201-4	Financial assistance received from government	
GRI 202: Market Presence 2016		
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	
202-2	Proportion of senior management hired from the local community	
GRI 203: Indirect Economic Impacts 2016		
203-1	Infrastructure investments and services supported	› Social Activities > Local Communities › Social Activities > Social Contribution
203-2	Significant indirect economic impacts	
GRI 204: Procurement Practices 2016		
204-1	Proportion of spending on local suppliers	
GRI 205: Anti-corruption 2016		
205-1	Operations assessed for risks related to corruption	

DISCLOSUER NUMBER	DISCLOSURE	LOCATION
205-2	Communication and training about anti-corruption policies and procedures	› Compliance
205-3	Confirmed incidents of corruption and actions taken	› Compliance
GRI 206: Anti-competitive Behavior 2016		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	› Compliance
GRI 207: Tax 2019		
207-1	Approach to tax	› Tax Policy
207-2	Tax governance, control, and risk management	› Tax Policy
207-3	Stakeholder engagement and management of concerns related to tax	› Tax Policy
207-4	Country-by-country reporting	› Tax Policy
Environmental		
GRI 301: Materials 2016		
301-1	Materials used by weight or volume	› Environmental Management
301-2	Recycled input materials used	› Pollution Prevention and Resource Circulation
301-3	Reclaimed products and their packaging materials	› Pollution Prevention and Resource Circulation
GRI 302: Energy 2016		
302-1	Energy consumption within the organization	› Environmental Management
302-2	Energy consumption outside of the organization	
302-3	Energy intensity	

DISCLOSUER NUMBER	DISCLOSURE	LOCATION
302-4	Reduction of energy consumption	
302-5	Reductions in energy requirements of products and services	› Climate Change
GRI 303: Water and Effluents 2018		
303-1	Interactions with water as a shared resource	› Environmental Management › Water Resource Preservation › ESG Data > Environment > Pollution Prevention and Resource Circulation > Water Resource Preservation
303-2	Management of water discharge-related impacts	› Water Resource Preservation
303-3	Water withdrawal	› Environmental Management › Water Resource Preservation › ESG Data > Environment > Pollution Prevention and Resource Circulation > Water Resource Preservation > Water Usage and Effluence
303-4	Water discharge	› Environmental Management › Water Resource Preservation › ESG Data > Environment > Pollution Prevention and Resource Circulation > Water Resource Preservation > Water Usage and Effluence
303-5	Water consumption	› Water Resource Preservation › ESG Data > Environment > Pollution Prevention and Resource Circulation > Water Resource Preservation
GRI 304: Biodiversity 2016		
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	› Biodiversity
304-2	Significant impacts of activities, products and services on biodiversity	› Biodiversity
304-3	Habitats protected or restored	› Biodiversity

DISCLOSUER NUMBER	DISCLOSURE	LOCATION
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	› Biodiversity
GRI 305: Emissions 2016		
305-1	Direct (Scope 1) GHG emissions	› Climate Change › ESG Data > Environment > Climate Change
305-2	Energy indirect (Scope 2) GHG emissions	› Climate Change › ESG Data > Environment > Climate Change
305-3	Other indirect (Scope 3) GHG emissions	› Climate Change › ESG Data > Environment > Climate Change
305-4	GHG emissions intensity	› Climate Change > Disclosure based on TCFD Recommendations
305-5	Reduction of GHG emissions	› Climate Change › ESG Data > Environment > Climate Change
305-6	Emissions of ozone-depleting substances (ODS)	Not applicable
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	› Pollution Prevention and Resource Circulation › ESG Data > Environment > Pollution Prevention and Resource Circulation / Water Resource Preservation
GRI 306: Waste 2020		
306-1	Waste generation and significant waste-related impacts	› Pollution Prevention and Resource Circulation
306-2	Management of significant waste-related impacts	› Pollution Prevention and Resource Circulation
306-3	Waste generated	› Pollution Prevention and Resource Circulation › ESG Data > Environment > Pollution Prevention and Resource Circulation / Water Resource Preservation
306-4	Waste diverted from disposal	Not applicable
306-5	Waste directed to disposal	› Pollution Prevention and Resource Circulation › ESG Data > Environment > Pollution Prevention and Resource Circulation / Water Resource Preservation

DISCLOSUER NUMBER	DISCLOSURE	LOCATION
GRI 308: Supplier Environmental Assessment 2016		
308-1	New suppliers that were screened using environmental criteria	› CSR Procurement
308-2	Negative environmental impacts in the supply chain and actions taken	› CSR Procurement
Social		
GRI 401: Employment 2016		
401-1	New employee hires and employee turnover	› Human Resources > Employment and Labor Practices
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	› Human Resources > Human Resources Development and Active Engagement › Human Resources > DE&I
401-3	Parental leave	› Human Resources > DE&I
GRI 402: Labor/Management Relations 2016		
402-1	Minimum notice periods regarding operational changes	
GRI 403: Occupational Health and Safety 2018		
403-1	Occupational health and safety management system	› Occupational Health and Safety and Health Management > Occupational Health and Safety
403-2	Hazard identification, risk assessment, and incident investigation	› Occupational Health and Safety and Health Management > Occupational Health and Safety
403-3	Occupational health services	› Occupational Health and Safety and Health Management > Occupational Health and Safety
403-4	Worker participation, consultation, and communication on occupational health and safety	› Occupational Health and Safety and Health Management > Occupational Health and Safety
403-5	Worker training on occupational health and safety	› Occupational Health and Safety and Health Management > Occupational Health and Safety
403-6	Promotion of worker health	› Occupational Health and Safety and Health Management > Health Management

DISCLOSUER NUMBER	DISCLOSURE	LOCATION
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	› Occupational Health and Safety and Health Management > Occupational Health and Safety
403-8	Workers covered by an occupational health and safety management system	› Asahi Kasei Group's ESH & QA
403-9	Work-related injuries	› Occupational Health and Safety and Health Management > Occupational Health and Safety › ESG Data > Society > Occupational Health and Safety and Health
403-10	Work-related ill health	› Occupational Health and Safety and Health Management > Occupational Health and Safety › ESG Data > Society > Occupational Health and Safety
GRI 404: Training and Education 2016		
404-1	Average hours of training per year per employee	› Human Resources > Human Resources Development and Active Engagement › ESG Data > Society > Education/Training
404-2	Programs for upgrading employee skills and transition assistance programs	› Human Resources > Employment and Labor Practices › Human Resources > Human Resources Development and Active Engagement
404-3	Percentage of employees receiving regular performance and career development reviews	
GRI 405: Diversity and Equal Opportunity 2016		
405-1	Diversity of governance bodies and employees	› Corporate Governance › Human Resources > DE&I
405-2	Ratio of basic salary and remuneration of women to men	› ESG Data > Society > Gender Pay Gap
GRI 406: Non-discrimination 2016		
406-1	Incidents of discrimination and corrective actions taken	› Compliance

DISCLOSUER NUMBER	DISCLOSURE	LOCATION
GRI 407: Freedom of Association and Collective Bargaining 2016		
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	› CSR Procurement
GRI 408: Child Labor 2016		
408-1	Operations and suppliers at significant risk for incidents of child labor	› Human Rights › CSR Procurement
GRI 409: Forced or Compulsory Labor 2016		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	› Human Rights › CSR Procurement
GRI 410: Security Practices 2016		
410-1	Security personnel trained in human rights policies or procedures	
GRI 411: Rights of Indigenous Peoples 2016		
411-1	Incidents of violations involving rights of indigenous peoples	
GRI 413: Local Communities 2016		
413-1	Operations with local community engagement, impact assessments, and development programs	› Social Activities > Local Communities › Social Activities > Social Contribution
413-2	Operations with significant actual and potential negative impacts on local communities	
GRI 414: Supplier Social Assessment 2016		
414-1	New suppliers that were screened using social criteria	› CSR Procurement
414-2	Negative social impacts in the supply chain and actions taken	› CSR Procurement

DISCLOSUER NUMBER	DISCLOSURE	LOCATION
GRI 415: Public Policy 2016		
415-1	Political contributions	› Compliance
GRI 416: Customer Health and Safety 2016		
416-1	Assessment of the health and safety impacts of product and service categories	› Quality Assurance
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Not applicable
GRI 417: Marketing and Labeling 2016		
417-1	Requirements for product and service information and labeling	› Quality Assurance
417-2	Incidents of non-compliance concerning product and service information and labeling	Not applicable
417-3	Incidents of non-compliance concerning marketing communications	Not applicable
GRI 418: Customer Privacy 2016		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Not applicable

SASB Content Index

This is an index of disclosed information in accordance with the ESG information disclosure framework “SASB Standards” issued by the U.S. Sustainability Accounting Standards Board (SASB).
(The table below refers to the criteria for the Chemicals industry in the Resource Transformation sector, and shows the location of the relevant information.)

Topic	Accounting Metric	Category	Unit of Measure	Code	Disclosure and Website Link
Greenhouse Gas Emissions	Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations	Quantitative	Metric tons (t) CO_2-e, Percentage (%)	RT-CH-110a.1	› Climate Change > Reducing GHG Emissions > Scope 1 and 2 GHG emissions (Japan and Overseas) › ESG Data (Environment)
	Discussion of long and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Discussion and Analysis	n/a	RT-CH-110a.2	› Climate Change > Asahi Kasei Group's Carbon Neutrality Policy
Air Quality	Air emissions of the following pollutants: (1) NO_x (excluding N_2O), (2) SO_x, (3) volatile organic compounds (VOCs), and (4) hazardous air pollutants (HAPs)	Quantitative	Metric tons (t)	RT-CH-120a.1	› (1), (2) Pollution Prevention and Resource Circulation > Air pollution, Environmental Management, ESG Data (Environment) › (3) Pollution Prevention and Resource Circulation > Reducing emissions of chemical substances, Environmental Management, ESG Data (Environment) › (4) ESG Data (Environment)

Topic	Accounting Metric	Category	Unit of Measure	Code	Disclosure and Website Link
Energy Management	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable and (4) total self-generated energy	Quantitative	Gigajoules (GJ), Percentage (%)	RT-CH-130a.1	› (1) Environmental Management • (2) - › (3)Climate Change > Efforts to Reduce CO_2 Emissions > Renewable energy • (4) -
Water Management	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with high or extremely high baseline water stress	Quantitative	Thousand cubic meters (m^3), Percentage (%)	RT-CH-140a.1	› (1) Water Resource Preservation > Reducing water use, ESG Data (Environment) • (2) -
	Number of incidents of non-compliance associated with water quality permits, standards, and regulations	Quantitative	Number	RT-CH-140a.2	› Water Resource Preservation > Prevention of water pollution
	Description of water management risks and discussion of strategies and practices to mitigate those risks	Discussion and Analysis	n/a	RT-CH-140a.3	-
Hazardous Waste Management	Amount of hazardous waste generated, percentage recycled	Quantitative	Metric tons (t), Percentage (%)	RT-CH-150a.1	› Pollution Prevention and Resource Circulation > Reducing industrial waste
Community Relations	Discussion of engagement processes to manage risks and opportunities associated with community interests	Discussion and Analysis	n/a	RT-CH-210a.1	› Social Activities > Local communities > Dialog and interaction
Workforce Health & Safety	(1) Total recordable incident rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees	Quantitative	Rate	RT-CH-320a.1	› Health Management and Occupational Health and Safety > Occupational Health and Safety > Workplace Accidents
	Description of efforts to assess, monitor, and reduce exposure of employees and contract workers to long-term (chronic) health risks	Discussion and Analysis	n/a	RT-CH-320a.2	› Health Management and Occupational Health and Safety > Health Management > Health Management Goals

Topic	Accounting Metric	Category	Unit of Measure	Code	Disclosure and Website Link
Product Design for Use phase Efficiency	Revenue from products designed for use-phase resource efficiency	Quantitative	Presentation currency	RT-CH-410a.1	-
Safety & Environmental Stewardship of Chemicals	(1) Percentage of products that contain Globally Harmonized System of Classification and Labeling of Chemicals (GHS) Category 1 and 2 Health and Environmental Hazardous Substances, (2) percentage of such products that have undergone a hazard assessment	Quantitative	Percentage (%) by revenue, Percentage (%)	RT-CH-410b.1	› (1) Quality Assurance • (2) -
	Discussion of strategy to (1) manage chemicals of concern and (2) develop alternatives with reduced human and/or environmental impact	Discussion and Analysis	n/a	RT-CH-410b.2	› Quality Assurance > Product safety initiatives, Chemical substance management › Pollution Prevention and Resource Circulation > Reducing emissions of chemical substances
Genetically Modified Organisms	Percentage of products by revenue that contain genetically modified organisms (GMOs)	Quantitative	Percentage (%) by revenue	RT-CH-410c.1	-
Management of the Legal & Regulatory Environment	Discussion of corporate positions related to government regulations and/or policy proposals that address environmental and social factors affecting the industry	Discussion and Analysis	n/a	RT-CH-530a.1	› Environmental Management > Policy › Climate Change > Asahi Kasei Group Policy for Achieving Carbon Neutrality

Topic	Accounting Metric	Category	Unit of Measure	Code	Disclosure and Website Link
Operational Safety, Emergency Preparedness & Response	Process Safety Incidents Count (PSIC), Process Safety Total Incident Rate (PSTIR), and Process Safety Incident Severity Rate (PSISR)	Discussion and Analysis	Number, Rate	RT-CH-540a.1	› Process Safety > Process safety management
	Number of transport incidents	Quantitative	Number	RT-CH-540a.2	› Process Safety > Transportation and Distribution Safety

Independent Review and Independent Assurance Report

Independent Review (Japan Chemical Industry Association) FY2022

Independent review

[translation from Japanese]

Asahi Kasei Group Sustainability Report 2023
Independent Review

October 25, 2023

Koshiro Kudo
President & Representative Director,
Presidential Executive Officer
Asahi Kasei Corporation

Ozaki Satoshi
Chief Director
Responsible Care Verification Center
Japan Chemical Industry Association

Objectives of Verification

Responsible Care Report Verification was performed by the Responsible Care Verification Center with respect to the *Asahi Kasei Group Sustainability Report 2023 Internet Edition* (the "Report") prepared by Asahi Kasei Corporation, with the objective of expressing an opinion as a chemical industry specialist on the matters as stated below.

1) Reasonableness of methods of calculation and aggregation of performance metrics (numerical values), and the accuracy of numerical values.
2) Accuracy of reported information other than numerical values.
3) Evaluation of Responsible Care (RC) and sustainability activities.
4) Characteristics of the Report.

Verification Procedure

- At the head office, we investigated the reasonableness and accuracy of methods to aggregate numerical values reported by each site (branches, plants, etc.) and the accuracy of reported information other than numerical values. The investigation at the head office was conducted through online and in-person meetings, by interviewing responsible parties and compilers of the Report, and by receiving materials and explanations.
- Verification for the Fuji Works was carried out on-site to examine the reasonableness of methods used to calculate the numerical values reported to head office, the accuracy of the numerical values, and the accuracy of reported information other than numerical values. The survey was conducted by interviewing responsible parties, receiving materials and explanations, and observation of the site.
- Numerical values and reported information were verified by sampling.

Opinion

1) Reasonableness of methods of calculation and aggregation of performance metrics (numerical values); accuracy of numerical values
   - Calculation and aggregation of numerical values at the head office and Fuji Works are performed using a reasonable method, and an Environmental Performance Data Collection System is used throughout the company for accurate and efficient aggregation of data.
   - Numerical values within the scope of our examination have been calculated and aggregated accurately.

2) Accuracy of reported information other than numerical values

- Information contained in the Report was confirmed to be accurate. Some minor issues related to appropriateness of expression and ease of understanding were identified in the draft stages, but these have been revised in the present Report.

3) Evaluation of RC and Sustainability Activities
   - In promoting a virtuous cycle between two aspects of sustainability, contributing to a sustainable society and sustainable growth of corporate value, as stated in the 2024 Medium-term Management Plan “Be a Trailblazer,” the President has made it clear in his message that in order to achieve this goal, all leaders must understand the importance of these initiatives so that they can be communicated to team members in their own words and in concrete terms. The fact that the company expresses its thoughts and determination in the foreword of the report is seen in high regard.
   - To be a sustainable company, Asahi Kasei is commended for having established a Sustainability Policy and a Sustainability Committee, chaired by the President, as a group-wide institution, and actively implements activities centered on the Sustainability Strategy Planning Department.
   - Asahi Kasei’s Life Saving Actions (LSA) program has been established to eliminate serious workplace accidents. Not only is there thorough awareness of the four prohibited actions, but also the company is conducting safety alertness surveys to identify and improve issues and foster a culture of safety. Tangible results from this worthy initiative are much anticipated.
   - With its group of research laboratories and plants that produce diverse products, the Fuji Works has been fostering a culture of safety by focusing on the 5S method and case analysis as common responsible care initiatives. Asahi Kasei is also commended for publishing the Fuji Works Report every year in an effort to communicate with employees, the local community, residents, and related government agencies.

4) Characteristics of the Report
   - Separate from the Asahi Kasei Report 2023, this Report on Asahi Kasei’s website provides detailed information on Responsible Care and CSR activities, including ESG data.
   - With an eye toward carbon neutrality by 2050, this year's Report presents specific measures to achieve the 2030 goal of reducing greenhouse gas emissions by 30% or more compared to fiscal 2013 levels.

Independent Assurance Report (KPMG AZSA Sustainability Co., Ltd.) FY2022

Independent Assurance Report

To the President and Representative Director of Asahi Kasei Corp.

We were engaged by Asahi Kasei Corp. (the "Company") to undertake a limited assurance engagement of the environmental performance indicators marked with ✔ (the "Indicators") for the period from April 1, 2022 to March 31, 2023 included in its Sustainability Report 2023 (the "Report") for the fiscal year ended March 31, 2023.

The Company's Responsibility

The Company is responsible for the preparation of the Indicators in accordance with its own reporting criteria (the "Company's reporting criteria"), as described in the Report.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Indicators based on the procedures we have performed. We conducted our engagement in accordance with the 'International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information' and the 'ISAE 3410, Assurance Engagements on Greenhouse Gas Statements' issued by the International Auditing and Assurance Standards Board. The limited assurance engagement consisted of making inquiries, primarily of persons responsible for the preparation of information presented in the Report, and applying analytical and other procedures, and the procedures performed vary in nature from, and are less in extent than for, a reasonable assurance engagement. The level of assurance provided is thus not as high as that provided by a reasonable assurance engagement. Our assurance procedures included:

- Interviewing the Company's responsible personnel to obtain an understanding of its policy for preparing the Report and reviewing the Company's reporting criteria.
- Inquiring about the design of the systems and methods used to collect and process the Indicators.
- Performing analytical procedures on the Indicators.
- Examining, on a test basis, evidence supporting the generation, aggregation and reporting of the Indicators in conformity with the Company's reporting criteria, and recalculating the Indicators.
- Visiting the Company's Leona Plastics & Intermediates Plant and making inquiries and reviewing materials including documented evidence as alternative procedures to a site visit to Daramic South East Asia Sales Office & Prachinburi Plant selected on the basis of a risk analysis.
- Evaluating the overall presentation of the Indicators.

Conclusion

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the Indicators in the Report are not prepared, in all material respects, in accordance with the Company's reporting criteria as described in the Report.

Our Independence and Quality Management

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. In accordance with International Standard on Quality Management 1, we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Kazuhiko Saito, Partner, Representative Director
KPMG AZSA Sustainability Co., Ltd.
Tokyo, Japan
March 4, 2024