



Asahi**KASEI**

Care for People, Care for Earth

Asahi Kasei Group
Sustainability Report **2024**



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Regarding photos used on the cover

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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.

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.

In line with the trend toward combining financial and non-financial information in a single integrated report, particularly in Europe, we have combined and published our Annual Report and CSR Report as the Asahi Kasei Report since 2014.

Reporting period

The primary focus is fiscal 2023 (April 2023 – March 2024). Some information pertains to the period subsequent to this.

Scope

Information herein pertains to Asahi Kasei Corp. and consolidated subsidiaries as of March 31, 2024, 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 if you have an inquiry about our sustainability initiatives.

Please use the mail form on the following page.

➤ 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"

Publication

Published October 2024 in Japanese (March 2025 partly updated)

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Previous publication: October 2023

Management Message



Leveraging the Asahi Kasei way for true sustainability

Contributing to solutions for societal challenges

For over a century since our founding in 1922, the Asahi Kasei Group has created a variety of businesses and products to meet the world's needs. While society has certainly advanced during this period, challenges unfortunately continue to mount up in the world. As well as the conflicts in Ukraine and the Middle East, anywhere in the world can hold geopolitical risks that are a cause for concern. It is also becoming more difficult to forecast economic conditions, such as interest and exchange rates, and the market value of resources. The social and economic outlook is uncertain and unpredictable.

However, despite this environment, our company's aims remain the same. Under our Group Mission to contribute to life and living for people around the world, we will work to solve various societal issues by understanding the world's needs and seeking to interconnect both our "contributing to sustainable society" and "sustainable growth of corporate value" together in a mutually reinforcing cycle.

Striving to discover the essence



One of the world's most significant challenges is climate change, including global warming. Although recognized as an issue, the seriousness of climate change is increasing year by year. To address this issue, we are taking a two-pronged approach, which is to reduce GHG (greenhouse gas) emissions in our own business activities and contribute to reducing GHG emissions in society.

To reduce GHG emissions in our own business activities, we are reducing energy use, decarbonizing energy, innovating production processes, and reviewing our business portfolio. Although we emit a considerable amount of GHGs in our business activities, particularly due to the nature of the Material sector, our aim is to

become carbon neutral by 2050 to help achieve a sustainable society.

We contribute to reducing GHG emissions in society through our Environmental Contribution Products. Compared to standard products on the market, these are products and services that reduce GHG emissions and mitigate other environmental burdens along their overall lifecycle. With these Environmental Contribution Products, we aim to more than double our GHG reduction contribution in fiscal 2030 compared to fiscal 2020. With discussions now being held at government GX conferences on the importance of contributing to GHG reduction, as a company that has taken the lead in this area, we will continue to focus on our contribution to reducing GHG emissions in society. Of course, we will actively promote the development of new technologies and products, in addition to uncovering the value of existing products from the perspective of reducing GHG emissions.

We believe that the important thing in doing so is to strive to discover the essence of an issue. It means that we must have a strong desire to create something of value in the marketplace, and determine what are the intrinsic challenges we need to tackle for a sustainable society. For example, while plastic plays an important role in people's lives, marine plastic and microplastics have now become a major issue. There are also differences in the importance of plastic between developed countries, where goods are well distributed, and developing countries, where living standards need to be raised. In this context, how should plastic be positioned in society, what parts of the value chain should be changed to solve the problems of marine plastics and microplastics, and what can we contribute as a materials manufacturer? We believe it is important to prescribe a time frame for action while determining matters like these. In the future, we are going to be a society that recycles and reduces even more. In other words, we will place importance on an approach that continually asks the essential questions, such as what plastics should look like in 2050, and what we should do over what time frame when backcasting from the desired future end-point.

Sticking with the Asahi Kasei way

Besides discovering the essence, another important thing is the Asahi Kasei way. We are pursuing sustainability under the concept of “Care for People, Care for Earth” as our vision for 2050. For example, in the homes business, in relation to “Care for People,” we are actively expanding into North America and Australia based on the know-how and strengths we have honed in the contract-based housing business (Hebel Haus) in Japan. In the healthcare business, while there are a variety of growth strategy options, in the pharmaceutical business, we have decided to focus on specific fields with relatively low risk, based on our existing development areas and business model.



In alkaline water electrolysis systems for hydrogen production, which is one of the key businesses in “Care for Earth,” we are leveraging our knowledge gained over many years in the ion-exchange membranes business. We are also developing the catalyst technology we have cultivated in the petrochemicals business for CO₂ chemistry which utilizes CO₂ as a raw material for chemicals. In other words, though we have the potential to contribute in a variety of ways through our diverse businesses and technologies, in a society facing myriad challenges we will focus on sector areas, businesses, and business models that best demonstrate the Asahi Kasei way. The Asahi Kasei way cannot be expressed in a single word, but is something that we should think about according to the situation. Nevertheless, we believe that we can propose valuable solutions to achieve a sustainable society by sticking with the Asahi Kasei way.

Leveraging diversity

One feature of the Asahi Kasei way is diversity. Our company is made up of a diverse workforce that operates a wide range of businesses worldwide in the three areas of “Material,” “Homes,” and “Health Care.” Since human capital is a source of wisdom and action toward realizing a sustainable society, it is important that we work to enhance diversity as a strength, not simply as a characteristic of our company. Therefore, we believe it is important to develop various systems that let a diverse workforce play an active role, as well as to create an environment and workplace culture in which individual employees are comfortable conversing and consulting with each other. Equally important is team building. From my own experience, I believe that a group of personalities can often make a strong team. Each member's role should be clear and his or her place in the group should be distinct. In addition, the members should be able to function as a team, expressing their individuality while engaging in friendly competition. To this end, it is important for managers to share their ideas with their teams based on the group-wide policy, so I always say in the office, “Managers should speak in their own words to subordinates.” We will create value by realizing our diversity as a strength.

Making steady progress toward a sustainable society



None of the societal issues facing the world today can be solved overnight. Therefore, it is essential that we take on medium- to long-term challenges, and we will contribute to solving social issues in ways typical of the Asahi Kasei way by realizing the A-Spirit in our heritage, which includes ambitious motivation, a healthy sense of urgency, speed and decisiveness, and an enterprising spirit. We are up to the challenge of balancing both growth and stability as a company that combines Material, Homes, and Health Care.

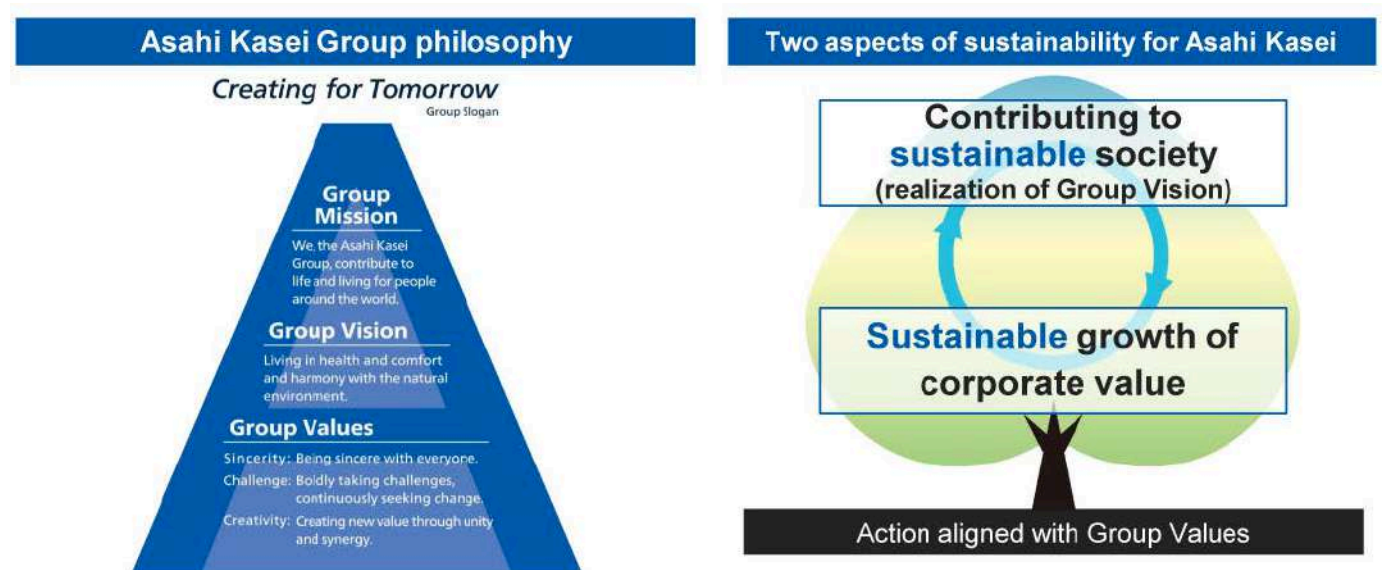
As we have done for the past 100 years since our founding, we will always face societal issues head-on in our aim to earn the trust of our stakeholders and continue creating innovative technologies and businesses that are valuable to society.

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 - Care for People, Care for Earth

As exemplified by the problems of climate change and aging of the population, 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.

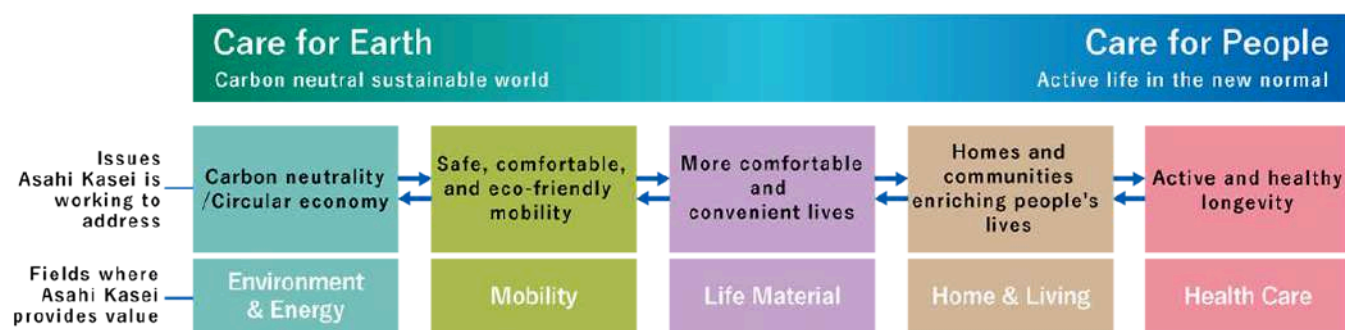
As we look ahead to 2050, we can expect to see a variety of social issues. We believe that we will be able to help resolve these issues while expanding our business opportunities.

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, CO₂ 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).

To achieve a carbon-neutral world, it is essential to reduce GHG emissions from our business activities. We have established the Asahi Kasei Group's Carbon Neutrality Policy and are working to achieve this goal.

Note: For more information on policies and initiatives, see [Climate Change](#).

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

Care for Earth - 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	As a clean fuel and raw material, hydrogen is essential for achieving 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 has garnered 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 an essential substance to achieve carbon neutrality. While many countries around the world have announced their hydrogen strategies and as global expectations for hydrogen rise, we launched a 10 MW-scale alkaline water electrolysis system in Namie Town, Fukushima Prefecture in 2020, based on our knowledge of chlor-alkali electrolysis systems and electrochemistry as well as our technological development capabilities, to demonstrate the efficient production of hydrogen using renewable energy. We also signed a memorandum of understanding with Gentari Sdn. Bhd., a subsidiary of Petronas Group, and JGC Holdings Co., Ltd. for the basic design of a large 60 MW-scale alkaline water electrolysis system and chemical plant demonstration in Malaysia in November 2023. Furthermore, we completed a water electrolysis pilot test facility with four water electrolysis modules integrated in parallel at our Kawasaki Works in March 2024. As well as developing a large 100 MW-scale water electrolysis system that is in demand around the world, we are also working with JGC Holdings Co., Ltd. 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)

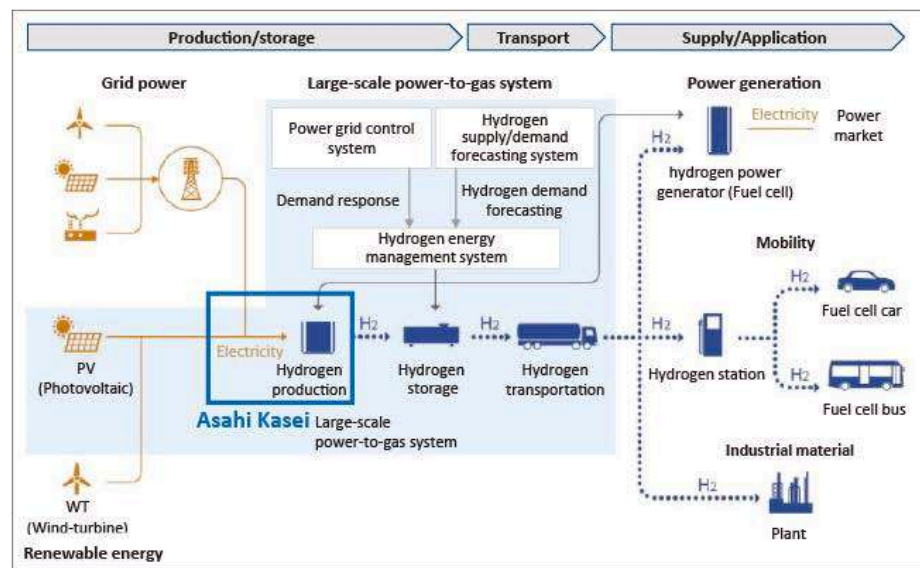


FH2R

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

Green Innovation Fund Project Initiative for implementing the 100 MW-class alkaline water electrolysis system “Development of large-scale alkaline water electrolysis for hydrogen production and a green chemical plant demonstration project”

Project period **FY2021 to 2030**

Details of
the operation

- Demonstration of the 100 MW class required by the world
- Low-cost alkaline water electrolysis system
- Optimum operation control

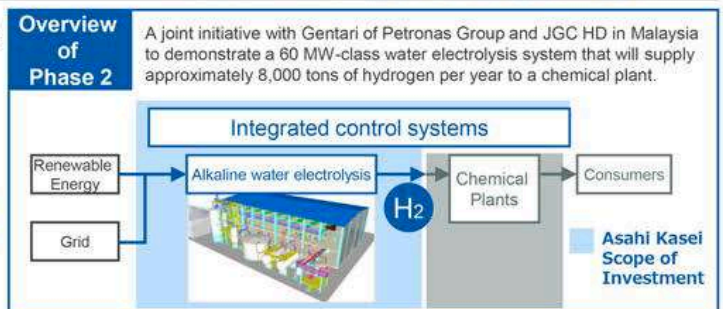
Development of technology for larger and more modular alkaline water electrolysis systems

A water electrolysis pilot test facility for the development of multi-control module technology will start operation in March 2024 at our Kawasaki Works.



FS and technical demonstration of a green chemical plant

Phase1	Inspection of a 10 MW-class alkaline water electrolysis system and mid-scale green chemical plant in Namie-cho, Fukushima Prefecture (Asahi Kasei and JGC HD).
Phase2	Demonstration of a 60 MW-class alkaline water electrolysis system and green chemical plant in Malaysia (Asahi Kasei, JGC HD, Gentari).



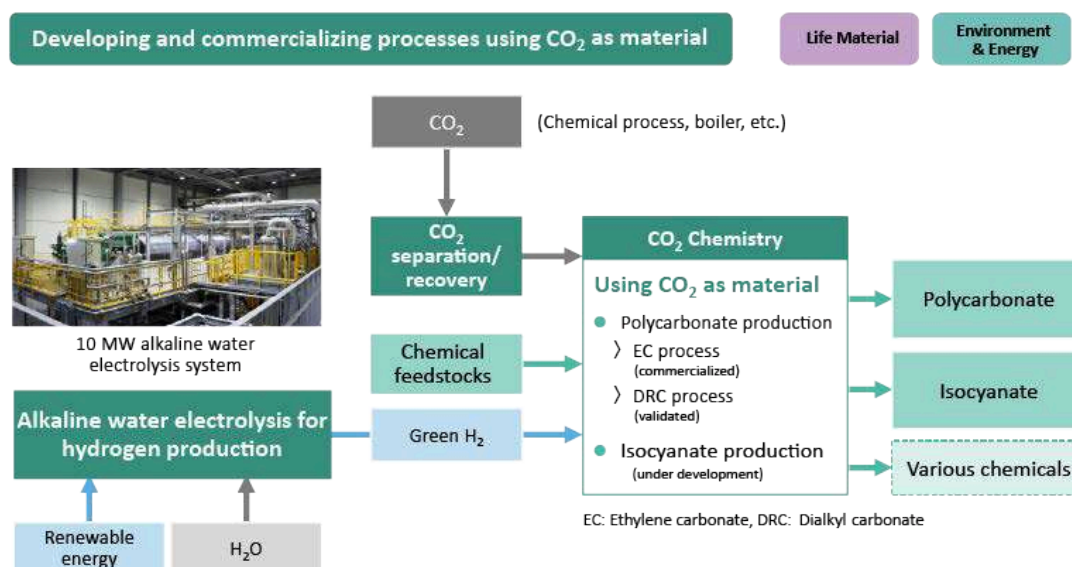
NEDO “Green Innovation Fund Project / Hydrogen production by water electrolysis using electricity derived from renewable energy sources, etc. / Development of technology to increase the size of water electrolysis equipment, Power-to-X large-scale demonstration / Development of a large-scale alkaline water electrolysis hydrogen production system and demonstration of a green chemical plant

➤ Aqualyzer™ large-scale alkaline water electrolyzer □

Producing Chemicals using CO₂

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 CO₂ chemistry, which enables the production of chemical products using CO₂ 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 CO₂. We have also started to use the EC process as a basis for the production of electrolyte materials for LIBs (lithium-ion batteries), which will become even more essential in society going forward. With regard to CO₂ separation and recovery, we are developing a system that uses our catalyst technology to efficiently separate and recover CO₂ from power plant and factory exhaust gas using a special zeolite (a type of mineral) with a precisely controlled pore structure.



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

However, until now, it has been difficult to prove the recycling chain for products made from recycled plastic and the recycling rate of materials.

- Initiative for Achieving a Circular Economy



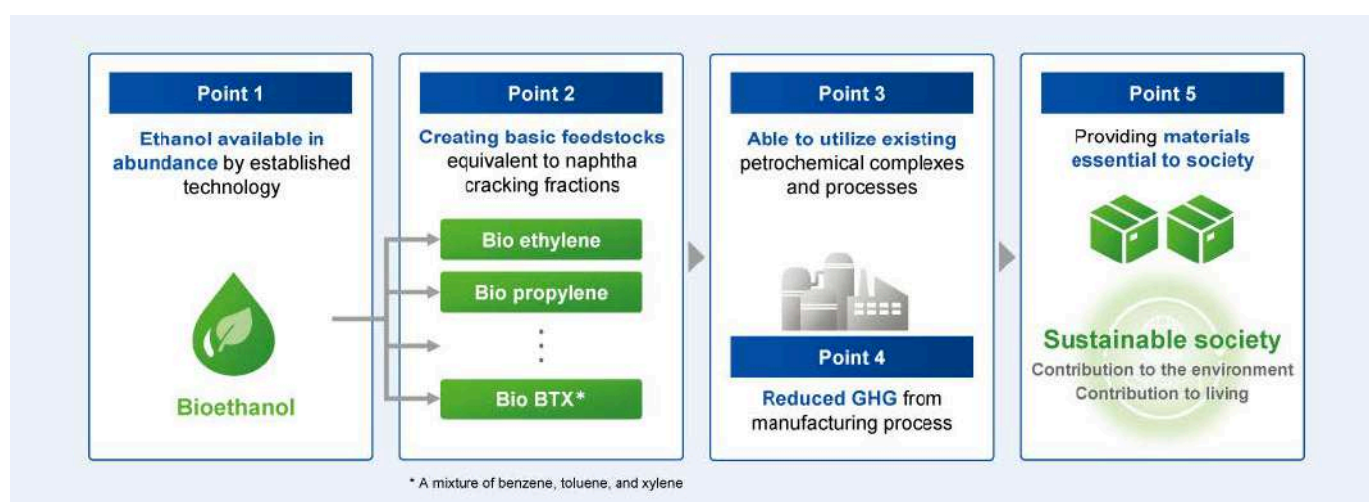
Manufacture of Basic Chemicals from Bioethanol

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 CO₂ 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.



➤ Technology for Producing Basic Chemicals from Bioethanol

Care for People - 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

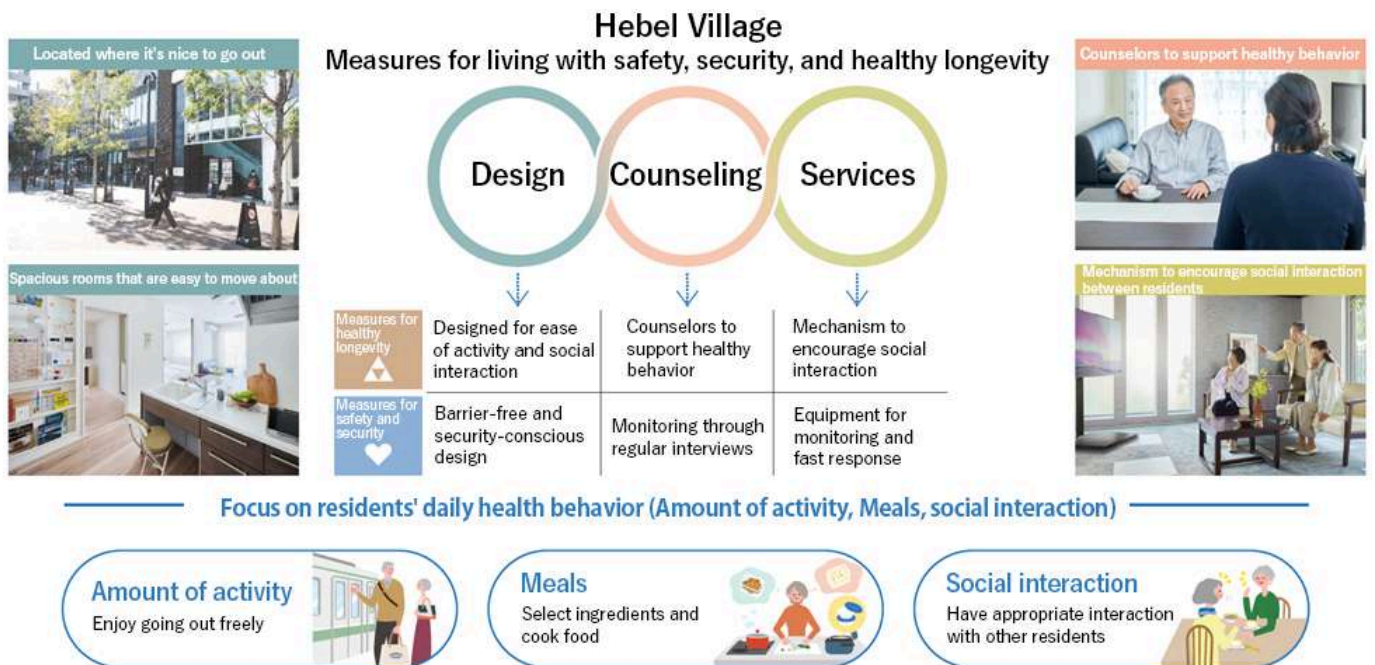
This is an era where people often live into their hundreds. As senior citizens' values with regard to homes become more diverse, the Group provides optimal homes based on their level of health.

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 “healthy to frail” seniors, we offer “Hebel Village”, safe rental accommodation for seniors that provides a fun, comfortable and safe lifestyle for many years to come, and for seniors who require “nursing care”, we offer “Village Riche”, a serviced senior housing facility that provides respectful nursing care.

As “Hebel Village” is meant for senior residents ranging from healthy to frail, this is an operation that requires less human resources with staff not stationed permanently onsite. In addition to a design that factors in safety and security, such as monitoring of equipment, we focus on healthy behavior in daily life (amount of activity, meals, social interaction) that aim to help residents maintain a long healthy life. The facility received a 2023 Good Design Award for its efforts in helping residents to make their own daily lifestyle choices, such as going out freely, enjoying meals, and interacting with other residents, and for regular visits by counselors, who encourage such healthy behavior. We will continue to help address labor shortages caused by a low birthrate and aging society and create a society of “healthy longevity” by providing homes for people to have fulfilling and healthy lives into their elderly years.





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	Pharmaceuticals, medical devices, and bioprocess products and services

As health-related issues are becoming more common due to the aging of the population and other factors, we believe that addressing unmet medical needs will become ever more vital. Asahi Kasei is involved in both pharmaceuticals and medical devices, and aims to provide superior products and services throughout the world.

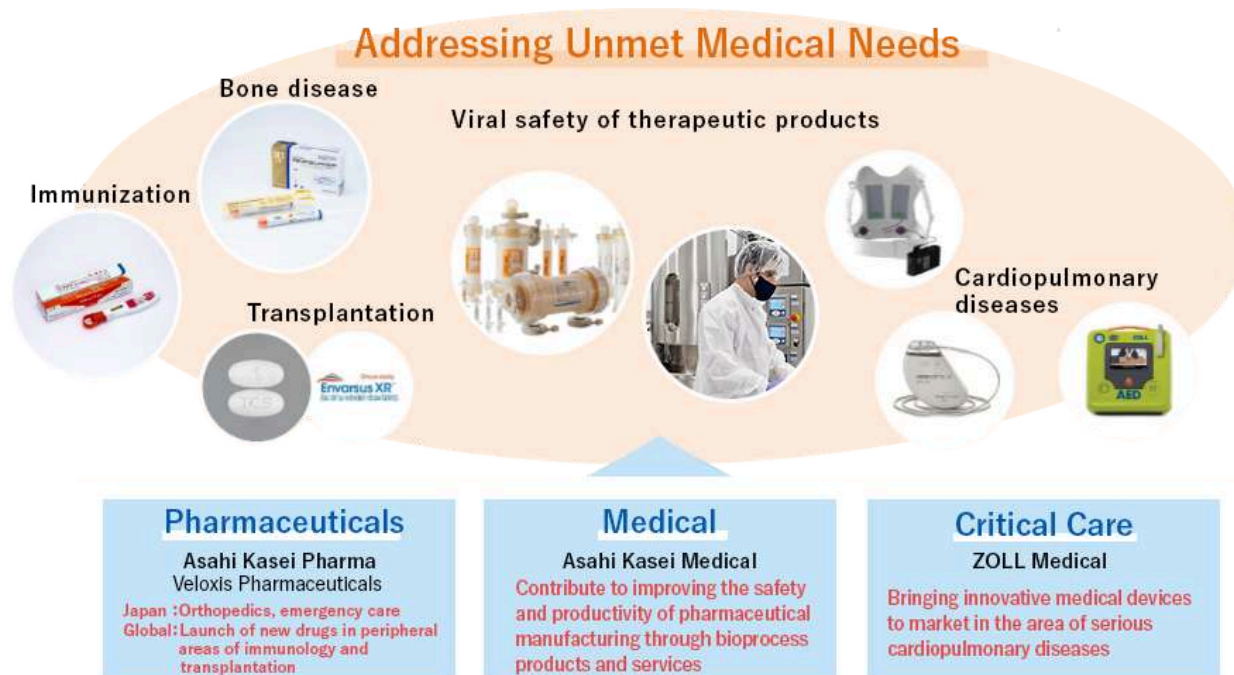
In the field of pharmaceuticals, we will work to introduce new drugs in specialty areas such as orthopedics and emergency medicine in Japan, and immunology and transplantation globally.

In the critical care field, we will focus efforts on marketing innovative medical devices in the area of serious cardiopulmonary-related diseases.

We will also contribute to improving the safety and productivity of drug formulations by providing virus removal filters and CRO¹/CDMO² services in the bioprocess field.

¹ Biosafety testing contract research organization

² Next-generation antibody drug contract development and manufacturing organization



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

➤ [Asahi Kasei Group Sustainability Policy](#)  (155.2KB)

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

Our Group Mission is "We, the Asahi Kasei Group, contribute to life and living for people around the world." while our Group Vision is to realize "living in health and comfort" and "harmony with the natural environment." The Asahi Kasei Group Sustainability Policy sets out our management approach to achieving these things, based on two pillars of a mutually reinforcing cycle of sustainability: contributing to sustainable society and sustainable growth of corporate value. Under this policy in fiscal 2023, we promoted the reduction of GHG emissions by focusing on low-carbon energy, and by developing hydrogen and other businesses and technologies that are expected in a sustainable society. In addition, we have committed to people-related initiatives, such as human rights, DE&I, and health and productivity management. We have also made steady progress with other important initiatives related to responsible business activities, such as environmental protection, process safety, occupational health and safety, quality assurance, and legal compliance. Although the global state of affairs is becoming more complex with increasing challenges, we will remain steadfast as we continue in fiscal 2024 toward realizing a sustainable society with the understanding and cooperation of everyone involved.

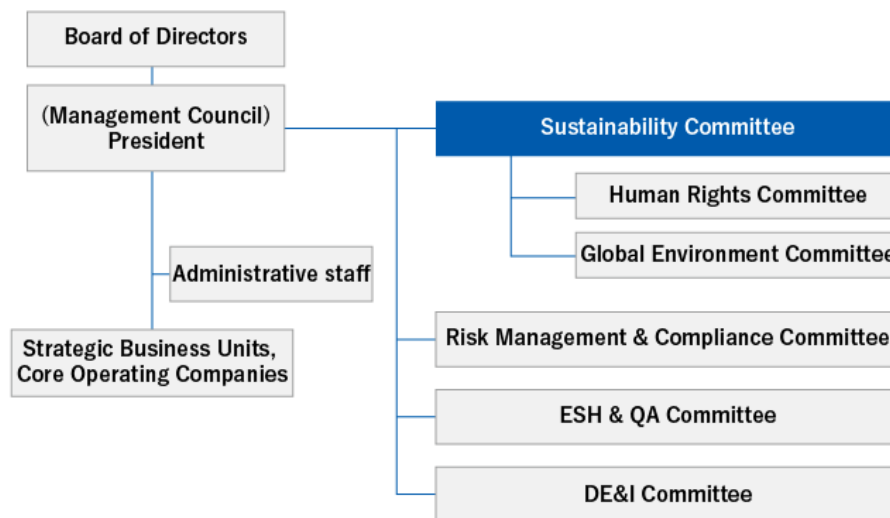


Asahi Kasei Corp.
Executive Officer
Senior General Manager,
Sustainability Strategy
Planning Dept.
Tatsuhiko Tokunaga

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. Particularly important activity results and deliberations of the Sustainability Committee are reported to the Board of Directors, which oversees the committee. 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, 2024)

About the Sustainability Committee

Purpose

- To share information on sustainability
- To deliberate on action policies
 1. Policies for promotion
 2. Internal and external dissemination
 3. Instilling ideas throughout the company (enhancing mindsets)
 4. Key challenges (plastics, Environmental Contribution Products)

Constituent Members

Chair: President

Members: Executive Officers for the 3 Business Sectors
 Executive Officer for technology functions
 Executive Officer for business administration functions

Secretariat: Sustainability Strategy Planning Dept.

Sustainability Management

Policies and Framework

Materiality and SDGsInitiatives and Member
Organizations We
Participate InRelationships 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 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) FY2023: 40% increase (2) FY2023: 29%
	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	FY2023: approximately 38% 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	FY2023 Target: ● Maintain zero environmental accidents and serious environmental incidents ● Zero environment incidents (air, water, etc.)	FY2023 Results: ● Environmental pollution incidents/significant issues: None ● Problems with water, air quality, etc.: 0 ● Freon leaks: 9
	Industrial Waste		Corporate ESH	—	FY2023 Target: ● Reduce industrial waste and promote recycling ● Reduction of industrial waste emissions from products using plastics, etc. and promotion of recycling, etc.	FY2023 Results: ● Ascertained current amount of plastic waste generated and processed based on the Act on Promotion of Resource Circulation for Plastics ● Failed to increase recycling rates for industrial waste of products using plastic, etc. (FY2022: 47.4% versus FY2023: 46.6%)
	Biodiversity		Corporate ESH	Awareness-raising Activities	FY2023 Target: Promote preservation of biodiversity ● Promote initiatives in line with the next National Biodiversity Strategy of Japan ● Promote awareness-raising activities for employees in relation to biodiversity	FY2023 Results: ● Participated in the 30by30 Alliance, “Asahi Woods of Life” in Fuji was certified. ● A Machimori animal observation event was held as an initiative to familiarize employees with nature.

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 Assurance	Serious process safety accidents Lost time frequency rate	FY2023 Target: ● Zero serious process safety accidents ● Zero process safety accidents ● Process safety accident intensity: 0.5 or less (average)	FY2023 Results: ● Serious process safety accidents: None ● Process safety accidents: None ● Process safety accident intensity: 0.46
						
						
						
	Human rights		Human Resources/Corporate Procurement & Logistics	—	—	—
	Human Resources		Human Resources	—	—	—
	Diversity,equity and inclusion		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 2024 result: 4.4%
				Number of Group Masters	FY2024 Target: 360	2023 Result: 347

Theme	Materiality	Related SDGs	Supervising organization (Joint supervision: Sustainability Strategy Planning Department)	Main KPIs	Target	Results
	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

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Materiality and SDGs

**Initiatives and Member
Organizations We
Participate In**

Relationships with Stakeholders

Participation in initiatives (major initiatives)

(as of August 2024)

 Global Compact	The Asahi Kasei Group supports the United Nations Global Compact. ➤ UN Global Compact 
 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 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 (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 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 CLIMATE GROUP CDP RE100	RE100 is an international collaborative initiative consisting of companies committed to running their business operations on 100% renewable energy. As a member of this initiative, Asahi Kasei Homes became the first Japanese house builder to achieve this goal in fiscal 2023. > 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 CO₂-free ammonia through technology development/evaluation, economic evaluation, policy recommendations, international collaboration, and other efforts. > Clean Fuel Ammonia Association 
 Japan Hydrogen Association (JH2A)	The Japan Hydrogen Association (JH2A) 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 (JH2A) 

 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 
 Hydrogen Europe	Hydrogen Europe is an organization that promotes the building of a global hydrogen industry in Europe and beyond, with the aim of realizing a zero-emission society. As a supplier of water electrolysis equipment, Asahi Kasei will sponsor this activity and actively make recommendations. ➤ Hydrogen Europe Home 
 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 
 Led by the UN Development Programme Business Call to Action (BCtA)	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 (BCtA) Asahi Kasei Case Study (in Japanese) 
 Circular Partners CPs (Circular Partners)	The Ministry of Economy, Trade and Industry (METI) established CPs to organically link government, industry, and academia in an ambitious and pioneering partnership aiming to realize a circular economy that maximizes added value while effectively and cyclically utilizing resources. Asahi Kasei participates in CPs. ➤ Circular Partners website (in Japanese) 
 National movement (Deco Actions) to create new, affluent lifestyles that lead to decarbonization	Deco Actions (decarbonization actions) is a new national movement launched in October 2022 to encourage behavioral change and lifestyle transformation with the aim of realizing the goal of carbon neutrality in 2050 and GHG emissions reduction targets in 2030. Asahi Kasei has declared its commitment to “Deco Actions.” ➤ Deco Actions website (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) 
 Responsible Care (RC) Global Charter	The Responsible Care (RC) Global Charter is a voluntary action policy for the chemical industry enacted by the International Council of Chemical Associations (ICCA) to further enhance and strengthen RC activities worldwide. RC activities are proposed and promoted by the Japan Chemical Industry Association, with companies that handle chemical substances acting voluntarily to ensure that they protect the environment, health and safety at each stage from development, manufacture, distribution, use, and final consumption of the end product through to its disposal, while taking measures to gain greater public trust through disclosure and communication. We endorsed this action policy when we signed a Declaration of Support for the RC Global Charter in 2008, and again in November 2014, when we signed a Declaration of Support for the Revised RC Global Charter, which was revised in May 2014. ➤ Companies that signed the RC Global Charter Declaration 

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
Plastic Waste Management Institute	Chairman

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Initiatives and Member
Organizations We
Participate InRelationships with
Stakeholders

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

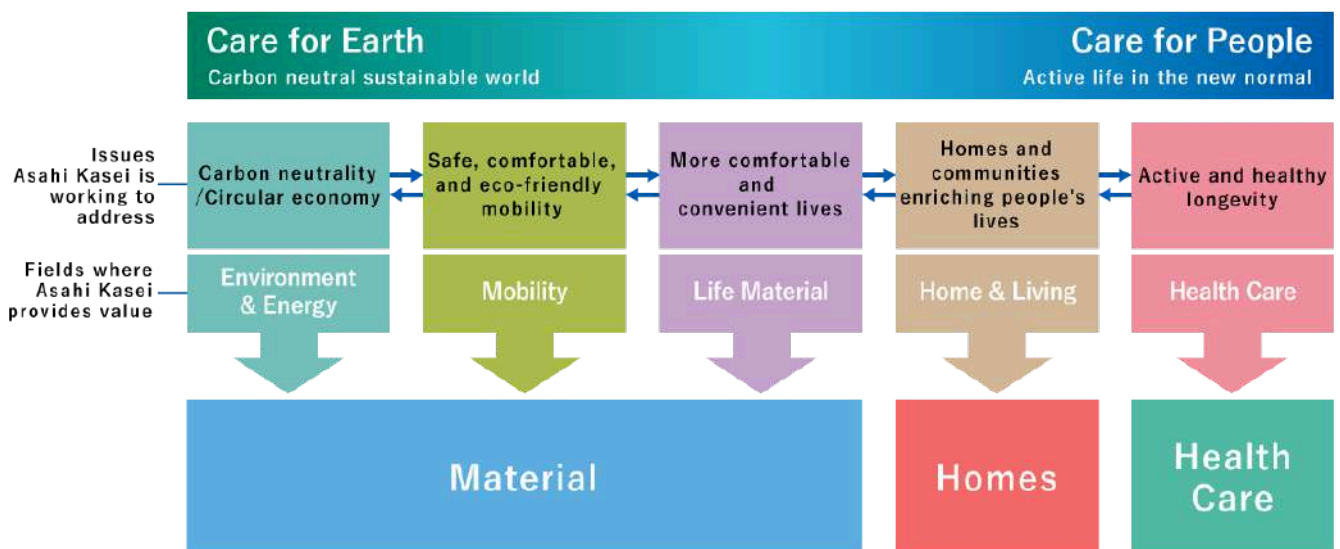
Main stakeholders	Basic premises	Main opportunities for communication
Customers	We believe that it is by maintaining customer satisfaction and providing reliable and enjoyable products and services that we contribute to society.	• Face-to-face discussion by marketing and sales personnel • Providing product 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) • Engagement Surveys, etc.

Contribution through Business Activities

In order to help create a sustainable society, Asahi Kasei Group is working to solve diverse social issues through our business activities.

In our medium-term management initiative focused on the theme “Be a Trailblazer,” 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

Fields for provision of value		Care for People	Care for Earth
Material	Environment & Energy		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 ➤ CO₂ sensors  ➤ Water filtration modules  ➤ Ion-exchange membranes  ➤ Polycarbonate(PC)production technology  ➤ Highly purified carbonate production technology  Carbon neutrality - Next-generation CO₂ chemistry* - New CO₂ separation and recovery system*

Fields for provision of value		Care for People	Care for Earth
	Mobility	Safety and reliability ➤ Airbag material  ➤ Alcohol sensor  • Contactless pulse sensing* Comfortable space ➤ Dinamica™ artificial suede  • Low VOC material ➤ Air conditioning CO₂ sensors 	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 
	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) ☐	

* Under development

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 Environment, Safety, Health, quality assurance, and health and productivity management through risk management and responsible business activities. This is 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

The environment surrounding companies has been undergoing major changes with a greater awareness of companies' place in society and calls for decarbonization. Asahi Kasei's unchanging Group Mission is "We, the Asahi Kasei Group, contribute to life and living for people around the world." Based on this mission, we aim for a mutually reinforcing cycle of "contributing to sustainable society" and "sustainable growth of corporate value." We will grow by responding to various challenges while embracing change under the concepts of "Be a Trailblazer" and "A-Spirit" representing the Asahi Kasei spirit. We will also raise the level of our activities in the environment, safety, health, quality assurance, and health and productivity management, while providing reliable solutions to customers.

At the Asahi Kasei Group, we believe that the health and growth of our employees and an environment in which a diverse range of human resources can play an active role are essential to improving the vitality of the organization. We also recognize that a major prerequisite for business continuity and growth is for all organizations to avoid having serious accidents, critical quality issues, and compliance violations.

We are striving to strengthen efforts to prevent the occurrence and spread of such risks and to foster a culture of safety and quality assurance through our group-wide Life Saving Actions program and quality risk education for all employees. With regard to greenhouse gas emissions, 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. 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.



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

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 Assurance, 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

ESH & QA 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 Assurance, 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 Assurance
	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 Assurance, General Manager of Corporate Health and Productivity Management, Asahi Kasei ESH & QA Promoters, Core Operating Company ESH & QA Promoters
	Secretariat	Corporate ESH, Corporate Quality Assurance
	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 education and training concerning basic knowledge of and theories about ESH. The training program applies to all key personnel who implement ESH, including ESH 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 ESH 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 2023, a total of 91 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 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 2023, a total of 225 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 professionals with practical corporate experience in quality assurance) and join in group discussions. In fiscal 2023, 51 employees took part.

Regarding chemical substances control and product safety, various training programs are held throughout the Group each year. In fiscal 2023, ten 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 2023.

We will continue to promote education and training to meet various needs both inside and outside the company.

ESH & QA Conference

Every year, the Asahi Kasei Group holds an “ESH & QA Conference” as the culmination of annual activities in the environment, safety, health, quality assurance, and health and productivity management. The conference is held to share information and revitalize activities related to the environment, safety, health, quality assurance, and health and productivity management, by reporting on their status, holding presentations on case studies, listening to lectures by outside experts, and presenting safety awards.

In fiscal 2023, the conference was held in December and was attended by more than 2,000 participants at the conference site and online.

Mr. Masayoshi Nakamura, Chairman of the association Keiyo Jinzai, who has also led investigations of chemical plant accidents, gave a special lecture entitled Changes in the Environment of the Chemical Industry and the Future of Safety Management.



Message from President Kudo



Special lecture by Mr. Masayoshi Nakamura, Chairman of Keiyo Jinzai

Organizations implementing ESH and QA Activities

[Japan]

Prefecture	Location	Sector	Company	Plant, laboratory, or department	Main products/business line
Ibaraki	Kasama	Material	Asahi Kasei Metals Ltd.	Tomobe Plant	Aluminum paste
			Asahi SKB Co., Ltd.	-	Explosive devices
	Sakai	Homes	Asahi Kasei Construction Materials Corp.	Sakai Plant	Autoclaved aerated concrete panels
			Sakai Kako Co., Ltd.	Neoma Foam Plant	Phenolic foam insulation panels
Tochigi	Mibu	Material	Asahi Kasei Color Tech Co., Ltd.	Mibu Plant	Construction materials processing
	Mikawa	Homes	Asahi Kasei Jyuko Co., Ltd.	Tochigi Prod. Dept.	Plastic coloring & compounding
Saitama	Kamisato	Material	Asahi Kasei Techno Plus Co., Ltd.	Saitama Plant	Manufacture of foundation rebar for Hebel Haus (FREX and HBS)
	Kawagoe	Health Care	Med-Tech Inc.	-	Molded plastic products
Yamanashi	Fujiyoshida	Material	Fuji Seisen Co., Ltd.	-	Manufacture and sale of medical devices
Chiba	Chiba	Material	Asahi Kasei Corp.	Chiba Plant	Dyeing and finishing of yarns and fabrics
			Asahi Kasei Color Tech Co., Ltd.	Chiba Plant	Acrylic resin and polystyrene resin
			PS Japan Corp.	Sodegaura Plant	R&D for plastic compounding technology
			Asahi Kasei Energy Service Corp.	-	Product management and production technology development for polystyrene
			Asahi Kasei Optical Co., Ltd.	Chiba Plant	Operation of power plant of Nakasode Clean Power Corp. and Shin Nakasode Power Corp.
			Asahi Kasei Advance Corp.	Kashiwa PDC	Plastic optical fiber
Tokyo	Tokyo	Material	Asahi Kasei Home Products Corp.	-	Construction materials processing
			Sun Delta Corp.	-	Development and sale of cling film and other household products
			Asahi Kasei Advance Corp.	-	Sale of synthetic resin products
		Homes	Chuo Build Industry Co., Ltd.	-	Trading company handling fibers, resins, chemicals, construction materials, etc. of Asahi Kasei
			Asahi Kasei Foundation Systems Co., Ltd.	-	Manufacture, sale, and leasing of temporary equipment for civil engineering and construction, design and installation of various labor-saving framing systems, etc.
		Others	Asahi Kasei Create Co., Ltd.	-	Installation of piles
			Asahi Kasei Amidas Co., Ltd.	-	Management and sales of real estate, insurance agency, subcontracted office work
			Asahi Kasei Ability Corp.	-	Personnel placement, agency and training; ISO consulting
			Asahi Research Center Co., Ltd.	-	Printing, bookbinding, and office work
			Asahi Kasei Benefits Management Corp.	-	Information and analysis
Kanagawa	Kawasaki	Material	Asahi Kasei Corp.	Monomers Prod. Dept.	Company housing, recreational facilities
				Latex Prod. Dept.	Methyl methacrylate, cyclohexyl methacrylate, acetonitrile
				Synthetic Rubber Prod. Dept.	Styrene-butadiene latex
				Acrylic Plastics Prod. Dept.	Synthetic rubber, elastomer, utilities (electricity, steam, water)
	Kawasaki Atsugi	R&D		Ion Exchange Membranes Prod. Dept.	Acrylic resin
		Others	Asahi Kasei Engineering Corp.	Sustainable Polymers Lab.	Ion-exchange membranes
		Others	Asahi Kasei Engineering Corp.	-	Development of performance polymer, resin processing technology, application development
Shizuoka	Fuji	Material	Asahi Kasei Corp.	Informatics Initiative	Design, installation, development, inspection, and maintenance of facilities, development of information systems
				Atsugi Prod. Dept.	Plant, equipment, process engineering, and related work/development
				Microza Plant	Business support by informatics, promotion of digital transformation
				Photoproducts Plant	Assembly of steel frames and processing of insulation for homes
				Electronics Materials Plant	Filtration membranes and modules
				Fuji 2nd Plant	Liquid photosensitive resin, photosensitive printing plates
				WGF Project	Photosensitive polyimide production and development
				UVC Project	Photosensitive dry film, fuel cell materials
				Fuji Plant	Optical materials and components
				R&D Ctr.	Development of UVC LEDs
	Ohito	Health Care	Asahi Kasei Pharma Corp.	Fab 3	Epoxy curing agent
				Ohito Pharmaceuticals Plant	R&D for compound semiconductors
				Ohito Diagnostics Plant	Wafers of Hall elements and infrared sensors
				Pharmaceuticals Research Ctr.	Compound semiconductor substrates
				-	R&D to actualize and advance the Long Life Home
				-	Pharmaceutical intermediates
				-	Design, installation, and development of facilities, development of information systems
				-	Insurance agency
				-	Training, consulting, personnel placement
				-	Delivery of mail, guidance for obtaining qualifications and training
Aichi	Miyoshi	Health Care	Asahi Kasei Create Co., Ltd.	-	Management of benefits
			Asahi Kasei Benefits Management Corp.	-	Analysis and computer simulation
Gifu	Hozumi	Homes	Asahi Kasei Corp.	Platform Laboratory for Science and Technology	Medium to long term R&D, advancement of synergy and creation of new business
			Asahi Kasei Construction Materials Corp.	Energy Solutions Lab.	Membranes and materials in the Material sector, R&D in the Health Care sector, etc.
			Hozumi Kako Co., Ltd.	Research Lab. of Advanced Science & Tech.	Pharmaceutical intermediates
Fukui	Fukui	Material	Kyokujitsu Textile Mills Co., Ltd.	Ohito Pharmaceuticals Plant	Diagnostic enzymes, diagnostic reagent kits
			Asahi Kasei Advance Corp.	Ohito Diagnostics Plant	New pharmaceuticals R&D
			Asahi Kasei Advance Fukui Corp.	Pharmaceuticals Research Ctr.	Management of benefits
			Asahi Kasei Advance Corp.	-	Measurement, evaluation, analysis, clinical testing
Fukui	Awara	Material	Asahi Kasei Advance Corp.	-	Insurance agency
			Asahi Kasei Advance Corp.	Kanazu Logistics Center	Processing of industrial materials and nonwovens
Fukui	Awara	Material	Asahi Kasei Advance Corp.	Kanazu Logistics Center	Storage of fiber products
			Asahi Kasei Advance Corp.	Kanazu Logistics Center	Storage of fiber products

Prefecture	Location	Sector	Company	Plant, laboratory, or department	Main products/business line
Shiga	Moriyama	Material	Asahi Kasei Corp.	Hipore Plant	Microporous membrane
				Spunbond Plant	Spunbond
				Roica Plant	Elastic polyurethane filament
				Electronics Materials Plant	Photosensitive polyimide
	Takashima Higashiomi	Material	Asahi-Schwebel Co., Ltd.	Moriyama Plant	Glass fabric
			Asahi Kasei Amidas Co., Ltd.	Moriyama Office	Contract work
			Asahi Kasei Engineering Corp.	-	Design, installation, and development of facilities, development of information systems
Mie	Suzuka	Material	Asahi Kasei Corp.	Aibano Branch	Metal cladding
			Asahi Kasei Jyuko Co., Ltd.	Shiga Plant	Steel frames, roofing, insulation, opening panels
			Asahi Kasei Corp.	Home Products Prod. Dept.	Saran Wrap, Saran Fiber, and food packaging films
			Asahi Kasei Corp.	Resin Products Prod. Dept.	Food packaging and polystyrene films
Osaka	Osaka	Material	Asahi Kasei Corp.	Foam Prod. Dept.	Foam products
			Sundic Inc.	Mie Plant	Polystyrene sheet
			Asahi Kasei Finechem Co., Ltd.	Osaka Plant	Specialty chemicals
Okayama	Mizushima	Material	Asahi Kasei Corp.	-	Trading company handling fibers, resins, chemicals, construction materials, etc. of Asahi Kasei
				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
		R&D	Ceolus Mizushima Prod. Dept.	Ceolus Mizushima Prod. Dept.	Microcrystalline cellulose
			PS Japan Corp.	Mizushima Plant	Polystyrene
		Others	Asahi Kasei Corp.	Chemistry & Chemical Process Lab.	Research on chemical processes and functional products
Yamaguchi	Iwakuni	Homes	Asahi Kasei Engineering Corp.	-	Design, installation, development, inspection, and maintenance of facilities, development of information systems
			Asahi Kasei Construction Materials Corp.	Iwakuni Plant	Autoclaved aerated concrete panels
Fukuoka	Chikushino	Material	Iwakuni Sun Products Co., Ltd.	-	Construction materials processing
			Asahi Kasei Corp.	Chikushino Plant	Metal cladding
Oita	Oita	Material	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
				Yatsushiro Chemical Center	Storage of caustic soda
Kumamoto	Yatsushiro	Material	Asahi Kasei Advance Corp.	Core Chemical Prod. Dept.	Manufacture of nitric acid, caustic soda, chlorine, hydrochloric acid, etc.
Miyazaki	Nobeoka/ Hyuga	Material	Asahi Kasei Corp.	Specialty Chemicals 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)
				Leona Filament Plant	Nylon 66 filament
				Bemberg Plant	Cuprammonium rayon, nonwoven cellulose filament
				Nonwovens Plant	Artificial suede, melt-blown and spunlace nonwovens
			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
			Asahi Kasei Microdevices Corp.	Fab 1	Magnetic sensors
				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 Advance Corp.	South Kyushu Office	Sale of pharmaceuticals (reagents)
			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 MT Corp.	Okatomi Plant	Artificial kidneys and other medical devices
				Planova Plant	Virus removal filters
				Planova Okatomi Plant	Virus removal filters
		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
	Miyazaki	Material	Asahi Kasei Advance Corp.	Miyazaki Chemical Center	Repackaging sodium hypochlorite and PAC

Note: This table lists Asahi Kasei's major 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.

[Overseas]

Regions	Countries/Cities	Sector	Company	Main products/business line
North America	USA	Others	Asahi Kasei America, Inc. Asahi-Kasei Holdings US, Inc.	Business support services Holding company of ZOLL Medical Corporation
		Material	Asahi Kasei Plastics North America, Inc.	Coloring and compounding of performance resin
			Asahi Kasei Plastics America, Inc.	Compounded performance resin operations
			Crystal IS, Inc.	Development of aluminum nitride substrates and UVC LEDs
			AKM Semiconductor, 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
			Bionova Scientific, LLC	Biologics CDMO Business
			Bionique Testing Laboratories LLC	Mycoplasma testing
	Mexico	Material	Asahi Kasei Plastics Mexico S.A. de C.V.	Sale of performance plastic compounds
Asia/ Oceania	Korea	Material	Tongsoh Petrochemical Corp., Ltd.	Acrylonitrile, sodium cyanide, acetonitrile
			Asahi Kasei E-materials Korea Inc.	Lithium-ion battery separator
			Asahi Kasei Microdevices Korea Corp.	Electronic devices marketing and technical support
	Taiwan	Material	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
	Hangzhou	Material	Asahi Kasei Microza (Hangzhou) Co., Ltd.	Industrial filtration membranes and systems
			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	Material	Asahi Kasei Plastics (Guangzhou) Co., Ltd.	Sale of performance resin
	Chengdu	Material	Senseair Chengdu Gas Sensors Co., Ltd.	Branch office of Senseair
		Others	Asahi Kasei (China) Co., Ltd.	Investment and business support services
	Shanghai	Material	Asahikasei Plastics (Shanghai) Co., Ltd.	Sale of performance resin
			Asahi Kasei Performance Chemicals Corp.	HDI-based polyisocyanate, polycarbonatediol
			Asahi Kasei Advance (Shanghai) Co., Ltd.	Processing and sale of fibers and textiles
			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	Material	Asahi Kasei Electronics Materials (Changshu) Co., Ltd.	Photosensitive dry film
	Suzhou	Material	Asahi Kasei Plastics (Changshu) Co., Ltd.	Processing and sale of synthetic resin
			Asahi Kasei Electronics Materials (Suzhou) Co., Ltd.	Photosensitive dry film
	Zhangjiagang	Material	Asahi Kasei POM (Zhangjiagang) Co., Ltd.	Polyacetal
	Beijing	Health Care	Asahi Kasei Pharma (Beijing) Co., Ltd.	Regulatory affairs and business support in China
			Asahi Kasei Plastics (Hong Kong) Co., Ltd.	Sale of performance resin
	Hong Kong	Material	Asahi Kasei Fibers (H.K.) Ltd.	Promotion and marketing of fibers and textiles
			Asahi Kasei Plastics Vietnam Co., Ltd.	Analysis and development of performance plastic parts using CAE technology
	Vietnam	Material	Asahi Kasei Advance Vietnam Co., Ltd.	Fiber products
			Asahi Kasei Airbag Fabric Vietnam Co., Ltd.	Fabric for airbags
		Homes	Asahikasei Jyuko Vietnam Corp.	Steel-frame members
	Thailand	Material	Asahi Kasei Plastics (Thailand) Co., Ltd.	Coloring and compounding of performance resin
			Asahi Kasei Advance Thailand Co., Ltd.	Processed yarn
			Thai Asahi Kasei Spandex Co., Ltd.	Spandex
	Singapore	Material	Asahi Kasei Synthetic Rubber Singapore Pte. Ltd.	Synthetic rubber
			Asahi Kasei Plastics Singapore Pte. Ltd.	Performance resin
	India	Others	Polyxylenol Singapore Pte. Ltd.	PPE powder
	Australia	Others	Asahi Kasei India Pvt. Ltd.	Business support services
Europe	Australia	Homes	Asahi Kasei Homes Australia Pty. Ltd.	Holding company of McDonald Jones Homes Group
	Sweden	Material	Senseair AB	Provision of sensing solutions; development, manufacture, and sale of gas sensor modules
	Germany	Others	Asahi Kasei Europe GmbH	Business support services, sale of performance resin
		Material	Asahi Kasei Microdevices Europe GmbH	Electronic devices marketing and technical support
			Senseair Germany GmbH	Branch office of Senseair
		Health Care	Asahi Kasei Medical Europe GmbH	Sale of medical devices, medical systems
			Asahi Kasei Bioprocess Deutschland GmbH	Technical and sales support of bioprocess equipment
	Austria	Health Care	Virusure Forschung und Entwicklung GmbH	Biosafety testing
	Belgium	Material	Asahi Photoproducts (Europe) SA/NV	Sale of photopolymer, printing-plate making systems
	Belgium	Health Care	Asahi Kasei Bioprocess Europe SA/NV	Sale of virus removal filters
	Italy	Material	Asahi Kasei Fibers Italia S.r.l.	Sale of cupro cellulosic fiber and nonwovens
	United Kingdom	Material	Asahi Photoproducts (UK) Ltd.	Sale of photopolymer, printing-plate making systems

FY2023 ESH Objectives and Attainment

★★★Complete ★★Satisfactory ★Unsatisfactory

General

FY2023 Objectives	FY2023 Results	Attainment	FY2024 Objectives
Cultivate values of safety	Fostered a culture of safety and enhanced the platform for safety Promoted Life Saving Actions (LSA) and achieved zero serious industrial accidents	★★★	Cultivate values of safety Create opportunities for dialogue with sites Priority initiatives (in conjunction with Strategic Business Units and Core Operating Companies) Leverage Safety Conference to imbue the importance of safety culture
Develop human resources specializing in ESH	Two new graduates hired in FY2024 and two others hired in the previous year being trained environmental and safety personnel together with regional sites	★★	Strengthen organization for ESH; develop specialized human resources Improve ESH systems at each site Enhance the development of ESH personnel Develop and secure specialists (using in-house, outside consultants, and alumni)
Establish system for sharing information in the event of accident or disaster	Established system for communicating at the time of an event (sending prompt reports) and sharing information at the Head Office	★★★	—
Safety management support for overseas sites	Support was mainly provided to Chinese sites by the regional headquarters The U.S. Council is currently devising and developing "Rules for Protecting Lives"	★★	Safety management support for overseas sites Revise group-wide environmental safety regulations Activities to identify risks at overseas sites Participate in overseas group safety conferences, etc. Strengthen EHS support for subsidiaries in China

Environmental Protection

FY2023 Objectives	FY2023 Results	Attainment	FY2024 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 air, water, etc.: 0 Freon leaks: 9	★★★	Maintain zero environmental accidents and serious environmental incidents Maintain zero environment incidents (air, water, etc.)
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	Ascertained current amount of plastic waste generated and processed based on the Act on Promotion of Resource Circulation for Plastics Failed to increase recycling rates for industrial waste of products which use plastic, etc. (FY2022: 47.4%, FY2023: 46.6%)	★★	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 • Awareness activities for employees on biodiversity	Fuji Region "Asahi Woods of Life" participated in, and was certified by, the 30by30 Alliance "Town Woods" project to observe living things was held to familiarize employees with nature	★★★	Promote preservation of biodiversity • Promote 30by30 in line with the next national strategy • Educate and raise awareness by disseminating "Biodiversity Guidelines"

Global Environmental Countermeasures

FY2023 Objectives	FY2023 Results	Attainment	FY2024 Objectives
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	Improved accuracy of emission factors and calculation methods through third-party assurance Studied introduction of GHG visualization system (GGX) Expanded scope of data collection at overseas offices	★★	Data management associated with visualizing and utilizing GHG emissions data, and participation in the GX League Continuous training of responsible persons, including third-party verification findings Consider improving the accuracy of Scope 3 calculations in cooperation with the Corporate Procurement
Promote measures in line with revisions to the Act on the Rational Use of Energy and the Act on Promotion of Global Warming Countermeasures	Performed measures to comply with new reporting system (EEGS) Performed measures to comply with revisions to the Act on the Rational Use of Energy and the Act on Promotion of Global Warming Countermeasures	★★★	Coordinate with related parties, and prepare periodic energy reports and medium- to long-term plans in accordance with amendments to the law Modify performance system in accordance with amendments to the law

Process Safety

FY2023 Objectives	FY2023 Results	Attainment	FY2024 Objectives
Maintain a record of zero serious process safety accidents	Serious process safety accidents: none	★★★	Maintain a record of zero serious process safety accidents
Maintain a record of zero process safety accidents	Process safety accidents: none	★★★	Maintain a record of zero process safety accidents
Process safety accident intensity of 0.5 or less (average)	Process safety accident intensity: 0.46	★★★	Process safety accident intensity of 0.5 or less (average)

Occupational Health and Safety

FY2023 Objectives	FY2023 Results	Attainment	FY2024 Objectives
No serious occupational accidents*	Serious occupational accidents: zero fatalities or permanent injuries	★★★	Zero fatalities or permanent 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: Frequency rate of lost-worktime injuries of 0.1 or less	Domestic employees: • The frequency rate of lost-worktime injuries was 0.34	★	Domestic employees: Frequency rate of lost-worktime injuries of 0.1 or less
Severity rate of lost-worktime injuries of 0.005 or less	• The severity rate of lost-worktime injuries was 0.003	★★★	Severity rate of lost-worktime injuries of 0.005 or less
Overseas employees: Frequency rate of lost-worktime injuries of 0.9 or less	Overseas employees: • The frequency rate of lost-worktime injuries was 1.37	★	Overseas employees: Frequency rate of lost-worktime injuries of 0.9 or less

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 CO₂ (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 Reduce, Reuse, and Recycle, 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 emissions reduction targets to be met by 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 9.15 of the CDP 2024 below.

Details of activities and achievements for fiscal 2023 are posted here.

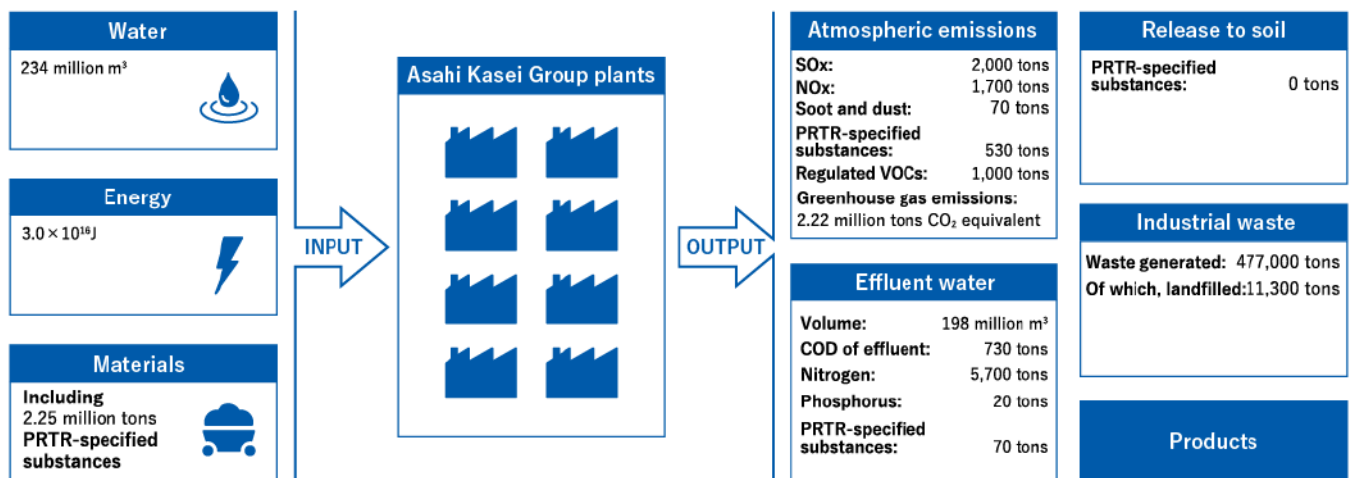
➤ [FY2023 ESH & QA Program Targets and Attainments](#)  (88.3KB)

Our response concerning CDP 2024 for fiscal 2024 are posted here.

➤ [CDP Corporate Questionnaire 2024](#)  (1.4MB)

Environmental impacts

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



Asahi Kasei Group (domestic) Main Environmental Impacts (FY2023)

Notes:

- Energy consumption includes hydroelectric power generation (based on the Energy Saving Act conversion) Energy consumption including overseas consumption is 3.8 × 10¹⁶ J.
- The conversion factor for electricity used to calculate energy consumption is 3.6 GJ/MWh.
- Figures with have received independent assurance by KPMG AZSA Sustainability Co., Ltd. (March 2025 updated)

Violations and fines related to environmental laws and regulations, etc.

There were no violations or fines related to environmental laws and regulations in fiscal 2023.

Climate Change

Responding to Climate Change

Disclosure based on TCFD Framework

➤ [Click here to read our response concerning CDP 2024](#)

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 chemistry 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 as described below.

Greenhouse gas (GHG) emissions 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 society¹ through our diverse array of technologies and businesses to deal with climate change. [The materiality](#) also set forth our commitment to "Decarbonization," and in April 2021, we launched the Green Solution Project. We are studying the creation of new businesses to help society become carbon neutral.

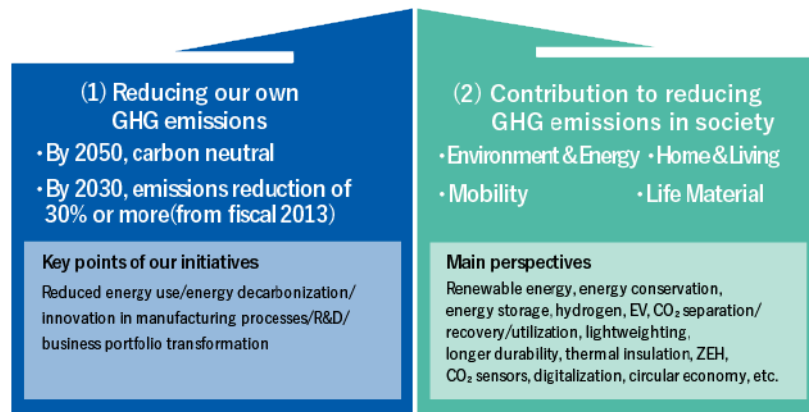
In April 2022, we launched a Carbon Neutrality Project² to share and discuss scenario analysis and consolidate efforts to achieve our 2030 GHG emissions reduction targets and carbon neutrality by 2050.

Regarding "Care for Earth," we are committed to addressing climate change issues group-wide, both in terms of (1) reducing the amount of our own GHG emissions and (2) contribution to reducing the amount of GHG emissions in society through our businesses and technologies.

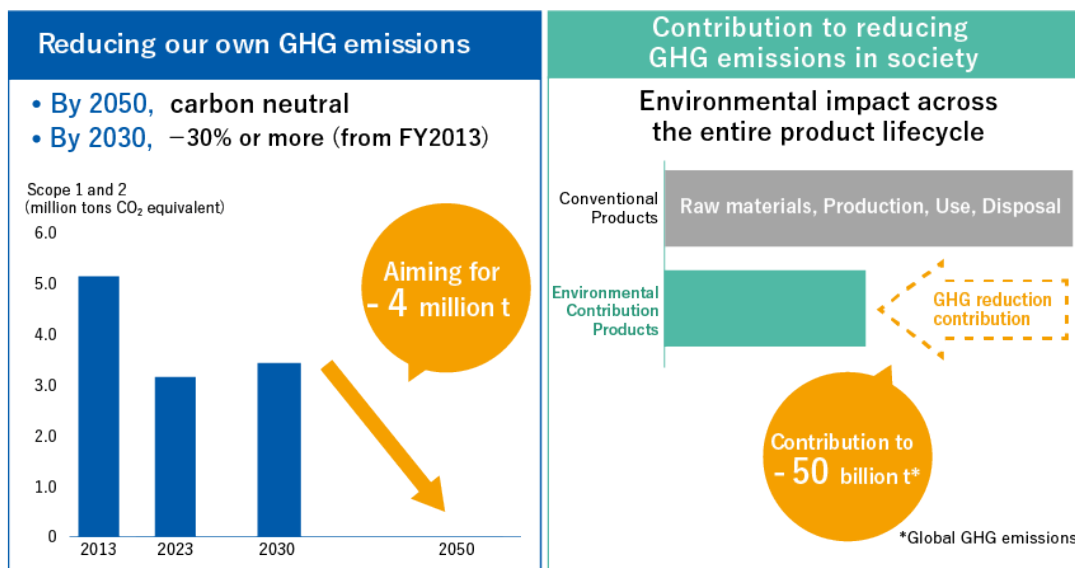
¹ See our [Environmental Contribution Products](#) for our contribution to reducing the amount of GHG emissions in society.

² See Disclosure under [TCFD Framework > Governance](#)

Contributing to a carbon neutral and sustainable society



Key Points of Effort for Carbon Neutrality



Two Initiatives for GHG emissions reduction

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

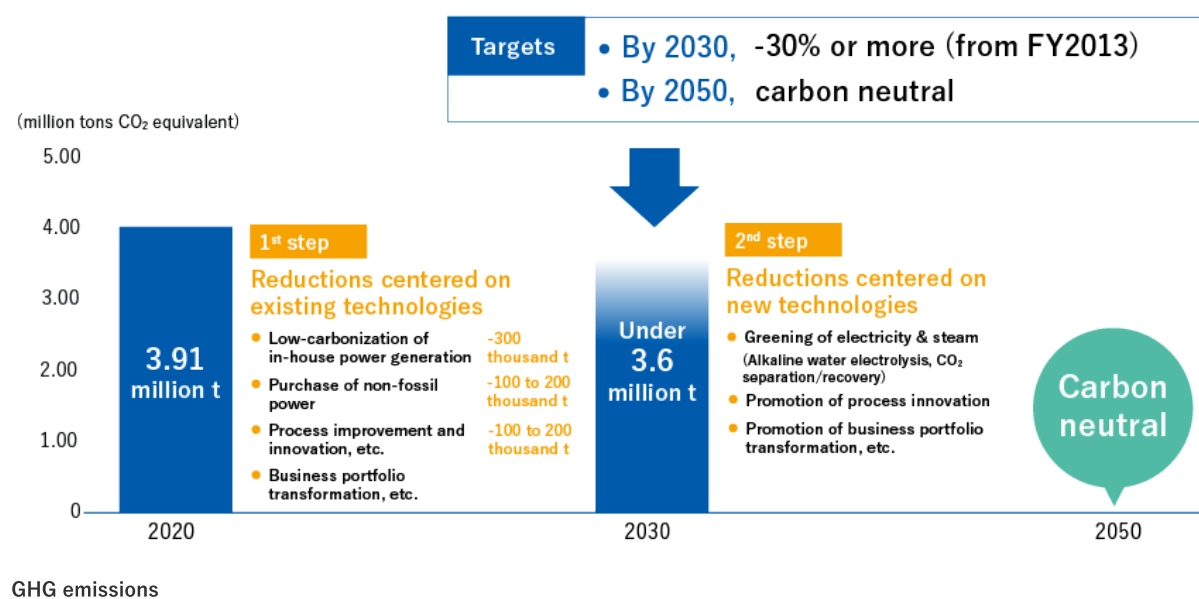
Reducing GHG Emissions

Concrete measures to reduce GHG emissions 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 promotion of process innovation through practical application of technologies developed by Asahi Kasei, such as alkaline water electrolysis and CO₂ 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.

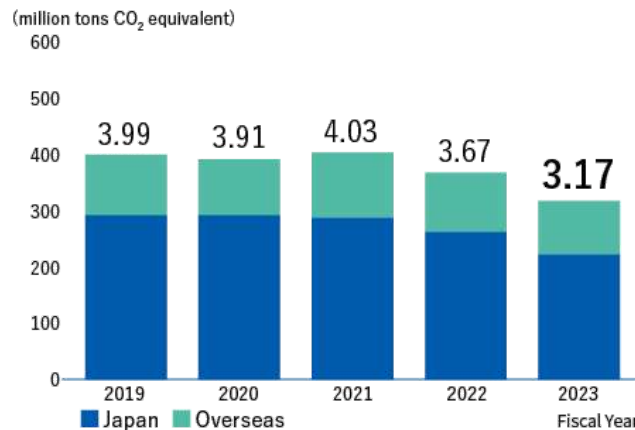


Scope 1 and 2 GHG emissions

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 2023, our Scope 1 GHG emissions were 2.38 million tons of CO₂-eq[✓], and Scope 2 GHG emissions were 0.79 million tons of CO₂-eq[✓], bringing the total of Scope 1 and 2 to 3.17 million tons of CO₂-eq[✓]. This is a reduction in GHG emissions of approximately 38% compared to the 5.11 million tons of CO₂-e released in the baseline year of 2013.

Note: Figures with [✓] have received independent assurance by KPMG AZSA Sustainability Co., Ltd. (March 2025 updated)

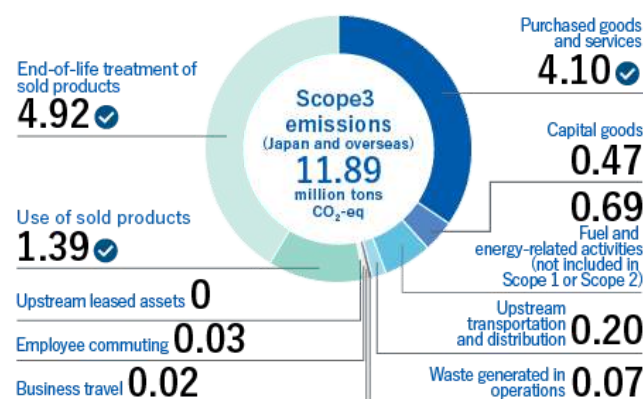


Changes in GHG emissions (Japan and overseas)*

* 76.2% 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)

Scope 3 emissions



Scope 3 emissions*

* Figures with [✓] have received independent assurance by KPMG AZSA Sustainability Co., Ltd. (March 2025 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)

Note: GHG emissions quantification is subject to uncertainty when measuring activity data, determining emission factors, and considering scientific uncertainty inherent in the Global Warming Potentials.

Efforts to Reduce CO₂ Emissions

Renewable energy

Asahi Kasei Group has jurisdiction over 9 hydroelectric power plants in the Nobeoka/Hyuga region, which provide approximately 2% of the Group's (Japan and overseas) electricity use. Generation of the equivalent amount of purchasing electricity would result in approximately 20 thousand tons* of CO₂ 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 438 g CO₂/kWh.



Sources of electricity usage, FY2023 (global)

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

Type of energy	Unit	FY2023
Hydroelectric power generation	MWh	56,701 ✓
Solar power generation	MWh	256 ✓
Biomass-based ² generation	MWh	55,550 ✓
Purchased non-fossil certificates ³	MWh	161,114 ✓
Biomass-based ² steam	GJ	317,192 ✓

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.

³ Purchased non-fossil certificates include purchases for the Asahi Kasei Group.

Note: Figures with ✓ have received independent assurance by KPMG AZSA Sustainability Co., Ltd. (March 2025 updated)

Using Renewable Electricity in the Homes Business

As part of its efforts to address climate change, Asahi Kasei Homes joined the RE Initiative in 2019, aiming to achieve sustainable urban living through both a decarbonized society and resilience, and it became the first Japanese home builder to successfully achieve this.

Asahi Kasei Homes has progressed with its target to procure 100% of the electricity consumed for its business activities from renewable energy sources, successfully achieving RE100 in fiscal 2023, well ahead of the 2038 target set at the time of our participation.

➤ 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 0.9 billion ton-kilometers in fiscal 2023—an 10% decrease from fiscal 2022—generating approximately 72 thousand tons of CO₂ emissions—a 6% 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 also actively participate in initiatives as a shipper, such as the “eco-transportation system” executed by local governments.

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 CO₂ emissions for a given weight and distance than many other means of transportation.



- CO₂ 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 2023, some 93% 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 (2020)  (218.0KB)
- Asahi Kasei green bond (2023)  (124.3KB)
- Annual Reporting (fiscal 2020)  (126.3KB)
- Annual Reporting (fiscal 2021)  (135.3KB)
- Annual Reporting (fiscal 2022)  (130.8KB)
- Annual Reporting (fiscal 2023)  (27.0KB)



Climate Change

Responding to Climate Change

Disclosure based on TCFD Framework

Climate Change Initiatives (Disclosure based on TCFD¹ Framework)

Updated on August, 2024

Awareness surrounding climate change

The IPCC's² 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 of the same year and following year, issued a communique to underscore their commitment to "implement 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. As climate change forces major change on entire social systems, we are attempting to achieve a carbon-neutral society and sustainably grow corporate value by 2050, while transforming our business portfolio and continuously improving productivity.

Additionally, we will continue to steadily reduce our greenhouse gas emissions (Scope 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. Established by the Financial Stability Board (FSB) in 2017, the TCFD has published its final report (TCFD recommendations). It was dissolved in October 2023 and succeeded by the International Financial Reporting Standards (IFRS).

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 the Management Council and other executive decision-making bodies discuss and decide on specific matters. In fiscal 2023, we decided to participate in the GX League, and set targets for reducing domestic GHG emissions and a non-fossil ratio target for electricity purchased in Japan.

Main deliberations and decisions:

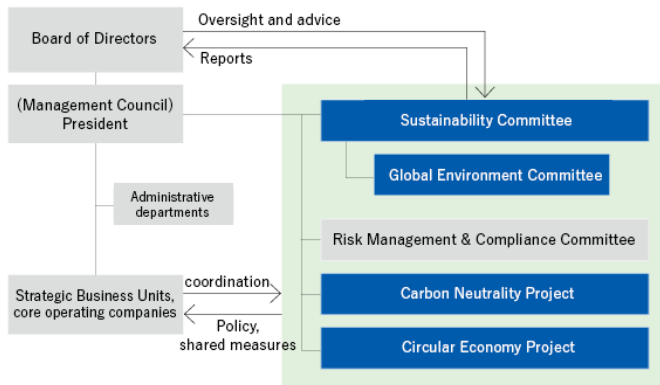
- GHG emissions reduction targets, results, and measures
- Medium-term management plan, progress/results, and measures
- Investment plans (taking point of view regarding GHG emissions into account), etc.

In formulating the medium-term and annual management plans, individual discussions are held between business and staff divisions, where plans are formulated as a group for GX, etc., which are then discussed and decided by the Management Council and Board of Directors.

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. Minutes of the committee meetings are reported to the Board of Directors, which discusses topics including appropriate company-wide initiatives.

The Carbon Neutrality Project, which is led by the Executive Officer for GX, reviews scenarios and specific measures to achieve our targets for reducing GHG emissions. In the review process, the President, Executive Officer for Corporate Strategy, and others work to strengthen the content of the program, while regularly confirming its direction. Moreover, we launched the Circular Economy Project in April 2024 in order to accelerate the transition to a circular economy, which is closely linked to action on climate change. This project examines our company policies and direction related to the circular economy.

In the Material and Homes sectors, the sustainability departments of each business unit promote initiatives toward carbon neutrality and a circular economy in cooperation with business units and the company-wide sustainability functions.



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 2023: carbon neutrality, circular economy, natural capital, human rights, non-financial disclosures, 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, Health)
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 emission reduction targets, consolidating efforts towards 2050 carbon neutrality, and scenario analysis
- Project oversight: Executive Officer for GX, Project General Manager

Circular Economy Project

- Examination of company policies and direction related to the circular economy
- Project oversight: Executive Officer for GX, Project General Manager

Strategy

Having identified and analyzed key opportunities and risks associated with various climate change scenarios, we are working to control risk while actively seizing opportunities in accordance with our medium-term management plan.

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 where GHG emissions are strongly curbed in order to limit global warming to “+1.5° C” since the Industrial Revolution (WEO: Net Zero Emissions by 2050 Scenario [NZE]³)
 - A scenario centered on transition risks from tightened controls and major social and market transformation
- A scenario where not enough progress is made to prevent global warming, and the temperature increase is “+4° C” (IPCC SSP3-7.0⁴)
 - A scenario centered on physical risks from extreme weather events with social and ecological changes

We considered the opportunities and risks to our business from the above scenarios.

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 listed in the International Energy Agency (IEA)'s WEO (World Energy Outlook) 2023. 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.

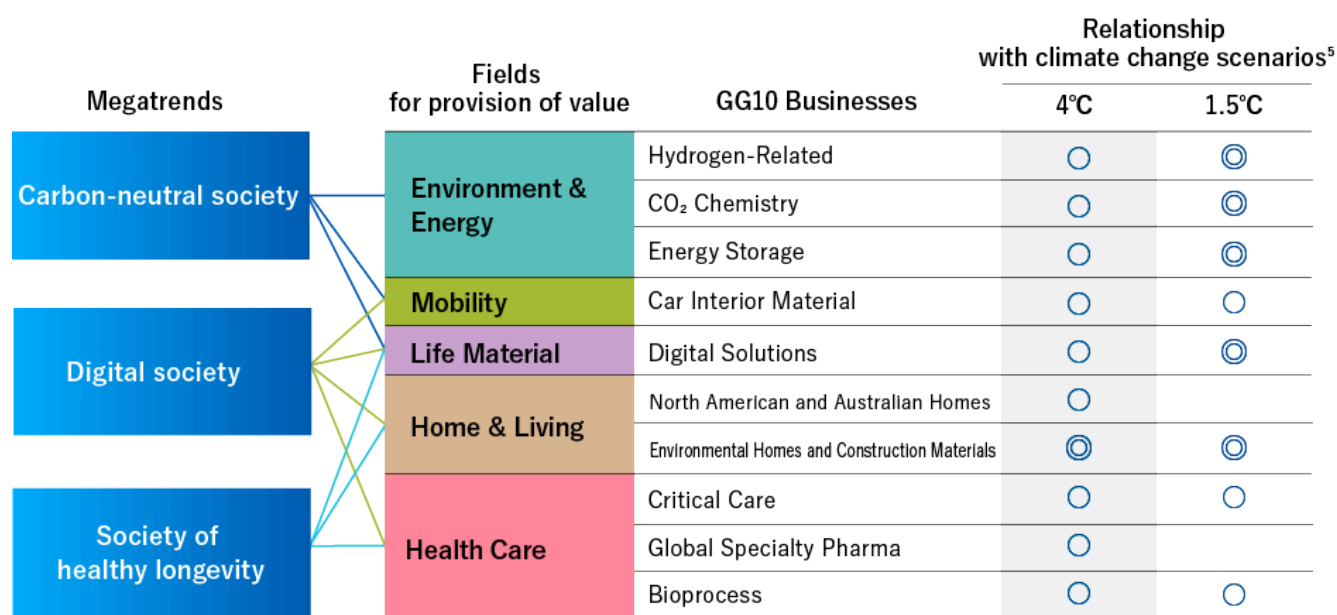
⁴ One of the scenarios included in the IPCC's Sixth Assessment Report. “SSP” stands for “Shared Socioeconomic Pathways” and the SSP3-7.0 is a scenario in which regional rivalry results in climate policies not being adopted, and temperatures rise by up to 4° C in 2100.

Opportunities

We are advancing business portfolio transformation to provide value in anticipation of megatrends, such as the shift to a carbon-neutral society. There are climate change-related opportunities in all of the GG10 growth-driving businesses, and in our medium-term management plan we aim to invest approximately ¥700 billion for GG10 over the three years through fiscal 2024. We are investing management resources with particular emphasis on energy storage and hydrogen-related areas, and expect to invest up to ¥300 billion over the three years of the current medium-term management plan.

We plan to invest approximately ¥60 billion over the next three years through fiscal 2024 in decarbonization-related activities. In addition, we have established a “Care for Earth Investment Framework” (\$100 million over 5 years from fiscal 2023 to fiscal 2027) in our CVC activities and are investing in startup companies in the environmental field, as we aim to incorporate and collaborate on new technologies, particularly in response to climate change.

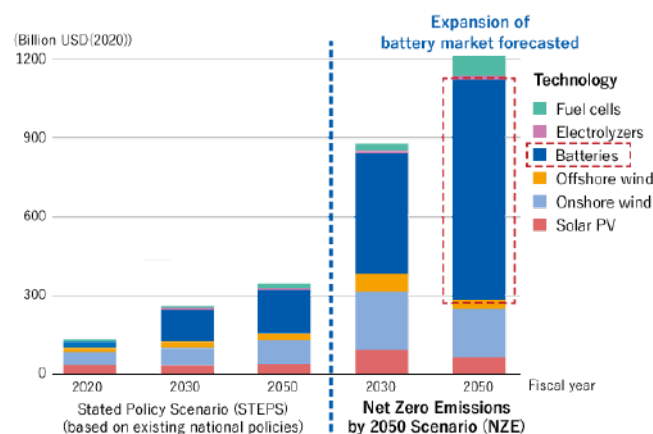
We recognize that the direction of our business development can provide business opportunities with a variety of products and services in climate change mitigation and adaptation.



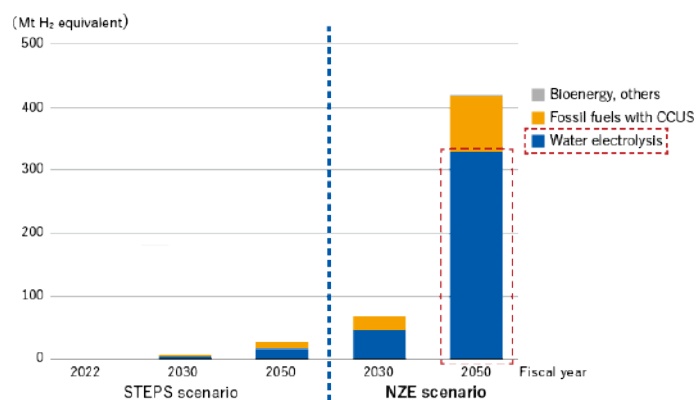
⁵ Items judged highly relevant, including those directly addressed in the IPCC's Sixth Assessment Report and the WEO 2023, indicated by double circle: ◎

Items not covered by the above, but considered 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 one of our highest priority business fields.



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



Outlook for the low GHG emissions hydrogen production market (2022–2050)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 2023.

Opportunities			
	Important Changes	Main opportunities	Principal initiatives, Products
+1.5° C scenario	Transition to a carbon-neutral society	•Promoting the diffusion of ZEH⁸ and ZEH-M⁸ by government policy •Growing demand for renewable energy •Increasing need for energy conservation •Growing demand for carbon-neutral products	•Making homes and communities carbon neutral through expansion of ZEH-compliant Hebel Haus*  and Hebel Maison*  •Making energy carbon neutral (Hebel Power*  •Promotion of energy conservation, process innovation (brine electrolysis , Neoma foam*, etc.) •Conversion of raw materials to biomass(bioethanol-derived basic chemicals⁹, certified biomass products) •Development of processing technology for specialty chemicals made from CO₂ (polycarbonate, raw materials for LIB electrolytes , etc.) •Development of Environmental Contribution Products •Promotion of carbon neutrality and enhancing product competitiveness by understanding their carbon footprint of products¹⁰
	Spread of electric vehicles (EVs)	•Growing EV-related demand (Battery components, materials for reducing vehicle weight)	•Development and supply of next-generation society components and systems (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	•Increased demand for components compatible with a circular economy •Circular economy-related infrastructure development	•Development of material and chemical recycling technologies and promotion of their rollout in society •Utilization of biomass raw materials(bioethanol-derived basic chemicals⁹  (3.4MB), biomass-derived polyamide 66) •Providing LONGLIFE housing (Hebel Haus* , Hebel Maison* , Renovation* , Stock Hebel Haus* )
	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 CO₂ 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	•Growing demand for related pharmaceuticals and medical devices	•Providing products for medicine and medical services, and critical care services

* 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.

The +1.5°C scenario assumes risks from tighter regulations under national policies, such as carbon pricing, demand shift to carbon-neutral products and services, acceleration of the transition to a circular economy, and changes in market structure due to the emergence of innovative technologies aiming to achieve carbon neutrality. Related risks include the company not being selected where investor and customer expectations on carbon neutrality surpass our level of commitment, and damage to our reputation in society.

The +4°C scenario assumes mainly physical risks, such as extreme heatwaves, heavy rain, and flooding. In particular, we recognize the risk to production facilities from serious storm and flood damage at our key hubs in Japan and overseas.

We understand that these risks could develop in the future as climate change progresses, and we will strive to mitigate them.

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, raw material) Estimate: Multiplying our current GHG emissions (Scope 1, 2) by carbon costs, equates to approximately ¥48 billion/year¹¹ •Changes in materials needs (carbon-neutral needs, required specifications) •It is expected that demand for materials with a high carbon footprint of products will decrease and material needs will change with more widespread use of electric vehicles •Investors and customers select companies based on their carbon neutrality initiatives, and damage to reputation in society	- Promoting action toward carbon neutrality •Expansion in utilization of renewable energy, etc. •High efficiency in energy use, development and commercialization of innovative industrial processes •Conversion of raw materials into biomass •Accelerating products' carbon neutrality by understanding their carbon footprint of products •Reviewing allocation of management resources (including business portfolio transformation)

Risks			
	Important Changes	Main Risks	Principal initiatives
	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/chemical recycling technologies and furthering their rollout in society •Utilizing biomass feedstock •Reviewing allocation of management resources (including business portfolio transformation)
+4° C scenario	Serious storm and flood damage	"Physical" production risks •Damage to factories causing suspension of production •Raw material supply chains disrupted by disasters affecting suppliers 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.	•Measures to prevent heatstroke at construction sites •Measures to industrialize and utilize IT in home construction

¹¹ Asahi Kasei GHG emissions in 2023 (Scope 1 and 2 preliminary figures): 3.18 million t-CO₂e. When the carbon cost is set at ¥15,000/t-CO₂, with reference to the CO₂ price level in 2030 by NEZ scenario of WEO 2023,etc.

Roadmap to achieving carbon neutrality

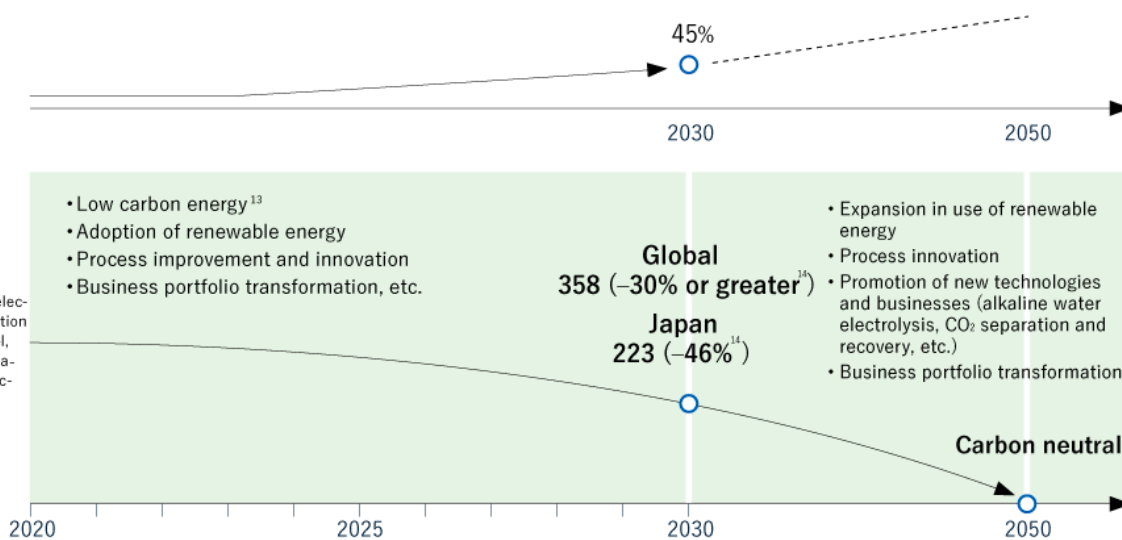
Non-fossil ratio of electricity used in Japan¹²

Scope 1 + Scope 2 (10,000 t-CO₂e)

¹² Asahi Kasei Corporation

¹³ Maximum use of existing hydroelectric power plants, low-carbonization of thermal power generation fuel, investment in solar power generation, switching of purchased electricity to renewable energy, etc.

¹⁴ Reduction rates compared with fiscal 2013



Investment	GG10 businesses: approx. ¥700 billion		
	Decarbonization: approx. ¥60 billion		
	CVC: US\$100 million		
Funding	¥10 billion in green bonds	Purpose: Renovation of company-owned hydroelectric power generation facilities	
		Project name: Large-scale Alkaline Water Electrolysis System Development and Green Chemical Plant Demonstration	
	¥20 billion in green bonds	Purpose: Same as above	Implementation framework: Asahi Kasei Corporation, JGC Holdings Corporation
	Green Innovation Fund •		Project scale: approx. ¥75 billion Government support scale: approx. ¥47 billion

Risk management

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

GHG emissions monitoring

We track the reliability of performance figures for Scope 1, 2 and Scope 3 (key categories) while obtaining third-party verification. We share our progress toward targets with the Sustainability Committee and its subcommittees, such as the Global Environment Committee, to discuss and confirm future initiatives.

When formulating and reviewing management plans, we check the status of initiatives to reduce GHG emissions and other factors, and link them to business strategies and measures. We also monitor relevant situations and share information with senior management on a monthly basis.

Internal carbon pricing (ICP)

In order to accelerate actions toward carbon neutrality, we conduct profitability assessments using ICP for capital investment and utilize them in investment decisions. We set ICP prices while taking into account carbon and market prices projected by the International Energy Agency (IEA), as well as our own cost projections for carbon neutrality.

Metrics and goals

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

	Targets and results	Meaning of indicator
GHG emissions¹⁵	Target: by 2030, reduction of 30% or more (compared to fiscal 2013) by 2050, achievement of carbon neutrality Results: 3.17 million t-CO ₂ e in fiscal 2023	Indicates Scope 1 and 2 reductions
GHG emissions¹⁵/operating income	Results: 2.3 thousand t-CO ₂ e/100 million yen in fiscal 2023	Decrease indicates reduced carbon tax risk
ROIC	Target: around 2030, 10% or more Results: 5.9% in fiscal 2023	Increase indicates evolution into a highly profitable entity resilient to change
Operating income of the GG10 (%)	Target: around 2030, 70% or more Results: 35% in fiscal 2021	Represents the percentage of relevant businesses that can contribute to climate change

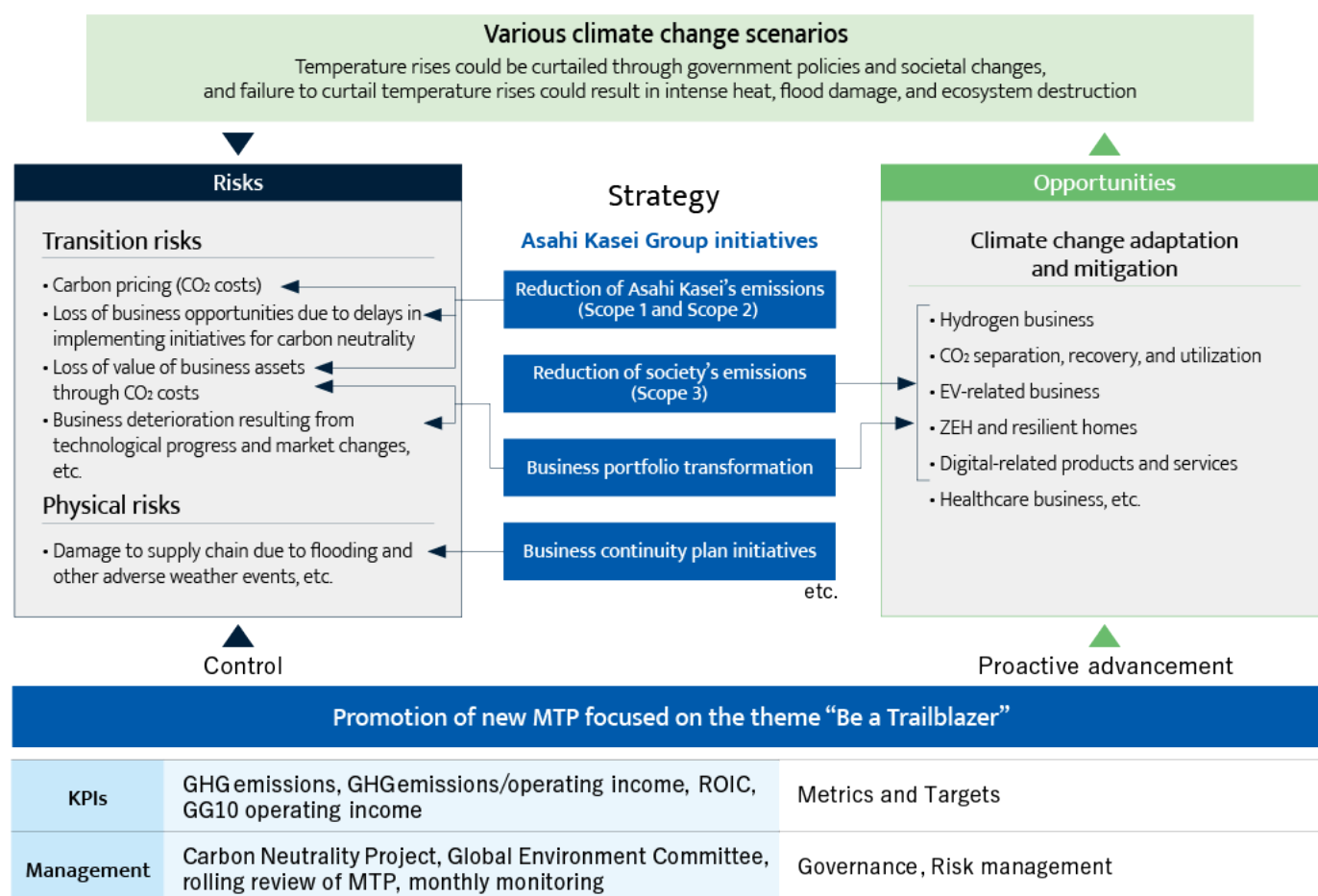
Others

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

¹⁵ 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)

We have also set a goal to increase the sales ratio of products and services (Environmental Contribution Products) that help to reduce society's GHG emissions for the entire value chain, and to more than double our contribution to reducing GHG emissions by fiscal 2030 compared to fiscal 2020.

Overview of the our response to climate change



Pollution Prevention and Resource Circulation

Policy

Building a circular economy is a major plank of the Asahi Kasei Group's Global Environmental Policy and "Circular Economy" is included in our materiality. 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 Management > Asahi Kasei Group's Materiality > Materiality List
- 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 2023 was 514.0 thousand tons, of which 14.6 thousand tons was specially managed industrial waste. Additionally, the industrial waste recycling rate¹ was 72.3%, and the non-recycling rate² was 27.7% (of which the heat recovery non-recycling rate was 19.8%). 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.

We are also working to limit waste plastic emission and promoting initiatives to increase the recycling rate. The volume of waste plastic emitted in fiscal 2023 in Japan was 20.4 thousand tons (a 4.4% reduction year on year) and the recycling rate was 46.9% (a 0.3% reduction from the previous fiscal year). We are advancing initiatives to increase intensity (reducing emission of unnecessary scraps) and to turn emitted plastic into valuables (such as raw materials) with a view to limiting emissions. With respect to recycling initiatives, we are subcontracting the disposal of waste to recyclers of waste plastic with material and chemical recycling capabilities. Going forward, we will continue our initiatives to limit waste plastic emissions and recycle.

The Asahi Kasei Group has been working toward the goal³ of reducing landfill waste plastic in Japan to zero. Because temporary construction waste could not be effectively used, the amount of waste plastic sent to landfill in fiscal 2023 was 2.3 tons, missing the target. We are continuing our initiatives toward zero landfill waste plastic.

Waste containing PCBs⁴ 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.

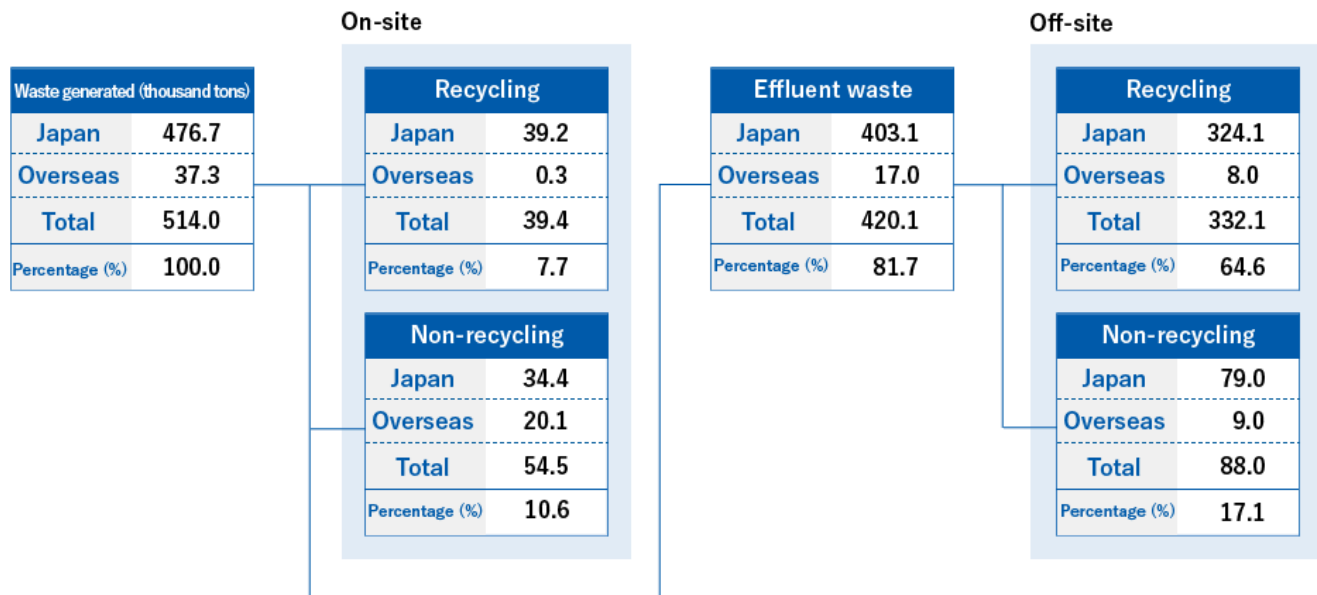
We enhanced our management of off-site treatment of industrial waste by expanding the use of electronic manifests. We also performed periodic on-site inspections of consigned firms to ensure that proper treatment is performed in accordance with sound systems of control.

¹ Recycling rate: Percentage of chemical recycling and material recycling

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

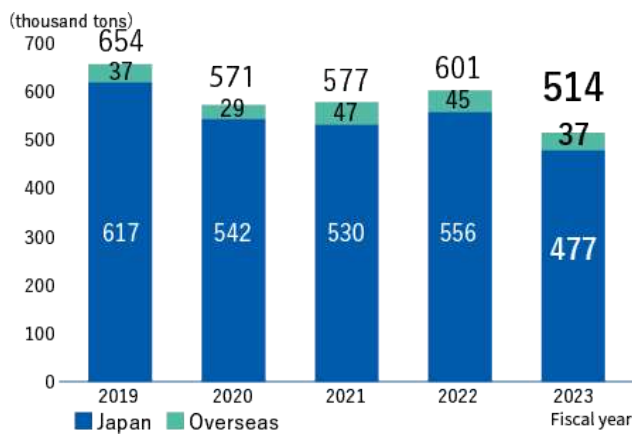
³ Target of reaching zero landfill waste plastic: Excluding waste plastic generated by the housing business

⁴ 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.

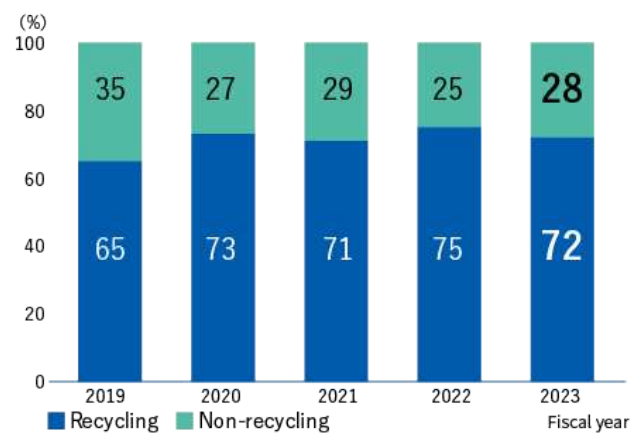


Note that sums of individual figures may differ from the totals shown due to rounding.

FY2023 flow of industrial waste*



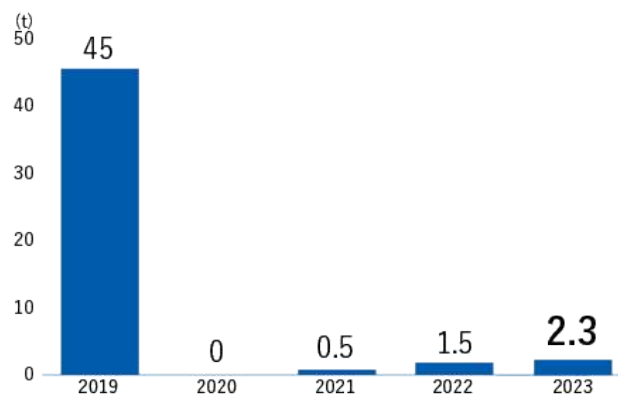
Waste generated



Recycling rate

* Transformation into solid fuel and raw fuel was classified as recycling (material recycling) between fiscal 2019 and fiscal 2021.

From fiscal 2022 onward, it has been classified as non-recycling (heat recovery).

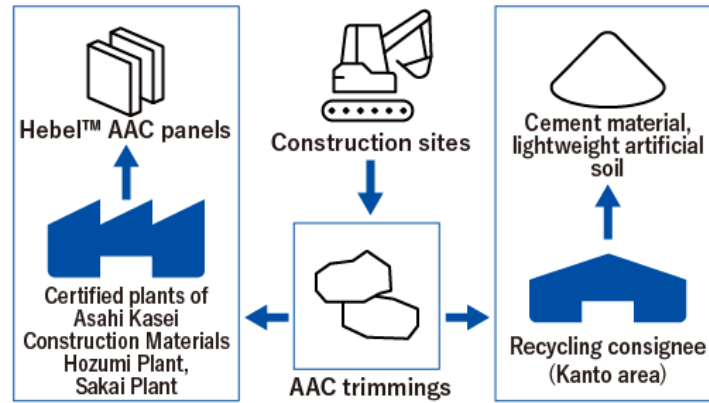


Landfill volume of waste plastic in Japan*

* Excluding waste plastic generated by the housing business

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"¹ which permits the transport of waste from different construction sites. Asahi Kasei Homes² 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

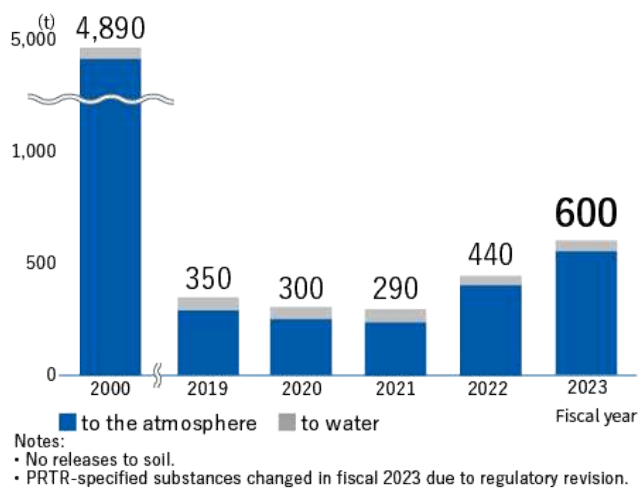
¹ Certificate for wide-area recycling: For certain parties, who perform recycling in a wide-area, Japan's Minister of the Environment eliminates the need to obtain separate waste transport permits for each local area. The system was established to promote further recycling of industrial waste.

² For more information on Asahi Kasei Homes' "Initiatives toward a Circular Economy,"

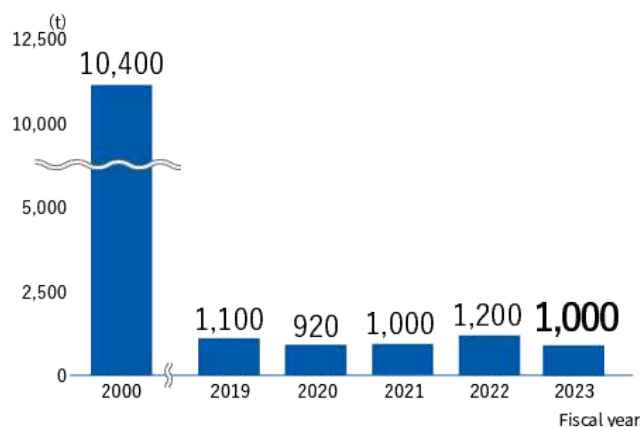
➤ Sustainability Report 2023 

Reducing emissions of chemical substances

The Asahi Kasei Group works to reduce the release of chemicals substances specified in the PRTR¹ 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 VOC² emissions were reduced by 88% and 90%, respectively from fiscal 2000. We will continue to enhance control of operation and equipment to prevent any accidental release.



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.

Initiatives to limit emissions of fluorocarbons

In accordance with the Act on Rational Use and Appropriate Management of Fluorocarbons, we are working to properly maintain equipment and facilities subject to the act and to take measures to prevent leakage of fluorocarbons.

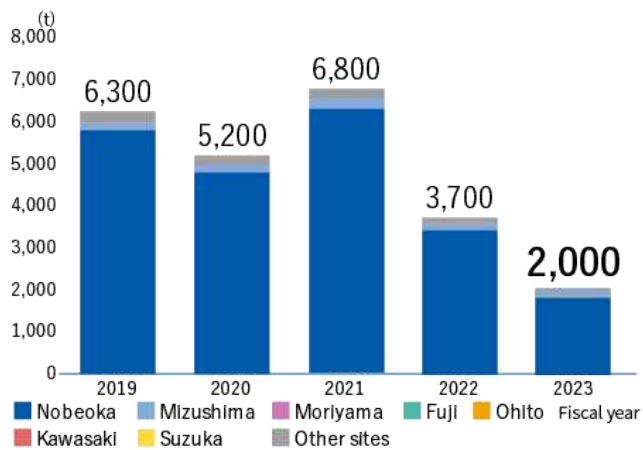
The Asahi Kasei Group's calculated amount* of leaked fluorocarbons in fiscal 2023 was 616.0 tons of CO₂-equivalent.

In the future, we will continue to take measures to prevent leakage of fluorocarbons.

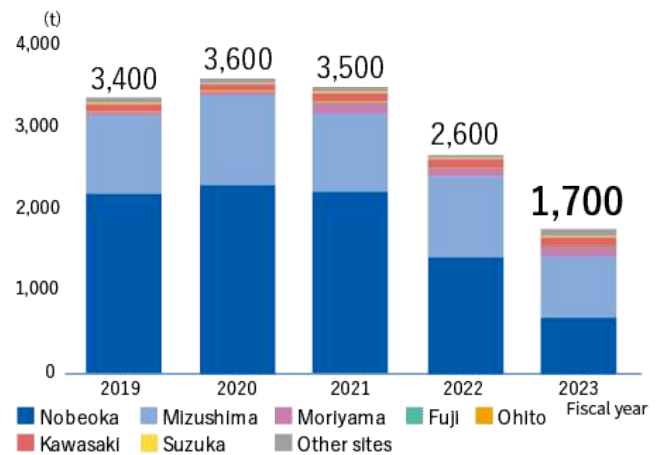
* Calculated volume of fluorocarbon leakage: Volume of fluorocarbon leakage calculated based on filling and recovery certificates, in case of fluorocarbon filling and recovery during equipment maintenance.

Preventing air pollution

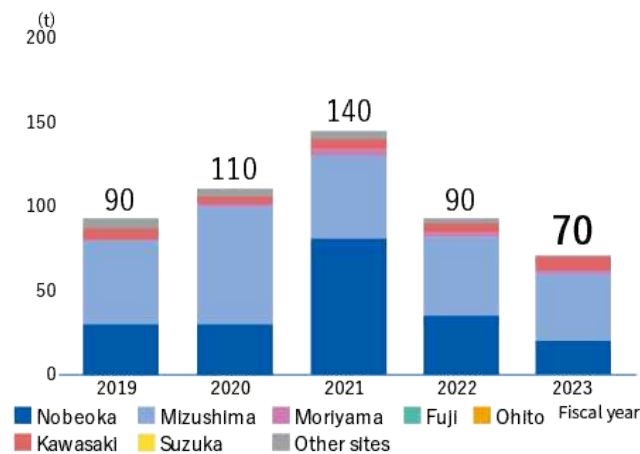
The Asahi Kasei Group works to control emissions and prevent spills in order to avoid the pollution of air, water, soil, and groundwater. Measures to prevent noxious odors include the installation of exhaust gas absorption equipment and increasing the capacity of our wastewater treatment facilities. 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 on a continuing basis.



SOx emissions



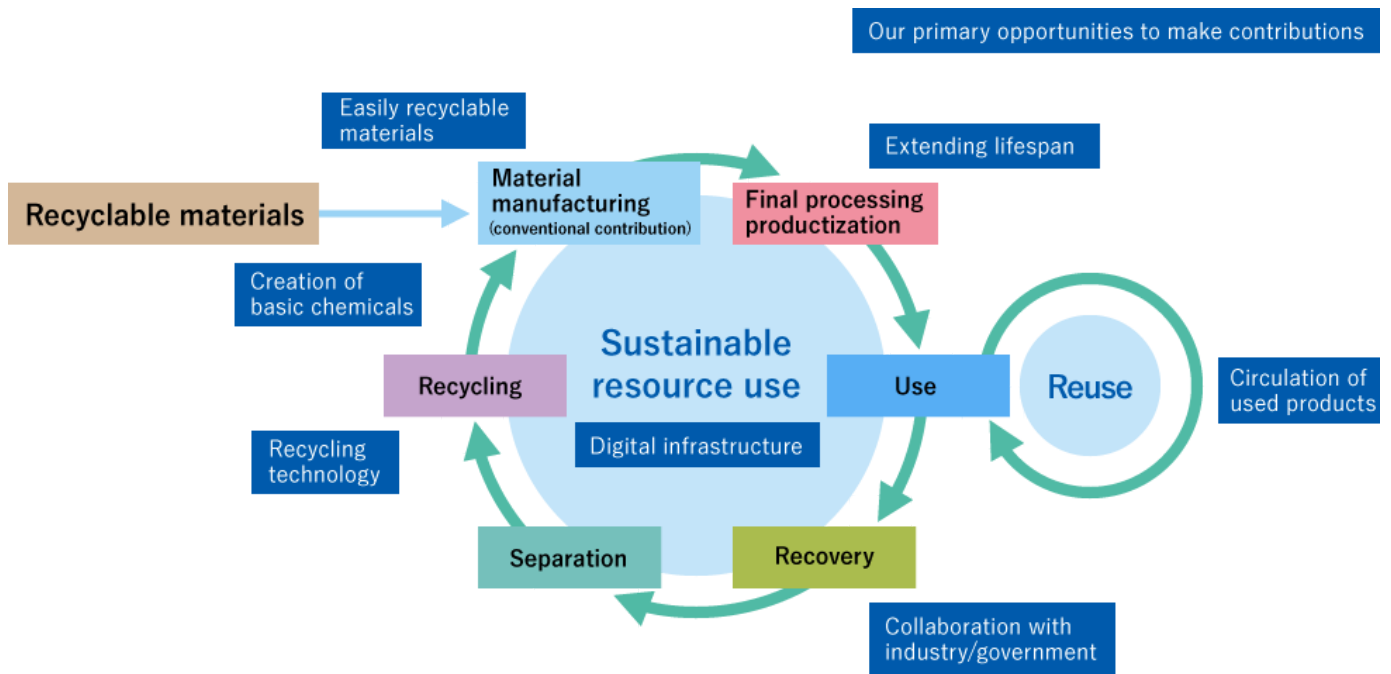
NOx emissions



Soot and dust emissions

Effective resource use

Asahi Kasei believes that the transition to a circular economy is important for sustainability in terms of sustainable use of limited resources, reduction of GHG emissions, and reduction of the impact of product disposal on the global environment and ecosystems. We are working to recycle used plastics, use biomass feedstock, extend the service life of our products, and improve their recyclability.



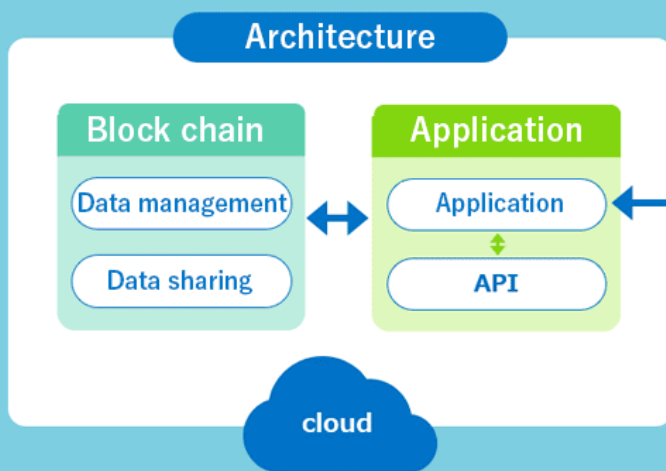
Initiative for Achieving a Circular Economy

BLUE Plastics (Blockchain Loop to Unlock the value of the circular Economy)

We have developed "BLUE Plastics," a platform to visualize resource circulation for recycled plastics. It is an open platform with the aim to realize a circular economy. It can be widely used by various companies and consumers involved in the recycling chain to visualize the recycling chain and change consumer behavior to promote resource recycling, since consumer behavior plays a major role.

01

A blockchain platform has been built in the cloud, and a prototype intended for consumer use was completed.



Prototype screen intended for consumer use



02

We aim to create a recycling culture involving consumers through three key points.

The three key points:

Point 01

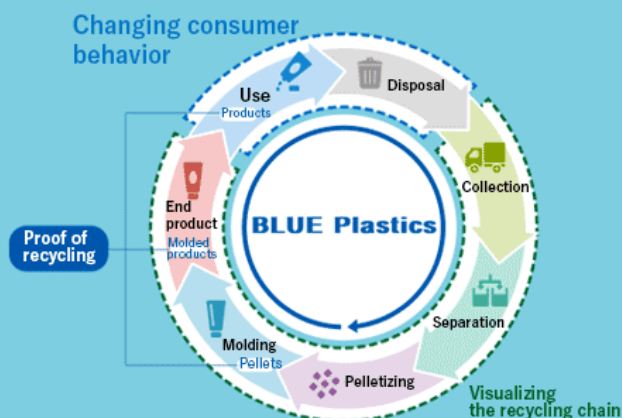
Proof of recycling

Point 02

Visualizing the recycling chain

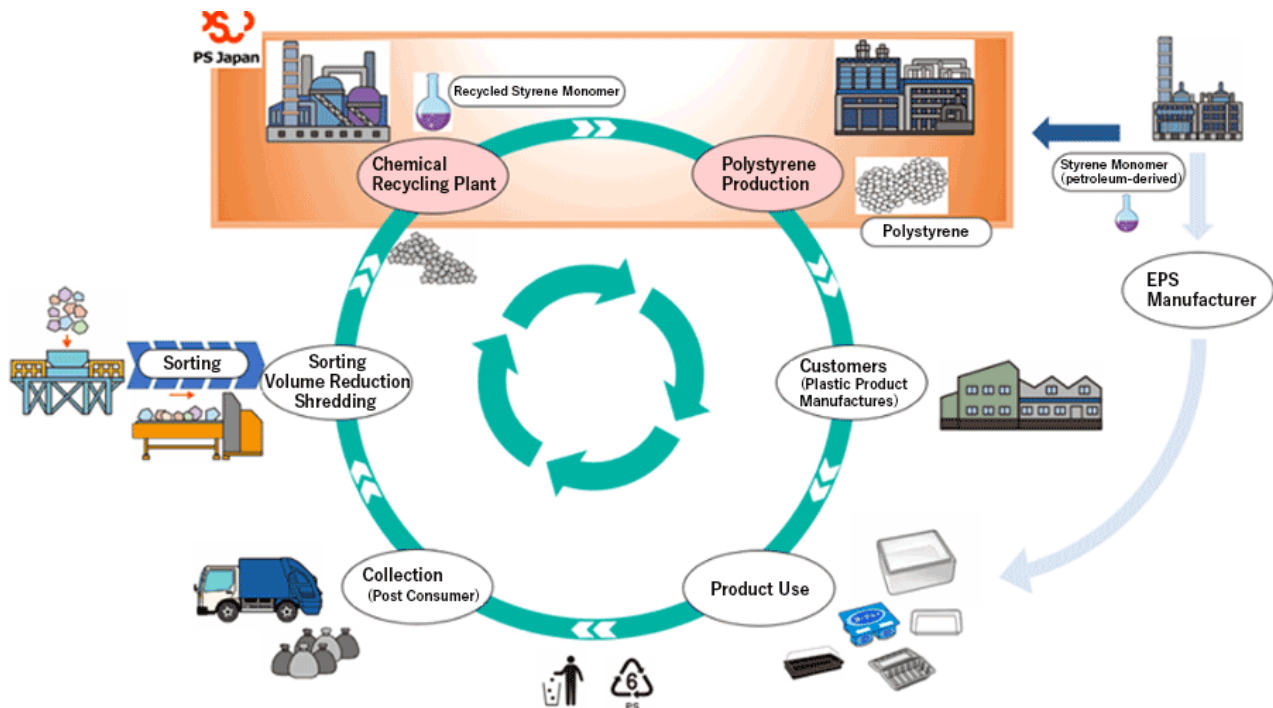
Point 03

Mechanism to change consumer behavior



Verification of chemical recycling of polystyrene resin

Polystyrene is used in items such as food containers, and is one of the widely used types of plastic. In 2023 our subsidiary PS Japan, a polystyrene manufacturer, started operating a chemical recycling verification facility to obtain styrene monomer from used polystyrene material. Recycled polystyrene can be used for products in contact with food which have strict safety requirements, contributing greatly to the promotion of recycling. The company plans to progress from trials at the verification facility to practical application to achieve waste reduction and effective resource use.



See the following for other examples of Asahi Kasei's efforts for the circular economy.

- Asahi Kasei launching demonstration trial on rental service for chlor-alkali electrolysis cells in Europe | Fiscal 2023 | News | Asahi Kasei Corp. ([asahi-kasei.com](https://www.asahi-kasei.com))
- Asahi Kasei and Mitsui establish supply and procurement system for bio-methanol | Fiscal 2023 | News | Asahi Kasei Corp. ([asahi-kasei.com](https://www.asahi-kasei.com))
- Asahi Kasei and Microwave Chemical launch joint demonstration project for chemical recycling of polyamide 66 using microwave-based technology | Fiscal 2023 | News | Asahi Kasei Corp. ([asahi-kasei.com](https://www.asahi-kasei.com))



Water Resource Preservation

➤ [Click here to read our response concerning CDP 2024](#)

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 reducing our intake of water resources by ascertaining the quantity of our water intake, and maintaining and improving the efficiency of our water usage through circular use.

Target

Reduction of the environmental burden

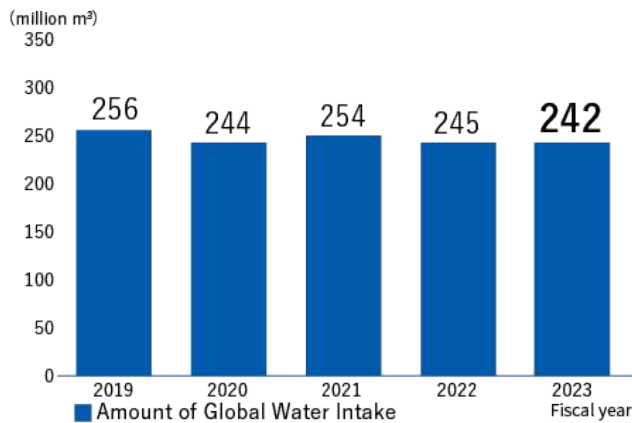
As a chemical manufacturer that handles a large volume of chemical substances, chemical agents, and water, we believe it is important to responsibly secure the sustainability of water. We have therefore set the annual company-wide target of “zero environmental accidents or incidents.”

In order to prevent violations of laws and regulations, we use voluntary standards for wastewater quality in order to maintain a stricter level of control than general local regulations and manufacturing facilities.

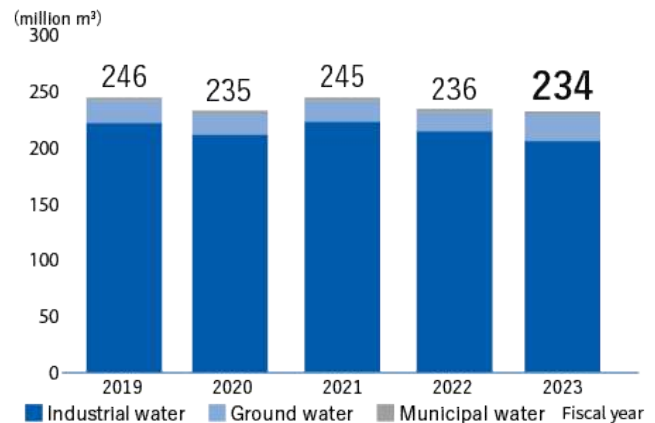
In fiscal 2023, we achieved our target, with no violations or penalties.

Reducing water use

The Asahi Kasei Group endeavors to reduce the amount of water used in each of our plants, to collect used water and reuse it circularly, and to reduce Water withdrawals and Water discharges.



Amount of Global Water withdrawals



Amount of Water withdrawals by Source (domestic)

Actions in the Moriama Area

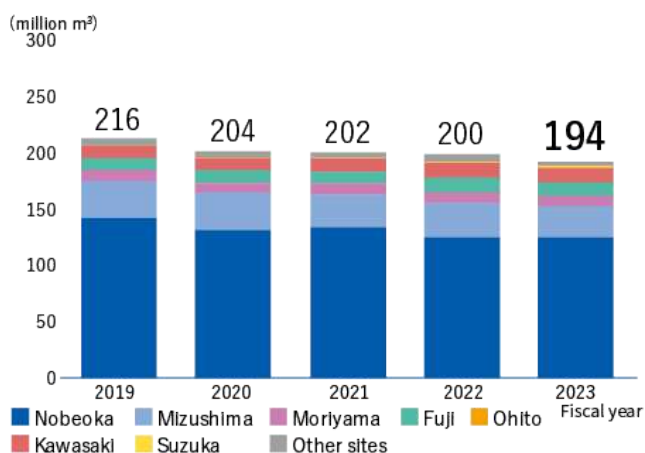
All water used at our Moriama Works is drawn from groundwater systems. This water is primarily used as a coolant to cool machinery and equipment via heat exchange, but we are also promoting the reuse of the water we draw. The water reuse rate in fiscal 2023 was 2.4 times the amount of water intake. We will continue working to reuse water within our Moriama Works, from the perspective of long-term water resource security.

Prevention of water pollution

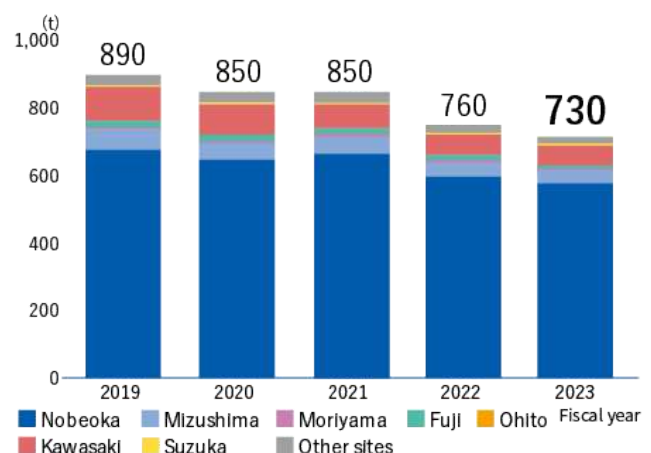
The Asahi Kasei Group is thorough in its water discharge management and leakage countermeasures in order to prevent contamination of bodies of water or groundwater. In addition, as an annual goal for group-wide environmental safety activities, we have set zero instances of leakage as covered by the Water 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 2023, 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.

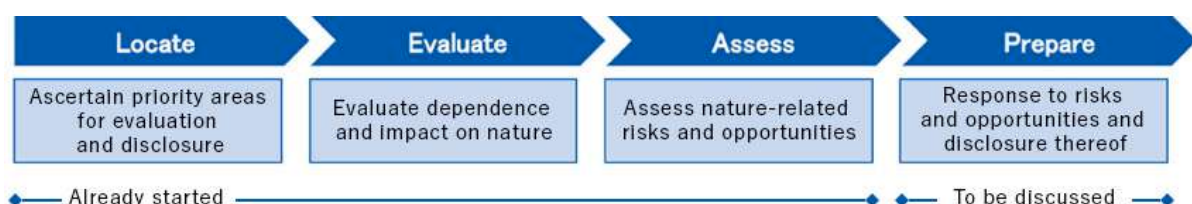
In the “Locate” phase, data from ENCORE, a tool recommended by the TNFD, was consulted to determine the magnitude of natural dependency and impact for each directly operated industrial process. The result of this analysis led to us focusing our evaluation on the Material sector, which has a large impact on nature and a large sales volume. In addition, priority areas for direct operation locations were evaluated according to five criteria set by the TNFD: conservation importance, ecological integrity, rapid degradation of ecological integrity, water stress, and magnitude of potential dependency and impact, referring to TNFD recommended tools such as IBAT, Resource Watch, and ENCORE.

In the “Evaluate” phase, we identified significant dependencies and impacts using information from the TNFD’s sector guidance on chemicals, ENCORE, peer ESG reports, and external reports. Moreover, in order to understand the magnitude of dependency and impact, we organized the environmental performance data we have collected and disclosed so far, and by referring to the data for each site, we identified the locations with the greatest dependency and impact.

In the “Assess” phase, we referred to the TNFD’s sector guidance on chemicals and related reports from international organizations, and identified risks and opportunities for nature on the six quadrants of supply chain (upstream, direct, downstream) and source (dependency, impact), and made a qualitative assessment in terms of magnitude, likelihood of occurrence, and time frame of occurrence. We have also organized the relationship with the areas we have been tackling such as “climate change,” “resource circulation,” and “pollution.”

Going forward, we will use these risks and opportunities for nature in our daily environmental management, and consider how to respond to these risks and opportunities during 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 Alliance¹ which was established by members of interested companies, local governments, and organizations in April 2022 in order to advance initiatives to gain OECM² 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 fiscal 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.

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, processors and manufacturers, and primary vendors (trading companies, etc.), in order to confirm the absence of any problem.

Group-wide activities for biodiversity

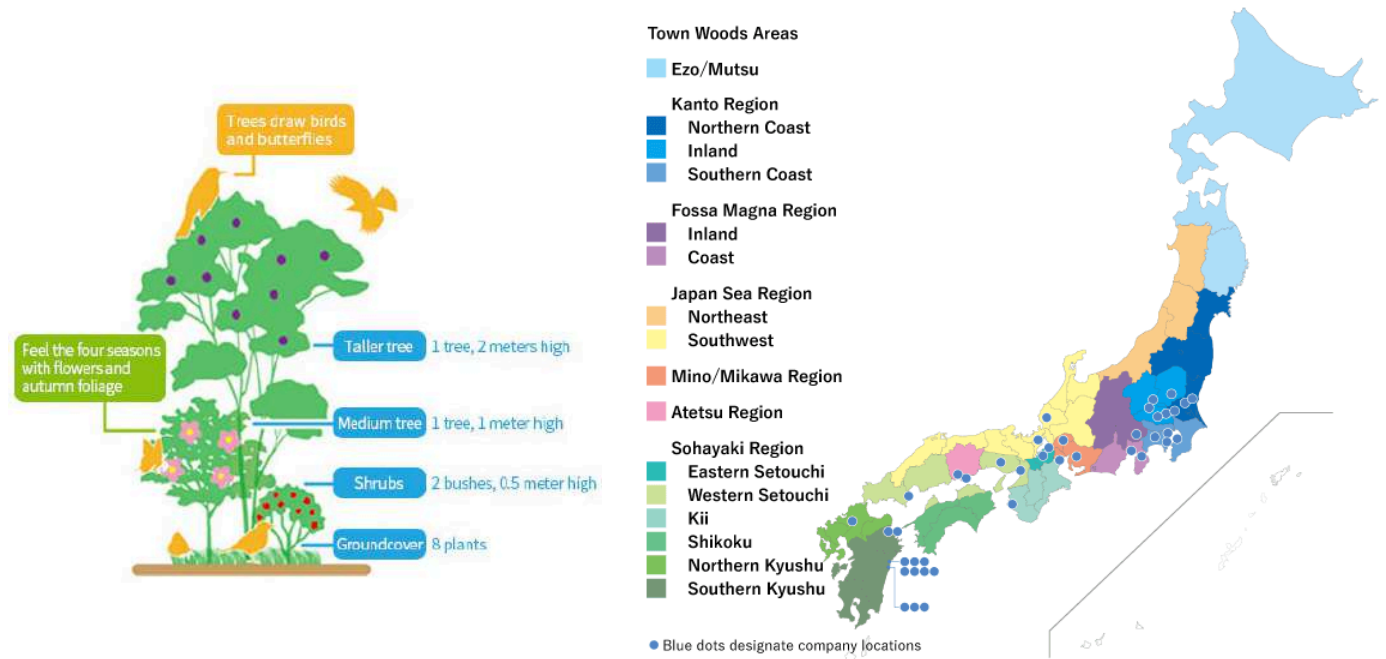


What is the "Town Woods" Program?

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.

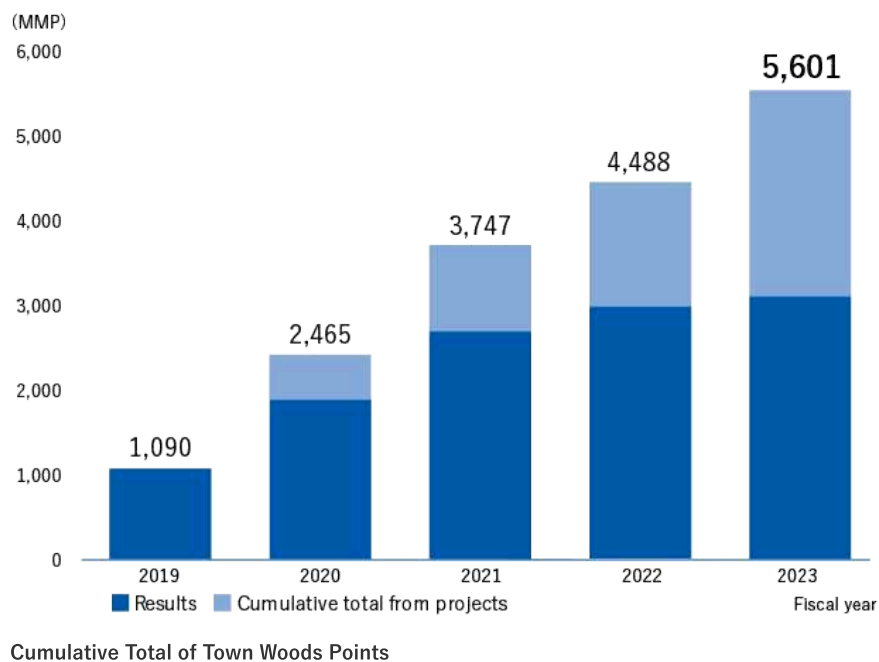
What are Town Woods Pots?

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: FY2019–2023 Results

Note: 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.



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	• Proactively dissemination of information to people inside and outside business sites, including records of observations and photographs of plants and animals. (website, bulletin boards, communication with communities, etc.) 
Stage 4: Development Initiatives in other locations	• Expanding the initiative to other locations • Collaborating with other programs both within and outside the site

FY2023 Project: "Town Woods" Observing the Colors of Living Things

In fiscal 2023, we held a limited time project for employees to think about the strategies of living creatures by observing the colors of living things. 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. For this initiative, employees were asked to submit color schemes and pattern features of plants and animals for the first period from July 16 to September 15, and the second period from September 16 to November 15.

As a result of this four-month effort, we were able to record 304 submissions (993 MMP), 146 plant species, and 63 animal species. After roughly dividing the colors of living things in all submitted photos into 14 colors, the most common color was "green," followed by "yellowish green." The most common flowers and fruits to be photographed were "white," "yellow," "purple," "peach," and "red," which are colors that stand out to people. We learned that about 60% of all living things are thought to adopt conspicuous colors to appeal to someone, and 20% are thought to adopt subdued colors to hide themselves, with more living things adopting conspicuous colors for survival.



➤ Town Woods Program News, Issues 16, 17, and 18  (3.1MB)

Notable activities in fiscal 2023

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 2023, we held a large-scale observation event at the biotope (Moribio) for employees, their families, and neighboring community associations, gathering 60 participants. Thanks to the support of experts, the observation sessions provided a good opportunity to learn about biodiversity conservation while having fun by observing smallhead sticklebacks and dragonflies living in the biotope, conducting a stamp rally for insects found, and creating a container biotope for dragonflies. Following the observation, a luncheon using foods locally produced for local consumption was held to show children the quality of Shiga Prefecture's foodstuffs.

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 dragonfly and to conserve it using a container biotope. In the Biodiversity Biwako Network, each company decides on a dragonfly to be promoted for conservation, and Asahi Kasei has been conserving the dragonfly *Sympetrum kunckeli*, which lives in wetlands. Unfortunately, we were unable to confirm the settling of adults in fiscal 2023, so we are planning to add a container biotope and release eggs in an attempt to successfully confirm adults' settlements in fiscal 2024. The Biodiversity Biwako Network regularly hold exhibitions and events at the Lake Biwa Museum, providing opportunities for local residents to learn about our efforts and the importance of biodiversity conservation.

We will continue to work on biodiversity activities through conservation at the Moribio and activities at the Biodiversity Biwako Network.



Observing wildlife at the Moribio



Exhibition at the Lake Biwa Museum

Actions by Asahi Kasei Jyuko 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 fiscal 2023, we held an observation session at the “Yuya Hebel Biotope” for employees and their families for the first time in four years. The observation session provided an opportunity to learn about biodiversity conservation activities while having fun, as participants observed butterfly dragonflies (black) and darting dragonflies (red) living in the biotope, while receiving explanations and support from experts, in conjunction with the “Town Woods” Observing the Colors of Living Things event.

For the purpose of constructing a planting system that will allow the four-spotted skimmers that hatch in the biotope to stay and settle for a certain period of time, we are continuing to grow seedlings from the plants transplanted into pots around the biotope in June 2022, and plan to replant them around the biotope in one to two years.



Observation at the “Yuya Hebel Biotope”



Seedling plants transplanted into pots and growing seedlings

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. Around these cobblestone pavements and in the crevices, plants such as *Limnophila sessiliflora* grow, crabs inhabit, and various small fish including the pale chub swim in the river water, as dragonflies and butterflies visit the waterside. In the early morning when there are few people around, birds such as ducks, great blue herons, and egrets can be seen flying in and resting. This year, more than ten ducklings were seen swimming in a row behind parent ducks, which made participants feel relieved. The number of soft-shelled turtles, which have lived in the area for a long time, has increased to five, and they can sometimes be seen swimming with large movements of their arms and legs. Employees look forward to seeing what kind of creatures they may find when walking by the river. Every time various creatures are found, we realize how important it is to maintain the riparian environment of River No. 19, home to many aquatic organisms. We will steadily preserve the cobblestone revetment and continue to ensure water quality control of the discharge water to conserve the environment so that these aquatic organisms can live peacefully.



Ducks swimming by the *Limnophila sessiliflora* in River No. 19



Parent ducks and ducklings relaxing on the shore of River No. 19



Turtles swimming in River No. 19

Actions in Nobeoka and Hyuga Area

Since 2007, Nobeoka office has participated in a reforestation program led by Miyazaki prefecture to create forests in cooperation with companies. We planted more than 48.52 hectares of broad-leaf trees and other trees native to the area, replacing plantations of cedar and cypress. This included 24.52 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

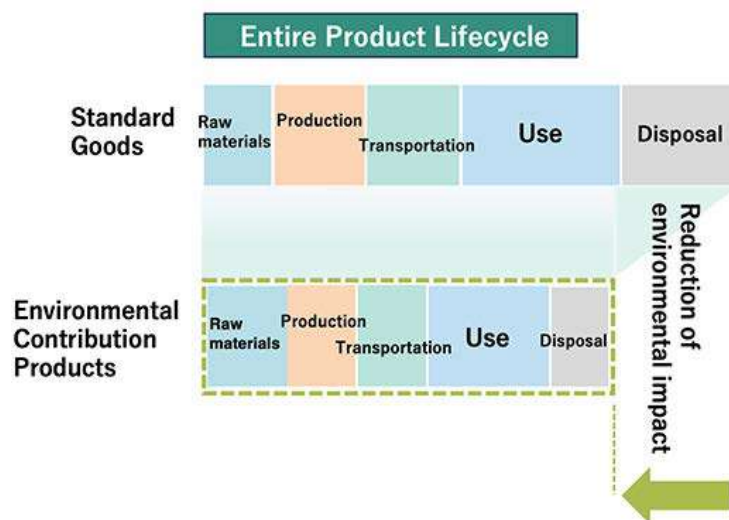
What are Environmental Contribution Products?

The Asahi Kasei Group internally certifies products and services that contribute to improving the environment and reducing the environmental burdens along their overall lifecycle as Environmental Contribution Products.

Concept of certifying products as Environmental Contribution Products

Products are judged from raw materials, to production, transportation, use, and disposal.

Even if the environmental burden of Environmental Contribution Products on a particular aspect is heavy compared to standard products on the market and our existing products (baseline), it is still lower than the baseline on a total product basis. We are promoting such initiatives because the deployment of such products will help reduce the environmental burden on society.

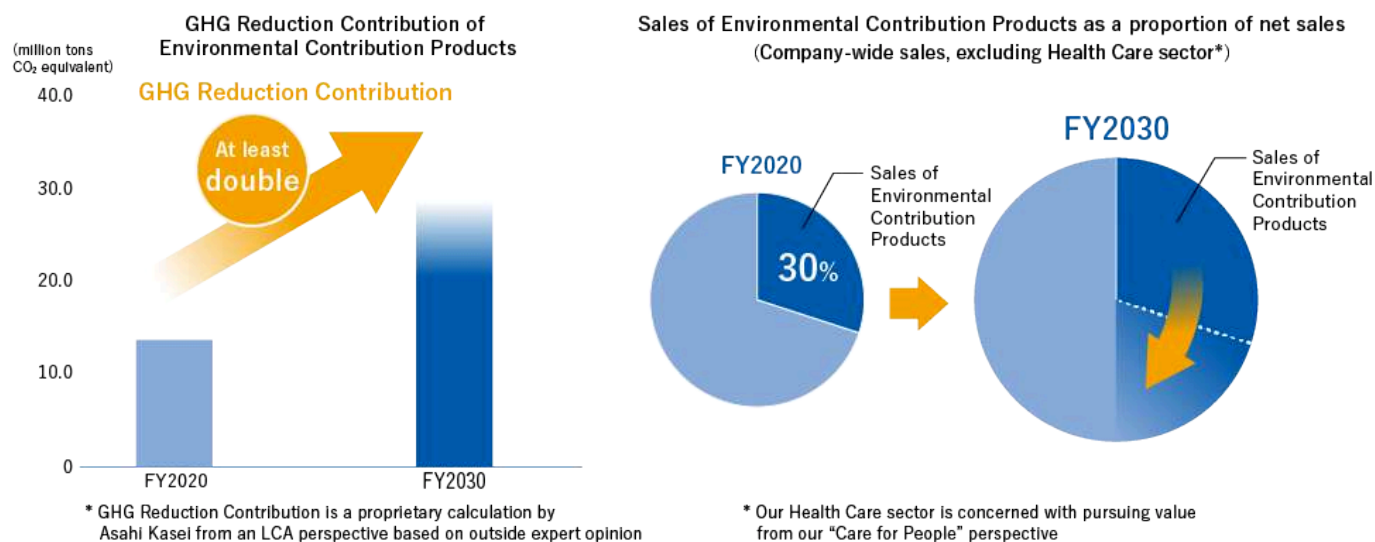


The guideline for Environmental Contribution Products is based on the "Guidelines for Calculating the Avoided CO₂ emissions" issued by ILCAJ, the "Guidelines for Calculating the Contribution to CO₂ Emission Reduction" issued by the Japan Chemical Industry Association, and the "Guidelines for Quantifying GHG emission reductions of goods or services through Global Value Chain" issued by the Ministry of Economy, Trade and Industry. The National Institute of Advanced Industrial Science and Technology's LCA database IDEA and others are used to calculate the volume of GHG reduction contribution.

Targets and results

The Asahi Kasei Group aims to both contribute to the environment and achieve business growth, and has set two goals. The first one is to more than double the GHG reduction contribution from “Environmental Contribution Products” compared to fiscal 2020 by fiscal 2030. The second one is to increase the portion of sales of Environmental Contribution Products among our total sales (excluding Health Care sector). We are getting a quantitative understanding of our progress toward these goals and continuing relevant initiatives.

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



	FY2030 Target	FY2023 Results
Volume of the GHG reduction contribution from Environmental Contribution Products	At least double our GHG reduction contribution compared to fiscal 2020	1.40 times (Reference value) Approximately 18 million tons*
Portion of sales of Environmental Contribution Products among total sales	Increase of the ratio of sales of Environmental Contribution Products to total sales	29%

* Regarding reference values for the GHG reduction contribution

The baseline setting and the approach for the contribution ratio in the calculation of individual products are considered appropriate for each product. For this reason, simple sums of the contributions of each product or inter-company comparisons are not always rational.

The Asahi Kasei Group's Environmental Contribution Products

Our Initiatives

Description of Environmental Contribution Products

Description of Environmental Contribution Products

➤ Overview of Environmental Contribution Products  (831.2KB)

Carbon neutrality
/Circular economy

Environment
& Energy



➤ Ion-exchange membrane process for chlor-alkali electrolysis



Manufacturing process for acrylonitrile



➤ Dimethyl carbonate production process using CO₂ as a raw material



➤ Polycarbonate production process using CO₂ as a raw material



Cyclohexanol production process



Adipic acid production process

Safe, comfortable,
and eco-friendly
mobility

Mobility



➤ Hipore™ lithium-ion battery separator



➤ Celgard™ lithium-ion battery separator



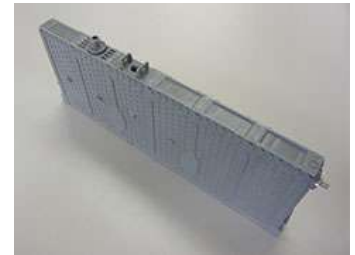
➤ Elastomer for asphalt modification



➤ S-SBR synthetic rubber for fuel-efficient tires



➤ Dinamica™ artificial suede



➤ Xyron™ modified PPE for electric vehicle battery modules



➤ Asaclean™ cleaning agent for resin molding machines



- Duranol™ polycarbonatediol for soft-touch paint



- Low-viscosity grades of Duranate™ HDI-based polyisocyanate



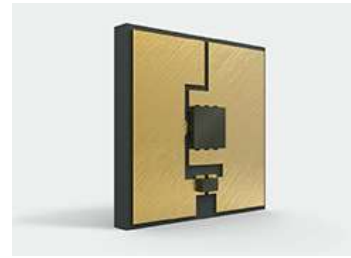
- Xyron™ modified PPE for solar cell connectors



- Microza™ membrane filtration module



- AWP™ photosensitive resin for printing plates



- UVC LED for water sterilization

More comfortable
and
convenient lives

Life Material



- CO₂ sensors



- Current sensor for large air conditioners



- Hall elements and Hall ICs for home air conditioners



ICs* for temperature-compensated crystal oscillators (TCXO) for communication base stations



- Ecoloop™ OPS film

Homes and communities enriching people's lives Home & Living	 ➤ Hebel Haus™ unit homes	 ➤ Hebel Maison™ apartment buildings	 ➤ Neoma Foam™ insulation material
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* Photo shows a wafer of ICs for TCXO

Key points of the contribution of Environmental Contribution Products

	Environmental Contribution Products	Key points of the environmental contribution
Carbon neutrality Climate economy Environment & Energy	Ion-exchange membrane process for chlor-alkali electrolysis	Low electricity consumption in electrolysis
	Manufacturing process for acrylonitrile	High yield (catalysts)
	Dimethyl carbonate production process	CO ₂ as a raw material
	Polycarbonate production process	CO ₂ as a raw material
	Cyclohexanol production process	High yield
	Adipic acid production process	High efficiency in N ₂ O decomposition
Safe, comfortable and eco-friendly mobility Mobility	Hipore™ and Celgard™ lithium-ion battery separators	Essential for lithium-ion batteries in electric vehicles
	Elastomer for asphalt modification	Improvement of road durability
	S-SBR synthetic rubber for fuel-efficient tires	Contribution to tires' rolling performance
	Dinamica™ artificial suede	Improvement of rate of use of recycled PET and reduction of solvents (DMF)
	Xyron™ modified PPE for electric vehicle battery modules	Weight saving of battery cases in hybrid vehicles
	Asaclean™ cleaning agent for resin molding machines	Resource saving in the cleaning of molding machines

	Environmental Contribution Products	Key points of the environmental contribution
More sustainable and convenient lives Life Material	Duranol™ polycarbonatediol for soft-touch paint	Reduction in solvent use (butyl acetate)
	Low-viscosity grades of Duranate™ HDI-based polyisocyanate	Reduction in solvent use for paint manufacturers
	Xyron™ modified PPE for solar cell connectors	Reduction in the number of modules required for high-voltage systems and the quantity of resin used
	Microza™ membrane filtration module	High durability of membrane (resource saving)
	AWP™ photosensitive resin for printing plates	High printing performance, productivity, no solvent required
	UVC LED for water sterilization	Power saving and no use of mercury
	CO ₂ sensors	Reduction of unnecessary ventilation
	Current sensor for large air conditioners	Energy conservation with inverter motors
	Hall elements and Hall ICs for home air conditioners	Energy conservation with inverter motors
	IC for temperature-compensated crystal oscillators (TCXO) for communication base stations	Reduction of used electricity due to absence of heater
	Ecoloop™ OPS film	Increased ratio of recycled material
Strong and comfortable working people lives Home & Living	Hebel Haus™ unit homes and Hebel Maison™ apartment buildings	Durability for 60 to 100 years, energy conservation (ZEH etc.)
	Neoma Foam™ insulation material	Fewer resources required for equivalent insulation performance

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 Assurance department of Asahi Kasei Corporation oversees and coordinates Group-wide quality assurance activities.

Corporate Quality Assurance consists of three groups: the Quality Assurance 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 Assurance Planning Group, which proposes new plans and provides smooth connections between internal and external organizations. Corporate Quality Assurance 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 Assurance 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 Asahi Kasei Group performs quality assurance in accordance with the products and services provided in each business area, in conformity with the Group-wide fundamental principles and uniform guidelines and bylaws.

The Asahi Kasei 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 quality assurance system with reliable safety and security.



Diagram of quality assurance framework

Quality Assurance Meeting (held each month):

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

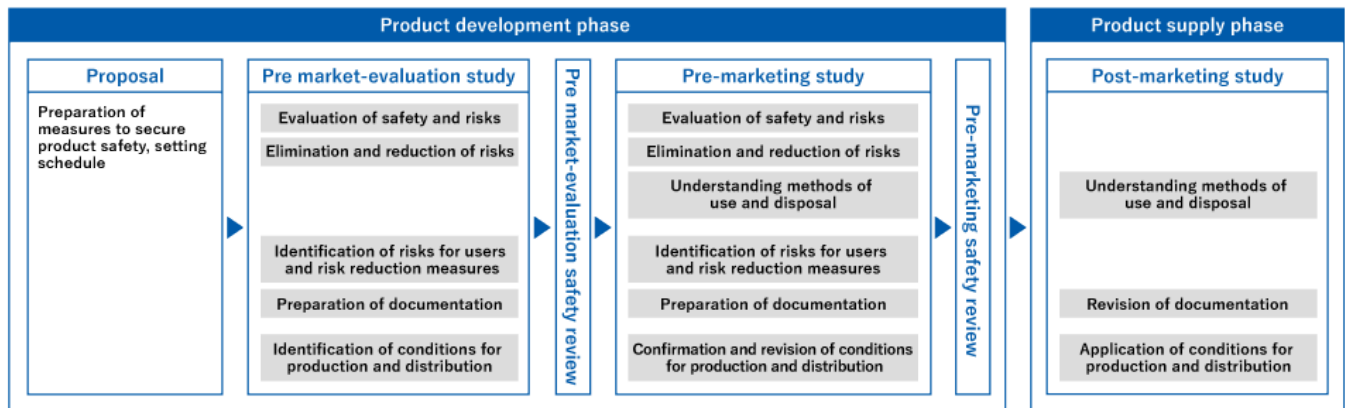
Quality Assurance Managers' Conference (held four times a year):

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 Asahi Kasei Group has also formulated The Asahi Kasei Group Quality Assurance Related Activities Standards in order to make the approach to product safety in the Asahi Kasei Group Quality Assurance Bylaws even more specific.

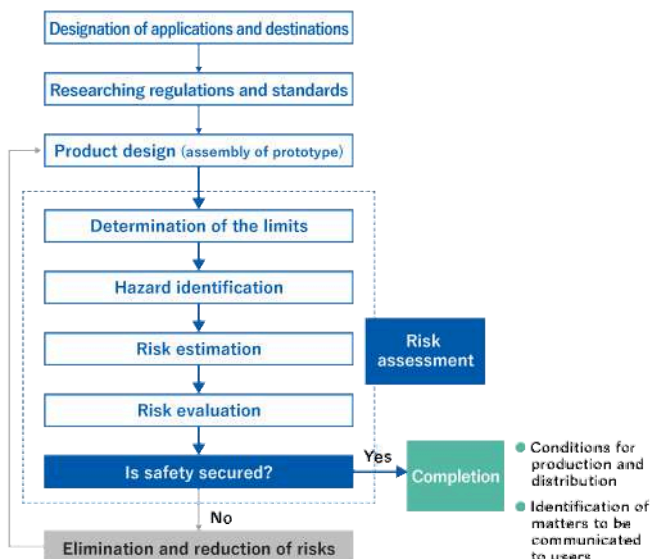
Product safety measures are implemented at each stage of product development and product supply, to ensure product safety and to prevent product problems and complaints from emerging. In addition, we have also established appropriate measures to be taken if a serious product problem or serious accident is likely to occur or if it does occur.



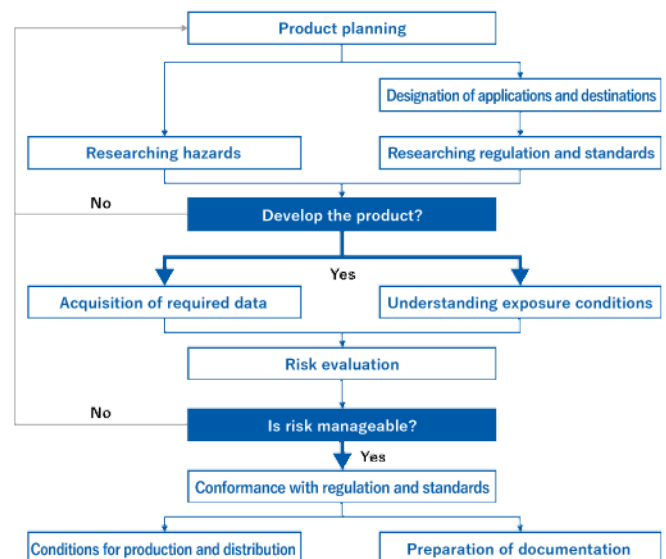
Flow of product safety measures

Safety assurance procedures

Procedures to achieve the safety of products and services are specified through guidelines related to The Asahi Kasei Group Quality Assurance Related Activities Standards and the response to regulations on the control of chemical products.



Product safety procedure for equipment

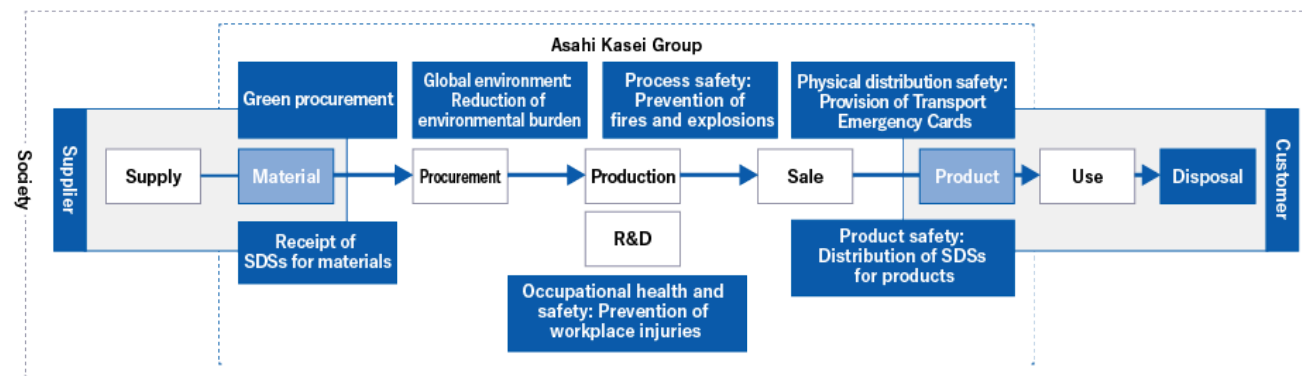


Product safety procedure for chemicals

Chemical substance management

The Asahi Kasei 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, process safety, occupational health and safety and quality assurance (product safety).

Corporate Quality Assurance (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.



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 sale, 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.*

* 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.

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 Asahi Kasei Group. In fiscal 2023, 51 employees selected from throughout the Asahi Kasei Group gathered once per month for a period of six months for group discussions 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 and experts who gained practical experience in quality assurance in companies). At the final session, participants in each business sector discuss issues in their own organizations based on what they learned, and prepare a declaration summarizing their own future actions for organizational improvement.

In fiscal 2024, we are continuing this as a key project for in-house quality assurance training.

Fostering a quality assurance mindset

In fiscal 2023, training on quality risk was performed at each location in Japan and overseas, so that all members of the Asahi Kasei Group can accomplish their daily tasks with an understanding of quality risk.

Coinciding with Quality Month in November, the President, the presidents of core operating companies, the president of each SBU, and the Senior General Manager of Corporate Quality Assurance 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. We plan to continue implementing measures to foster a quality assurance mindset in fiscal 2024 and beyond.

Chemical substance management training

We provide regular training to research, production, and sales staff in each region. 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 considering the possible responses, and presentations of the latest themes in chemical substance management.

Appropriate labeling and information provision

Providing appropriate information to our customers

As the Asahi Kasei Group provides customers with products and services that are end products for domestic and household-use products, we provide 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 Asahi Kasei 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 Asahi Kasei 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

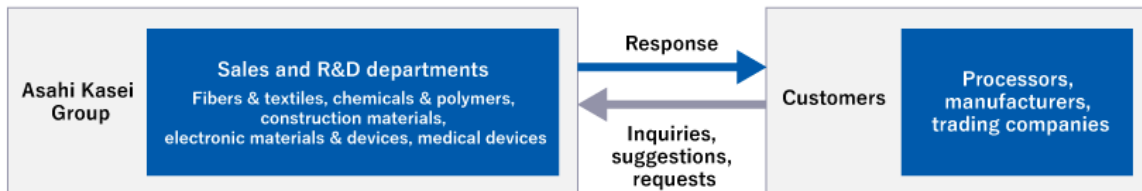
As laws and regulations concerning chemical substances continue to be adopted around the world, such as the REACH Regulation in the EU, we have been confirming, responding, and managing within the company to ensure compliance with them. In addition, some of these regulations require the sharing of information. 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.

➤ JAMP 

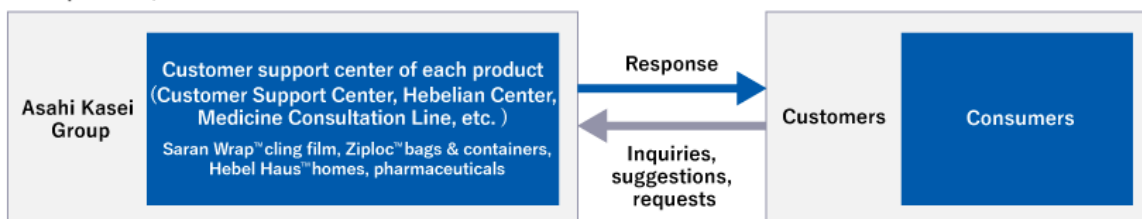
Mechanisms to utilize customer feedback

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. We have built frameworks for such communication with customers in each of our businesses and strives to listen to frank and honest feedback.

Materials, intermediates, devices



Final products, homes



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 Code of Conduct

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 in 2021 as a tool for promoting CSR procurement based notably on our Procurement Policy, our Sustainability Policy, our Human Rights Policy, and our Quality Policy. In fiscal 2023, we shared the latest trends with the procurement managers of Asahi Kasei Homes, Asahi Kasei Medical, Asahi Kasei Microdevices and other companies and organized meeting feedback sessions on the direction of Group-wide activities and the content of each item. Results of the discussions were newly summarized in the Asahi Kasei Group's Supplier Code of Conduct. To ensure that our suppliers understand and agree with our policies, we plan to disclose them on our website along with our Procurement Policy, ask suppliers to sign, and submit an agreement form. We will also monitor compliance through CSR assessments of our suppliers and cooperate to make improvements.

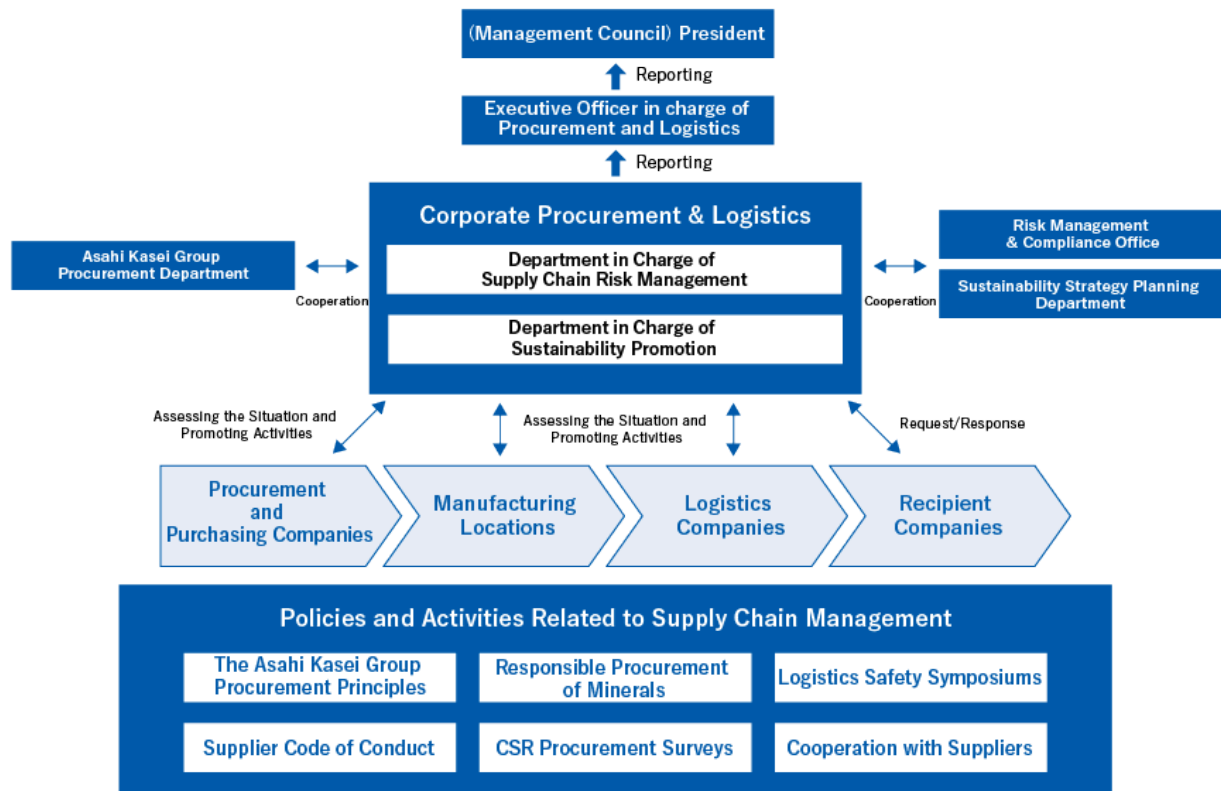
➤ Supplier Code of Conduct  (186.5KB)

Note: The Code of Conduct was revised in September 2024.

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 Companies with the content.

In fiscal 2022, we clearly defined the department responsible for sustainability promotion 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 the Supplier Code of Conduct 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](#) 

Raising awareness of Procurement Policy and Supplier Code of Conduct

To ensure that suppliers are familiar with our Procurement Policy and Supplier Code of Conduct, we strive to raise awareness by disclosing them on the website and asking them to complete our CSR procurement questionnaires. In fiscal 2023, we held an online briefing session for approximately 200 domestic suppliers eligible to answer the CSR procurement questionnaire at the time of implementation, during which we also explained our Procurement Policy and Supplier Code of Conduct.

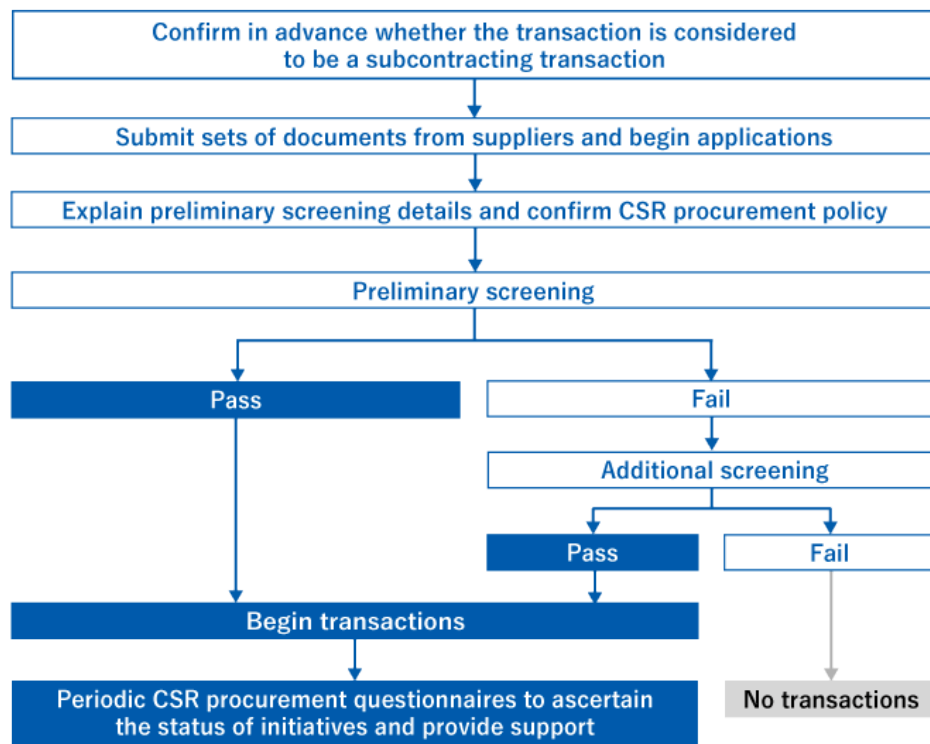
Evaluation of CSR at suppliers

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 annually 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

➤ FY2023 CSR Procurement Questionnaire  (1.1MB)

FY2023 CSR Procurement Questionnaire

In fiscal 2023, we asked 222 of our major suppliers of raw materials to complete a questionnaire, and received responses from 215 companies. The suppliers that responded to the questionnaire account for approximately the top 80% of contracts by value among raw material suppliers that do business with Corporate Procurement & Logistics.

We also started a new questionnaire for our logistics suppliers, asking 20 companies to complete the survey, and we receive responses from all of them. The suppliers that responded to the questionnaire account for approximately the top 80% of contracts by value among logistics suppliers that do business with Corporate Procurement & Logistics.

Number of responses and results to our CSR Procurement Questionnaire

Rating	Raw material suppliers		Material suppliers		Logistics suppliers
	FY2021	FY2023	FY2020	FY2022	FY2023
A	79(78%)	164(76%)	77(41%)	119(56%)	13(65%)
B	17(17%)	40(19%)	67(36%)	60(28%)	4(20%)
C	3(3%)	10(4%)	31(17%)	28(13%)	3(15%)
D	2(2%)	1(1%)	12(6%)	7(3%)	0(0%)
Total	101	215	187	214	20

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



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.

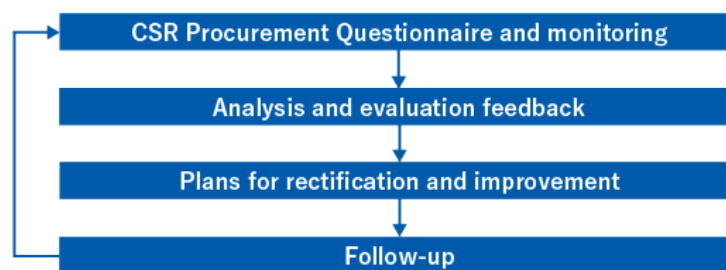
In addition to the above follow-up, we are conducting interviews with suppliers who have significantly improved their evaluation compared to the previous questionnaire, and hearing about best practices in CSR promotion activities.

Support for improvement of the evaluation of the CSR Procurement Questionnaire for suppliers

In fiscal 2023, we conducted interviews with 33 of the 35 suppliers who received a C or D rating in the fiscal 2022 questionnaire (material suppliers). However, in fiscal 2023, no significant issues were discovered with any of our suppliers. In addition, we conducted interviews with 7 suppliers, who had significantly improved their evaluation compared to the fiscal 2020 questionnaire, and heard about best practices in CSR promotion activities.

For suppliers ranked C and D in the fiscal 2023 questionnaire (11 raw material suppliers and 3 logistics suppliers), 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](#) 📄 (1.6MB)



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 215 companies) in the fiscal 2023 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.

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 Asahi Kasei 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.

Initiatives in fiscal year 2023

In addition to CSR surveys, individual surveys on conflict minerals are conducted on a regular basis to prevent complicity in negative human rights impacts due to their use. In fiscal 2023, we sent a request to our suppliers to investigate all of the 10 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 use are not conflict minerals. The CMRT (Conflict Minerals Report) and EMRT (Extended Minerals Report) published by RMI (Responsible Minerals Initiative) are used to conduct these surveys.

Contribution to sustainable logistics

The Asahi Kasei Group, primarily from the position of a cargo owner, is working to contribute to sustainable logistics. In response to a severe shortage of truck drivers in Japan, we announced in 2019 our declaration of voluntary activities as part of the White Logistics Movement 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 on initiatives toward enhancing the productivity and efficiency of the trucking industry while improving the working conditions for drivers.

To cope with the “2024 problem,” in which limits on overtime hours have been applied to truck drivers since April 2024, raising the difficulty of securing transportation, especially long-distance transportation, we are promoting measures such as modal shifts in cooperation with logistics companies.

In December 2023, the Chemicals Working Group established within the “Physical Internet Realization Council” led by the Ministry of Economy, Trade and Industry and the Ministry of Land, Infrastructure, Transport and Tourism, in which we also participate, announced a voluntary action plan to optimize logistics and improve productivity. This voluntary action plan forms the basis of our promotion efforts such as the reform of business practices in cooperation with our customers and logistics providers.

- Asahi Kasei Corporation “White Logistics Movement” Declaration of voluntary activities 
- Physical Internet Realization Council
Chemicals Working Group
Plan of voluntary initiatives for optimization and productivity improvement of logistics related to chemicals 

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 Strategy Planning Department and the procurement departments at subsidiaries and affiliates. The details of training activities in fiscal 2023 are as follows:

Training	Content	Summary of Training
Sustainability Training (1)	General knowledge regarding sustainability and Asahi Kasei's sustainability(Elementary)	Target: Personnel responsible for materials, personnel responsible for logistics Participants: 132
Sustainability Training (2)	General knowledge regarding sustainability and Asahi Kasei's sustainability(Intermediate)	Target: Personnel responsible for raw materials, personnel responsible for materials Participants: 57
Procurement Personnel Training	Supply chain risk management	Target: Personnel responsible for raw materials, personnel responsible for materials Participants: 174

Initiatives in fiscal year 2023

In addition to the aforementioned educational activities, we have started the “Sustainability Ambassador System” in fiscal 2023, consisting of certain personnel in charge of materials and logistics, in an effort to improve sustainability literacy within departments.

More specifically, in the materials area, we held “discussions for upgrading follow-up activities for CSR procurement questionnaires,” “study session on industry trends related to sustainability,” and “discussions for strengthening supplier engagement activities.” In the logistics area, we conducted “study sessions on low-carbon transportation modes by suppliers,” “study sessions on GHG emissions calculation methods,” and “discussion on how to promote CSR activities.”

Communication with suppliers

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.

▸ Reporting and consultation hotline for business partners



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-creation 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-Spirits, 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-creation” 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-creation, 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-creation” 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

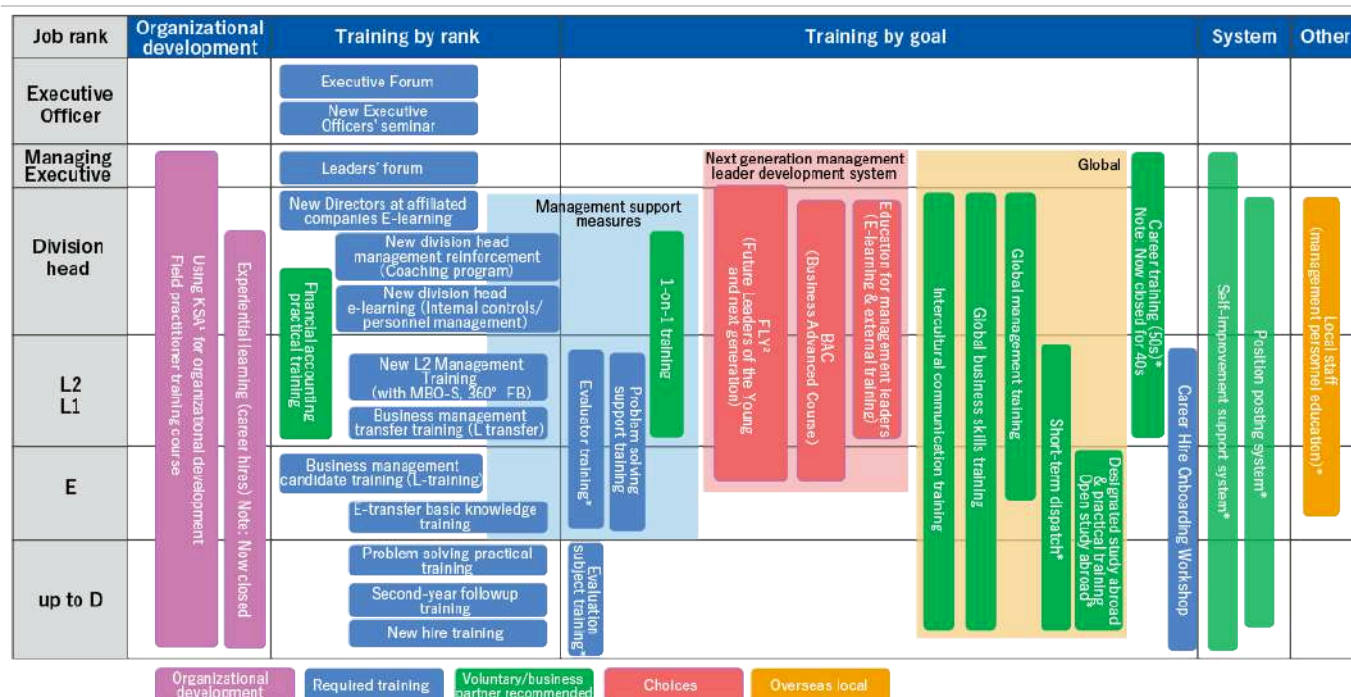
Policy

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 2023



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

² FLY is a selective program to foster next-generation leaders.

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

	FY2021	FY2022	FY2023
Investment in training (total)	2,806,147 (thousand yen)	3,471,596 (thousand yen)	4,248,249 (thousand yen)
Investment in training (per employee)	166 (thousand yen)	198 (thousand yen)	242 (thousand yen)
Time invested in training (per employee)	22.3 (hours)	25.7 (hours)	28.1 (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. We have thus extended the retirement age to 65 from fiscal 2023, in the hope that all employees will continue to hone their expertise and stay active even after the age of 60. We have also revised our compensation system from a conventional rehiring system to a new system with a treatment that allows employees to hone their expertise and take on roles needed by others, so that they can further show their skills and lead fulfilling lives.

Position posting system

We adopted an open recruitment policy in fiscal 2003. Since then, a cumulative total of approximately 500 employees has voluntarily moved from one department to another to take on new challenges each year. 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 2023, a total of 1,483 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.

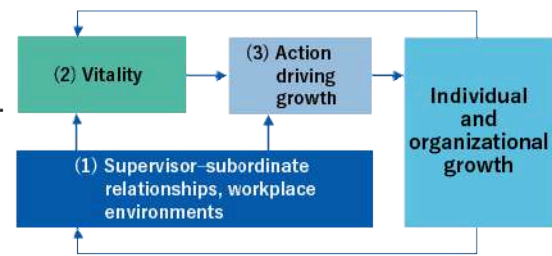
At the same time, we conduct stress checks to identify health risks and create an environment in which each employee can achieve sustainable growth while maintaining good physical and mental health.

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) vitality (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.

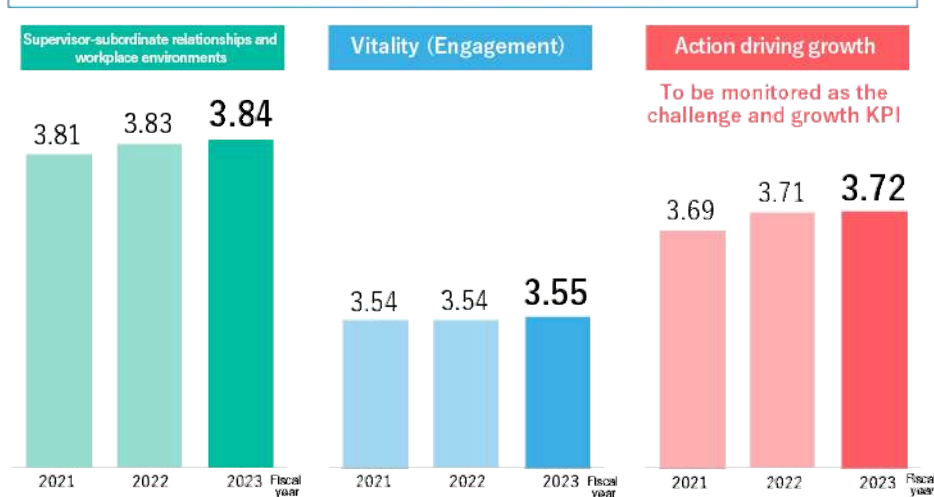
The KSA (Vitality and Growth Assessment) Structure



Items measurable by KSA (Vitality and Growth Assessment)

(1) Supervisor-subordinate relationships, workplace environments (organizational resources) ● Supervisor encouragement ● Interpersonal relationships supporting work ● Inspiring ingenuity ● Respecting diversity ● Workplace encouraging frank discussion (psychological safety)	(2) Vitality (Engagement) ● 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	(3) Action driving growth ● Experiential learning behavior ● Contribution to the organization ● Problem solving, making improvements ● Job crafting
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Trends of the 3 KSA indicators



Note: Answer on a scale of 1 to 5.

Enhancing management skills and developing upper-management candidates

We offer an extensive training program for general 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 training, 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 March 2024, 287 people out of 700 manager-class employees have already completed the program.

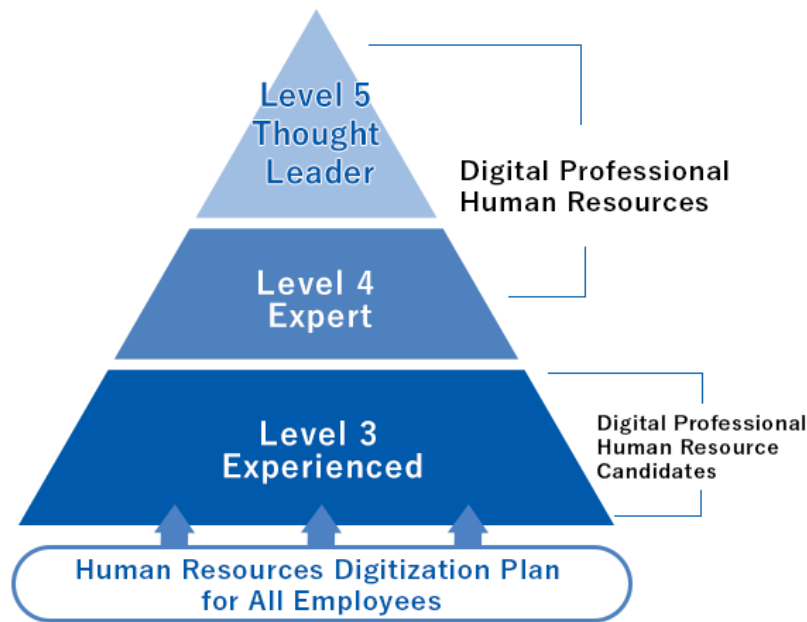
We also put emphasis on the development and acquisition of upper management talent. In addition to encouraging their personal growth through coaching, we offer programs to strengthen leadership and teamwork. Every year, several employees are designated as Group Executives* through this program. In fiscal 2023, there were 35 Group Executives, and 91 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 on initiatives to increase the number of digital professionals who can promote advanced digitalization by 10 times to 2,500 employees by the end of fiscal 2024 compared to fiscal 2021 (end of fiscal 2023: 1,728 employees). Since April 2021, the Asahi Kasei DX Open Badge program has been rolled out within the Asahi Kasei Group to promote the acquisition of basic digital knowledge for all employees while nurturing human resources who will drive the DX of workplaces.



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 2023, 88 people have completed the courses). We also encourage employees to obtain national career consultant certifications. As of April 2024, 33 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.

We have also identified "co-creation" 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-creation" 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-creation, 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 DE&I Promotion Office, a department dedicated to addressing this subject. At the same time, we are working to strengthen our promotion framework by establishing a DE&I 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

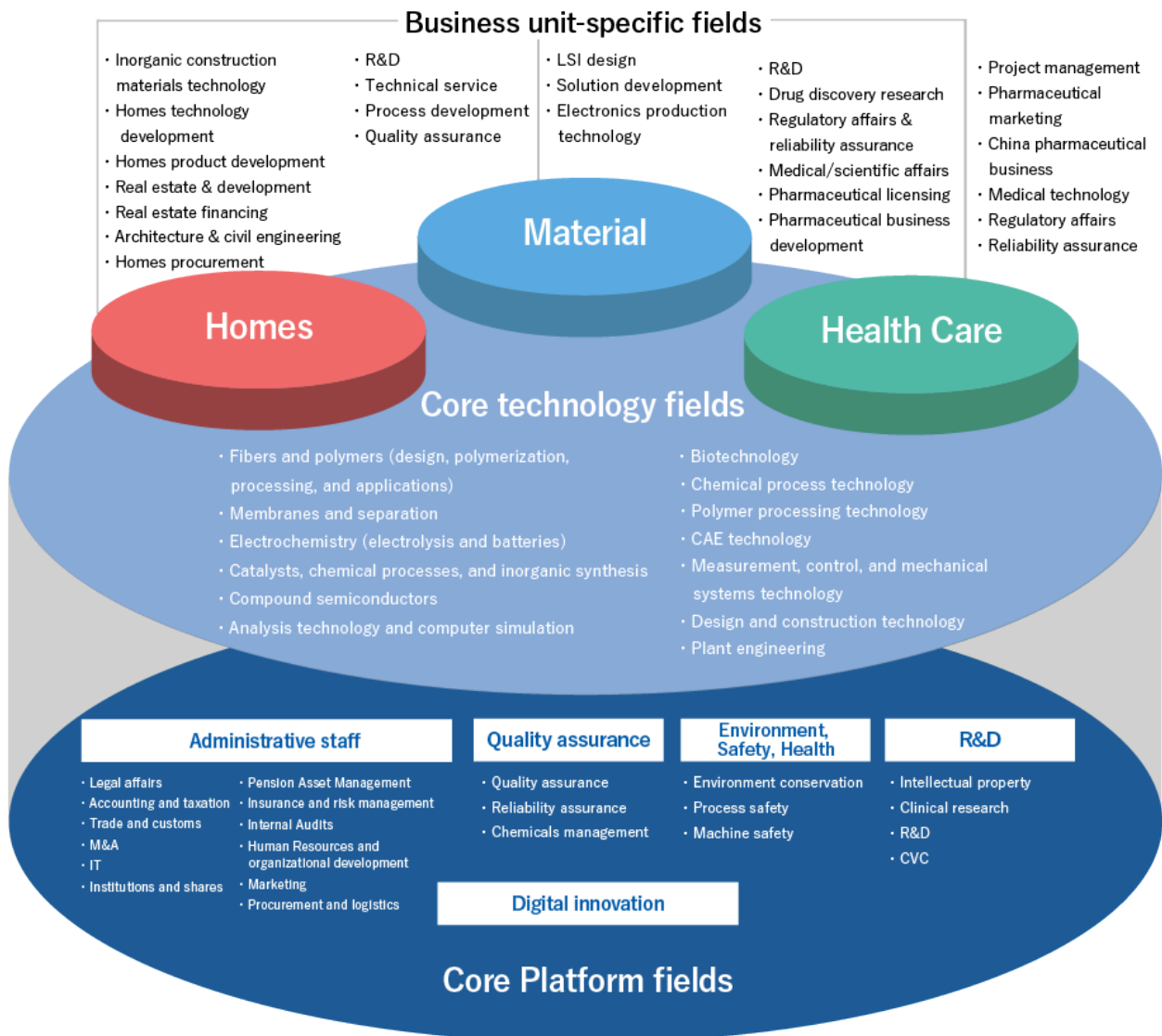
We employ a "Group Masters" program to broaden the segment of human resources with expertise that holds universal value through the appointment, training, and treatment of human resources expected to be actively involved and participating in creating new business and strengthening existing business as "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. Group Masters lead the R&D of core technology fields, and the connections between diverse technologies and human resources result in the expansion of the 10 Growth Gears businesses (GG10).

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

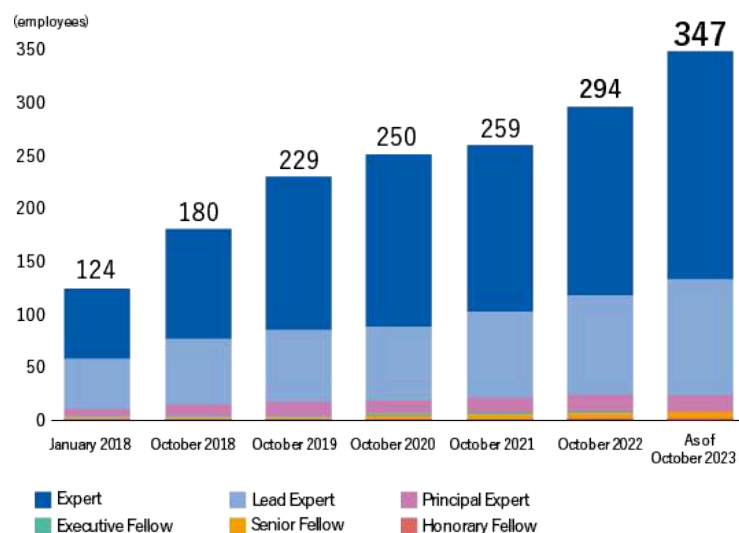


Target areas



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

Basic Approach

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 DE&I 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.

Various initiatives for the active participation of women

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 Group Masters) as an indicator to measure the success of our diverse human resources (FY2030 target is 10%). In addition, based on these developments, our Action Plan for the expansion of opportunities for women has been revised as follows.

The achievement of the above is coupled with the implementation of various initiatives to form a candidate pool as a mechanism to continuously produce female leaders. The above-mentioned mentor program has been continuously implemented since 2013, with the participation of 132 new female managers cumulatively. It offers an opportunity for each attendee to independently think about career formation and issue resolution, and foster ambition toward personal growth.

In addition, to further motivate female managers in line posts to grow and broaden their horizons, we held a round table discussion between two female Outside Directors and female managers in fiscal 2023. The two Outside Directors talked about their careers and experiences, as well as the expectations for female managers, to broaden their perspectives in terms of management needs, and to encourage participants to change their awareness and behavior toward upcoming challenges and success.

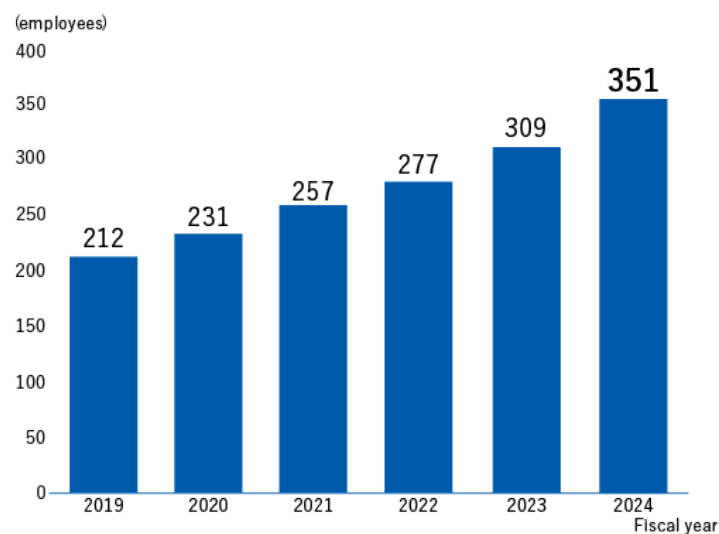


One measure to support diverse work styles and career development is the development of a “Partial Role Model Channel” on the Company’s intranet to introduce diverse human resources active within the Company, such as female managers and men who take childcare leave and are also involved in housework and childcare. The program targets employees who say that they do not have many role models around them. It aims to motivate female employees to challenge themselves to advance their careers by presenting them with a variety of role models, and to give them an image of mid- to long-term career development, including the balance of work and family, without being restricted by gender.



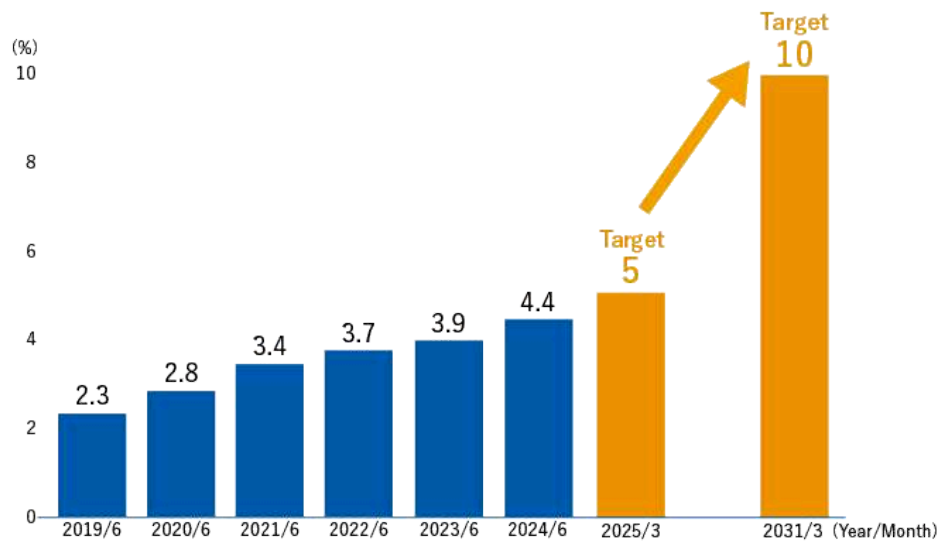
In addition, we conducted unconscious bias training for all Executive Officers and Senior General Managers from January to May 2024, based on the idea that it is important to learn how to recognize and control unconscious bias inherent in each worker in order to maximize organizational strength by making the most of each person's diversity. In fiscal 2024, we expanded the training to all General Managers, and are working to increase psychological safety in the workplace and develop managers who can support the success of all employees.

In parallel with the aforementioned company-wide measures to increase the number of female employees in leadership positions, we have established by-name female personnel plans in each domain and are implementing initiatives to lead to actual promotion. Moreover, the DE&I Committee chaired by the President was established in fiscal 2023 to regularly monitor and exchange opinions with a view to confirm progress and improve issues throughout the Asahi Kasei Group. As a result of these various initiatives, the number of female managers has increased from 3 in 1994 to 351 (as of June 1, 2024). At the upper management level, we currently have two female Executive Officers, two female Directors, and one female Audit & Supervisory Board Member (as of June 25, 2024).



Changes in the number of female managers

Note: as of June of each year



Proportion of women working as managers and Group Masters

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 pool of human resources who can be candidates for senior management positions in leadership roles: Increase the number of female managers by 40% compared to March 31, 2021 Latest status: 55% increase (as of June 1, 2024) Objective 2 Achieve a situation where women are active in leadership positions: Implement the following items during the period of the plan to increase the ratio of women in line posts at the manager level and above and in Group Master positions to at least 10% by the end of fiscal 2030 ① Formulate and implement action plans to encourage women's activities for each business organization ② Promote a better understanding of the importance of diversity and inclusion initiatives, including the promotion of women's participation Latest status: 4.4% (as of June 1, 2024)

* 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.

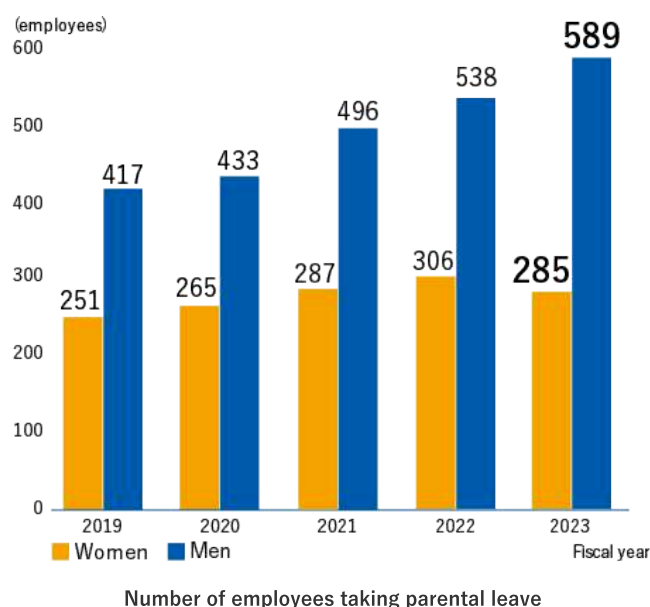
Parental leave

Our parental leave is available through the fiscal year in which the child turns 3 years old at Group companies in Japan*.

In fiscal 2023, 874 people took advantage of the parental leave, of which 589 were men and 285 were women. The parental leave utilization rate for men who had a newborn child was 84.3%.

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 127 individuals participated in fiscal 2023.

* 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.

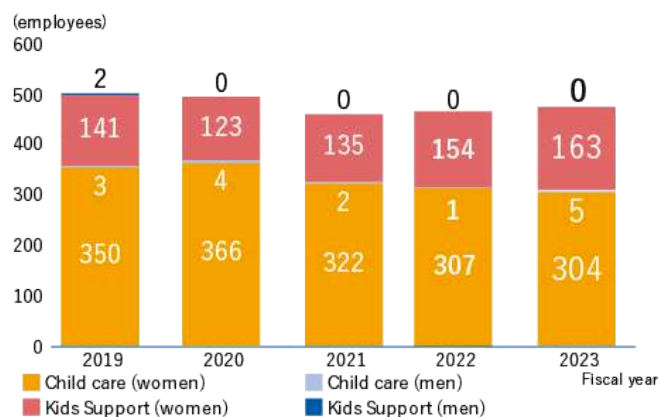


Shortened working hours for child care

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 2023, 472 employees took advantage of shortened working hours for child care and kids’ support, five of whom was a male employee. In April 2020, we began to expand the applicable period of shortened working hours for child care for contract employees (up to the start of elementary school) and the “Kids Support” shortened working hours for child care.

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



Number of users of shortened working hours for child care and “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 to corporations 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.

- 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.



Booklet on balancing work with care for family members

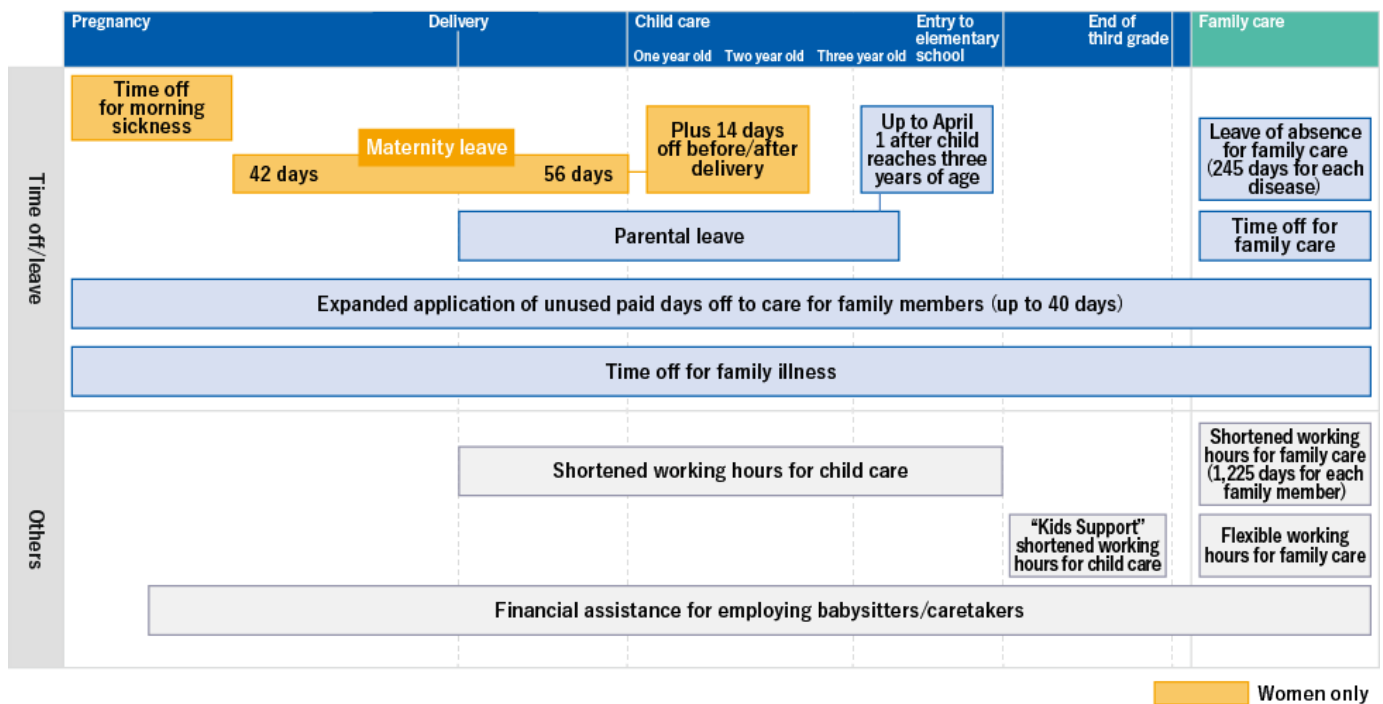
Since 2011, we have held seminars on balancing work and family care at various locations throughout Japan. Since 2020, the seminars have been held online for Group-wide employees throughout Japan. We are working to meet a diverse array of needs, such as by offering “Seminars for Supervisors with Subordinates 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

Asahi Kasei Group employees and their family members), which was launched in April 2019, has been used for 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.

* 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

The Asahi Kasei Group has long proactively conducted personnel transfers across business sectors. 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.

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.

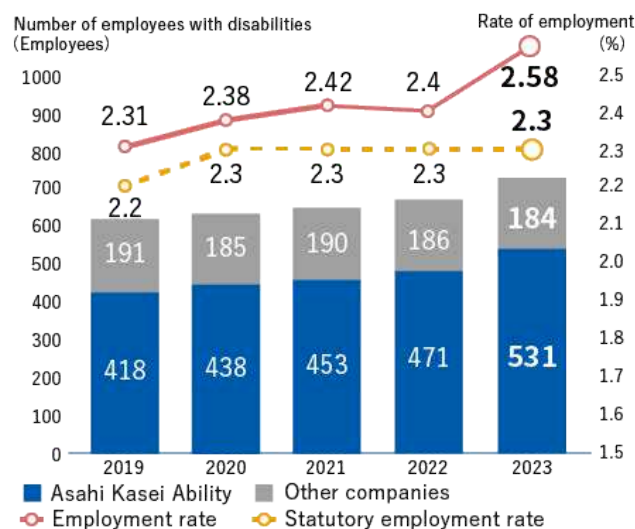
Note that Asahi Kasei Corporation currently has six non-Japanese Executive Officers.

Employment of persons with disabilities

The Asahi Kasei 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 2023 was 2.3%, while the Asahi Kasei Group's annual hiring rate for the year was 2.58%.* As of March 31, 2024, it was 2.59% (715 persons), remaining above the higher statutory employment rate for fiscal 2024 of 2.5%.



Rate of employment and number of persons with disabilities employed*

Due to a review in aggregation, figures for fiscal 2021 and fiscal 2022 have been revised.

* 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 27,642 persons at the 23 applicable companies as of March 31, 2024. (number of persons calculated in accordance with the Act on Employment Promotion, etc. of Persons with Disabilities)

Initiatives at Asahi Kasei Ability

1. Strengthening of sales activities

(1) Establishment and operation of dedicated departments

In response to the increase in the statutory employment rate, we will continue to increase the employment of people with disabilities. Furthermore, in order to create jobs that allow people with disabilities to work with vigor and pride, we have established a Sales Promotion Department as a dedicated department, which started full-scale activities in fiscal 2023. We strive to increase awareness of the Asahi Kasei Group and our businesses both internally and externally and by extension, to create jobs for people with disabilities to ensure their employment.

(2) Workplace tours

Each sales office (Nobeoka, Mizushima, Osaka, Fuji, and Tokyo) invites visitors as occasion demands and presents its operations and workplaces to many companies and municipalities within and outside the Asahi Kasei Group.

2. New businesses

Employment of health keepers (masseurs)

The Nobeoka Sales Office employs a visually impaired person (health keeper) who is a certified masseur to provide services to our employees in a bid to employ more people with disabilities and as a welfare program for our employees. The program has been very well received by employees, and future expansion is being considered.

3. 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 2023 national competition (held in Aichi Prefecture), 11 employees participated as prefectural representatives, and 2 employees won Bronze Awards: one in the office assistant category and the other in the spreadsheet category.



Office assistant contest and spreadsheet contest



Group photo at the venue

System to Support the Activities of All Motivated Human Resources

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.

Support for returning to work after medical treatment

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.

Leave system to accompany spouses on overseas transfers

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 2023, this provision was utilized by 11 personnel (including 0 male employees).

Support activities for LGBTQ 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. Starting in fiscal 2023, an e-learning program has been scheduled to be implemented to promote understanding of gender diversity (mandatory for managers). 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 2023, there was one violation of the Labor Standards Law. When adding up overtime work and work on holidays, average working hours during 2 to 5 months surpassed 80 hours. After the violation occurred, we determined the cause and implemented 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 9,114 members (as of March 1, 2024).

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 the human rights risks in our activities and continuously work to prevent and mitigate the identified risks. 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

Participation in human rights initiatives (signatory to UN Global Compact)

We actively participate in subcommittee activities related to the respect for human rights, provided and managed by the UN Global Compact Network Japan. In fiscal 2023, we continued our participation in the working group within the Supply Chain Subcommittee, which is developing a Human Rights Due Diligence Practice Manual. Additionally, we participated in expert lectures and workshops in the HRDD Subcommittee and Human Rights Education Subcommittee, leveraging the latest trends and examples from participating companies to enhance our own initiatives on respecting human rights.

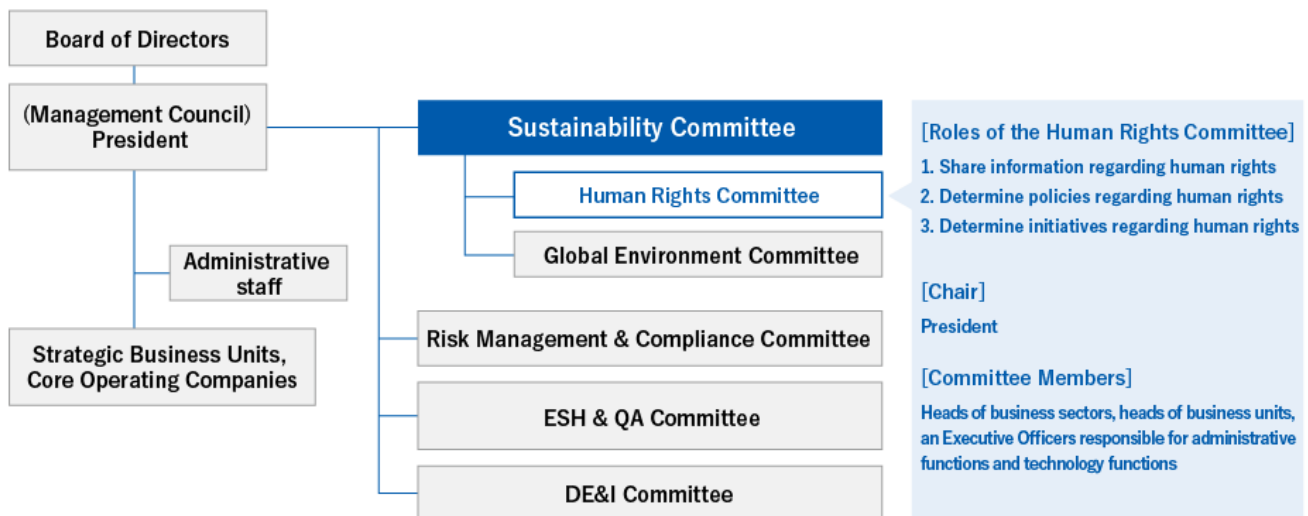
➤ Participation in human rights initiatives (signatory to UN Global Compact)

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. In fiscal 2023, we shared global trends related to human rights and reviewed group initiatives on respecting human rights. As concerns about the increasing complexity of human rights issues and evolving societal values surrounding human rights continue to grow, along with the progress of legal frameworks in various countries, we will continue to use this committee to exchange information and enhance our efforts to address human rights.

The Human Rights Committee is positioned as a subcommittee of the Sustainability Committee.

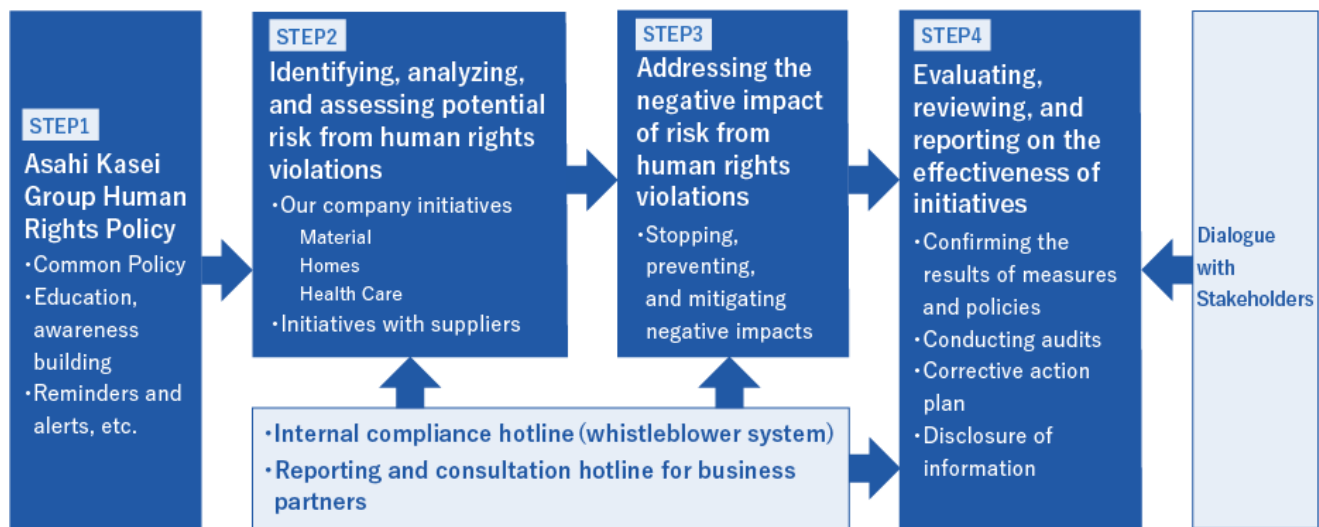
The committee chaired by the president is composed of members from diverse fields, including leaders responsible for business units, administrative functions, and technology functions. Matters discussed by the Human Rights Committee are reported to the Board of Directors.



Human Rights Management Framework (as of August 1, 2024)

Implementation of human rights due diligence

The Asahi Kasei Group recognizes that human rights due diligence is crucial in fulfilling our responsibility to respect human rights. To proactively identify, prevent, and mitigate any potential negative impacts the group may have on society, we will continue to deepen our initiatives step by step.



Overall picture of Asahi Kasei Group's human rights due diligence

Initiatives in FY2023 - Survey on Human Rights Violation Risks for Business Unit Managers

In fiscal 2023, we focused on advancing primarily Step 2 of our human rights due diligence process. To promote actions and business activities in line with the Asahi Kasei Group Human Rights Policy, we conducted a survey on human rights violation risks in the value chain for 34 business unit managers across the Asahi Kasei Group, with the advice of external experts. The Human Rights Expert Committee reported on the survey results, along with the findings from interviews, sharing awareness of issues related to human rights violation risks in specific business units. In addition, the committee reviewed trends related to business and human rights, both domestically and internationally, and considered their impact on the group. This process reaffirmed the importance of initiatives to respect human rights, and we also reviewed future plans and our reporting structure.

Applies to	: 34 business units within the Asahi Kasei Group: 23 in the Material sector, 6 in the Homes sector, and 5 in the Health Care sector
Purpose	: To assess each business unit's awareness of human rights violation risks and their current responses, in order to develop more effective initiatives

(1) Identifying human rights violation risks in the value chain process

Risks of human rights violations among suppliers (primary suppliers and direct procurement sources)

- The presence or absence of procurement of high-risk raw materials (plant-based, mineral-related, or from high-risk regions)
- Awareness of discrimination or unfair treatment concerning wages, working hours, and other labor conditions in the employment of foreign workers
- Awareness of the employment of children below the minimum working age as stipulated by law

Risks of human rights violations among direct subcontractors (primary outsourcing partners and cooperating companies)

- The presence or absence of discrimination concerning wages, working hours, and other labor conditions in the employment of foreign workers
- The presence or absence of child labor, specifically the employment of children below the minimum working age as stipulated by law
- Occupational health and safety: The presence or absence of poor working conditions or hazardous tasks that raise significant concerns from a health and safety perspective

Risks of human rights violations within Asahi Kasei (as individual business units)

- Preventive measures (special considerations and actions) against all forms of inhumane treatment, including discrimination and harassment based on race, ethnicity, birth, nationality, religion, gender, sexual orientation, disability, or ideology

Risks of human rights violations related to our products and services

- Preventing negative human rights impacts through product warnings for corporate customers and consumers, such as proper disposal methods and prohibitions on misuse
- Ensuring that our advertisements, catalogs, and external websites avoid inappropriate expressions related to gender roles, racial bias, or other aspects from the perspective of respecting human rights
- Managing relationships with local public officials at overseas locations, with a focus on compliance with local laws and regulations

(2) Sharing the status of individual initiatives and awareness of issues in each business**Upstream in the value chain**

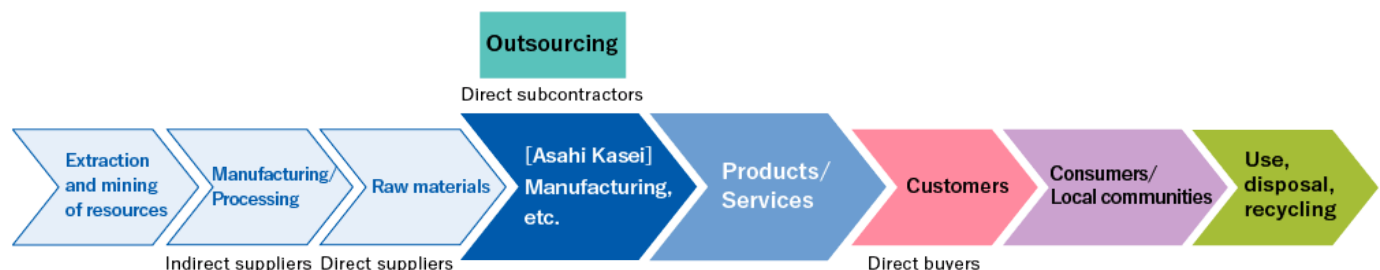
- The status of incorporating CSR clauses into procurement contracts with direct (primary) suppliers
- The level of awareness regarding human rights violation risks among indirect (secondary and beyond) suppliers

Downstream in the value chain

- Measures to prevent unintended uses of products

Asahi Kasei Group's Initiatives on Human Rights in the Value Chain

Based on the results of the above survey, we have reviewed both the individual efforts being made by each business unit and the comprehensive initiatives being undertaken as a group. This has allowed us to organize the status of our efforts related to business and human rights at each point along the group's value chain.



Asahi Kasei Group value chain

Asahi Kasei Group value chain	Resource extraction	Manufacturing/ Processing (Indirect suppliers)	Raw materials (Direct suppliers)	Asahi Kasei (manufacturing, etc.)	Outsourcing (Direct subcontractors)	Products/ Services	Customers (Direct buyers)	Consumers/ Local communities	Use, disposal, recycling
Related departments	Procurement (Raw materials, supplies)			Human Resources, Legal	Procurement (Outsourced processing)	Sales, Marketing	Sales, Marketing Quality Assurance		
				Corporate Planning, Compliance		Logistics, Quality Assurance			
				Production					
				Corporate environmental safety and health					
				Quality Assurance					
Identified key human rights themes	Working conditions Labor conditions Occupational Health and Safety			Working conditions	Working conditions Labor conditions	Product safety Advertising and promotion	Product warnings Personal information management	Consideration for local communities Environmental protection	Environmental protection
				Labor conditions					
				Occupational Health and Safety					
				Discrimination and harassment					
				Product quality and safety					
Potential risks for the group	Child labor Forced or excessive labor Non-payment of living wages Dangerous or poor working conditions		Excessive labor Occupational Health and Safety	Excessive labor	Excessive labor Occupational Health and Safety Discrimination and harassment Unreasonable deadlines and contract conditions	Health hazards Inappropriate expressions	Unintended uses (e.g., military, abuse)	Health hazards Forced evictions	Environmental pollution and destruction
				Occupational Health and Safety					
				Foreign workers at overseas locations					
				Relations with public officials at overseas locations					
				Environmental pollution and destruction					
Ongoing initiatives	Dissemination of Supplier Code of Conduct Signing of agreements (in preparation) ·Screening using a database		Confirmation at the time of new contracts Monitoring	Comprehensive group-wide initiatives (Education, awareness-raising, and process improvements)		Provision of safety data sheets (SDS)	Supply chain surveys conducted on a business unit level Participation in EcoVadis supply chain evaluations (by business unit)		
						Dissemination of guidelines for environmental and human rights information disclosure			
						Screening using a database			
	Compliance with laws Establishment of a whistleblowing system and protection of whistleblowers								

Consideration of human rights in the supply chain

The Asahi Kasei Group operates a diverse range of businesses, and we work to understand the various value chains and supply chains of each business from a human rights perspective. Based on this understanding, we promote the implementation of human rights respect as outlined in the Asahi Kasei Group Human Rights Policy.

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 Code of Conduct establishes respect for human rights as a fundamental principle for all our suppliers to comply with. We ensure this is widely communicated and conduct an annual CSR procurement survey to understand our suppliers' efforts in various areas, including human rights, labor practices, environment, and ethics. Since fiscal 2020, we have revised the contents of the CSR procurement survey and implemented improvement activities for low-scoring suppliers with a system in place to continuously monitor the survey results of these suppliers. In fiscal 2023, based on the monitoring conducted over four years with materials suppliers (in fiscal 2020 and 2022) and raw material suppliers (in fiscal 2021 and 2023), we reviewed the improvement support for low-scoring (high-risk) suppliers.

In addition, regarding the current Supplier Guidelines (established in July 2021), we held ongoing discussions with procurement teams from Asahi Kasei Homes, Asahi Kasei Medical, and Asahi Kasei Microdevices, sharing the latest domestic and international trends. These discussions focused on the group's direction and the content of each item in the guidelines. As a result, we updated and renamed them as the Asahi Kasei Group Supplier Code of Conduct.

➤ CSR Procurement

Consideration of human rights in logistics

The Asahi Kasei Group, primarily from the position of a shipper, is working to contribute to sustainable logistics. Starting in fiscal 2023, we expanded our CSR procurement activities to the logistics sector. This includes conducting CSR surveys to monitor logistics partners and promoting the dissemination of our Supplier Code of Conduct within this area.

Participation in EcoVadis (France) supply chain evaluations

EcoVadis, an international sustainability assessment organization, conducts investigations and evaluations of companies' supply chains using its proprietary platform. Several of Asahi Kasei Group's business locations, including overseas sites, are registered on EcoVadis' platform and continuously undergo supply chain evaluations. These evaluations help us strengthen the effectiveness of our initiatives across various fields, including labor and human rights, the environment, ethics, and procurement.

From fiscal 2023, we have focused on the labor and human rights sector by strengthening collaboration between manufacturing, quality assurance, and ESH departments at the business locations being evaluated. Through this process, we identify and address issues related to the management of labor safety risks and the prevention of negative impacts for both our employees and subcontractor employees at the manufacturing sites in question. Additionally, we promote awareness of respect for human rights at the operational level and share examples across the group.

Dialogue with Stakeholders

Participation in stakeholder engagement program

In fiscal 2023, we participated in the Stakeholder Engagement Program organized by the Caux Round Table (CRT) Japan. During the program, we engaged with issues raised by NPOs/NGOs and experts, working to identify key human rights issues specific to each industry.

- Stakeholder Engagement Program (Caux Round Table Japan) 
- 2023 Report 

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)
- Consultation and reporting hotline for business partners

Human rights education and awareness raising activities

The Asahi Kasei Group conducts various educational and awareness-raising activities on respecting human rights to deepen understanding and ensure the practical implementation of the Asahi Kasei Group Human Rights Policy at both the management and operational levels. 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.

	Content of conducted training and awareness activities	Number of participants
FY2023	Dialogue with the Tokyo Branch of the Labor Union	21
	Discussions on human rights cases within compliance activities for employees at the workplace unit level	3,995
	Human rights awareness survey within the compliance questionnaire for employees	28,936
	Human rights seminars and workshops by experts at Asahi Kasei Amidas Corporation	268
	Human resources training (Business and Human Rights) for newly appointed responsible persons	317
	Human resources training (Business and Human Rights) for newly appointed section managers	314
FY2022	Human rights seminars by external experts	124
	E-Learning on human rights	25,230
	Promotion of initiatives on human rights issues (Group-wide Purchasing Meeting)	159

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, as well as through specialized training in different fields. In addition, we implement corporate ethics training by business unit and geographical area. Additionally, we have expanded online training and video content as part of our group-wide 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 employees as our most important asset. In terms of maintaining health and safety at our workplaces and work sites, our ESH & QA Principles state: "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." Under this policy, we work in cooperation with the Labor-Management Council and the Health & Safety 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 occupational accidents is integrated into our comprehensive OHSMS² program that combines conventional health and safety initiatives¹ with risk assessments and a prevention-oriented plan-do-check-act (PDCA) system.

¹ Conventional health and safety initiatives:

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 occupational accidents requires the identification of all potential hazards in a workplace. In addition to conventional health and safety 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.

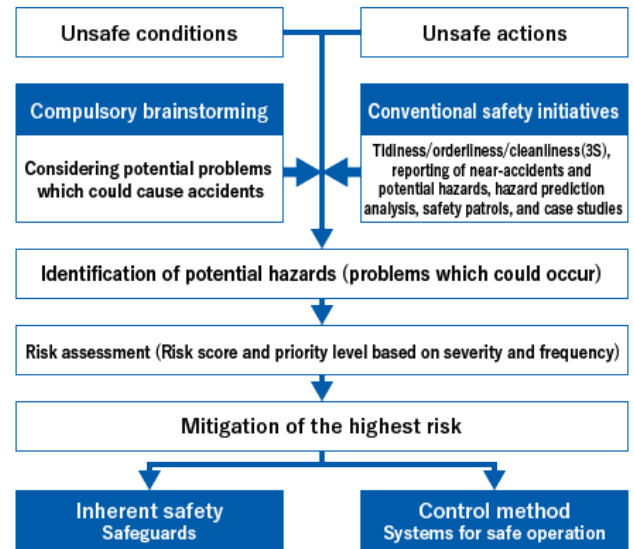
3. Mitigation of the highest risks

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.

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.



Schematic image for prevention of occupational 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.

* safe operating standards

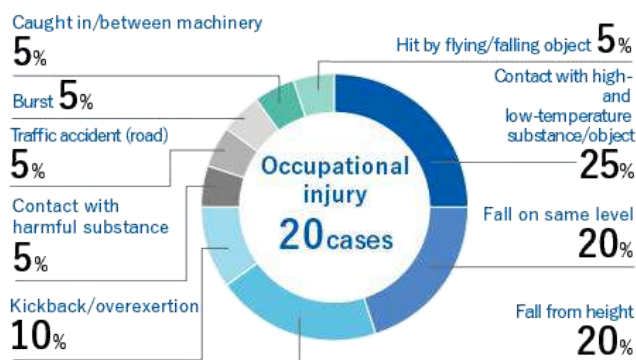
Rather than individual rules for specific procedures, safe operating standards are a system of safety principles which define common safety practices that apply to categories of operation based on similarity of risk. For example, to prevent entanglement in machinery, our standard stipulates not to touch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

Sharing and utilizing information of occupational accidents

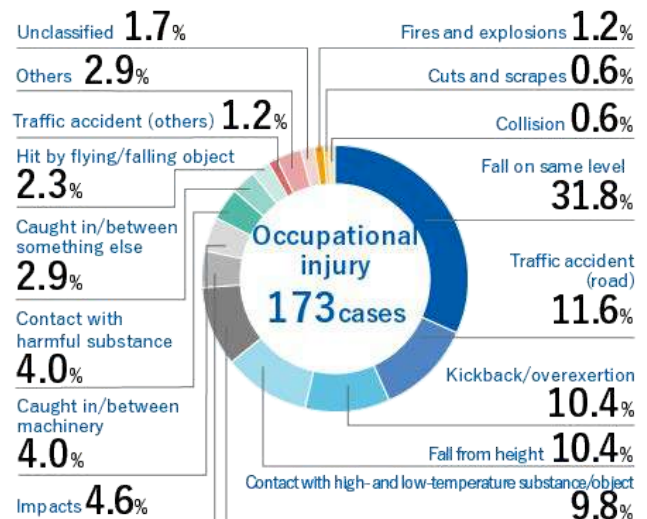
We investigate causes and take measures to prevent recurrence at sites where occupational accidents occur. We share a database of information on all occupational accidents within the Asahi Kasei Group for utilization in activities such as safety training, case study discussions, and prevention of similar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

Occupational accident statistics

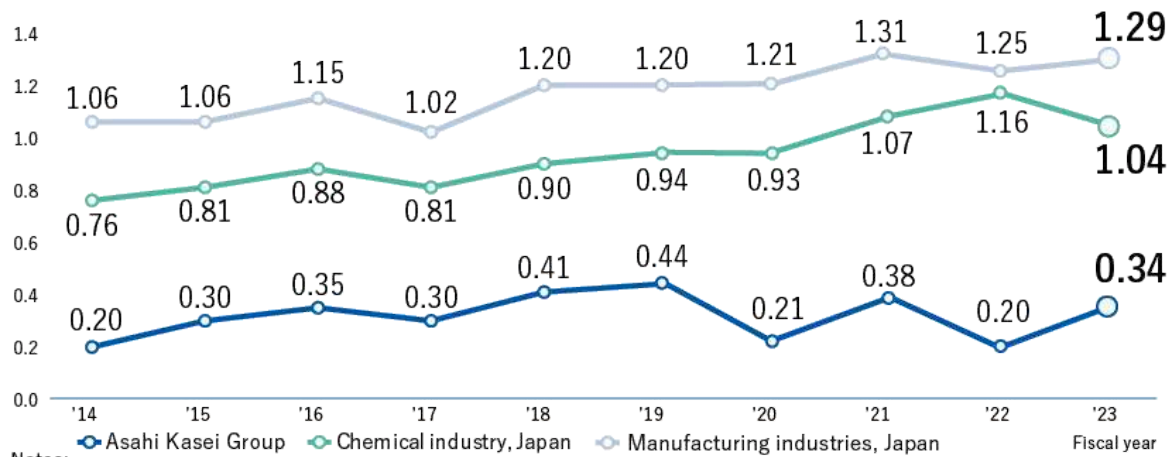
In fiscal 2023, 20 lost-worktime injuries occurred among Asahi Kasei Group employees in Japan. We will continue to engage in safety initiatives through our LSA program to prevent the occurrence of serious accidents in the future.



Incidence of lost-workday injury by event category (FY2023 in Japan)



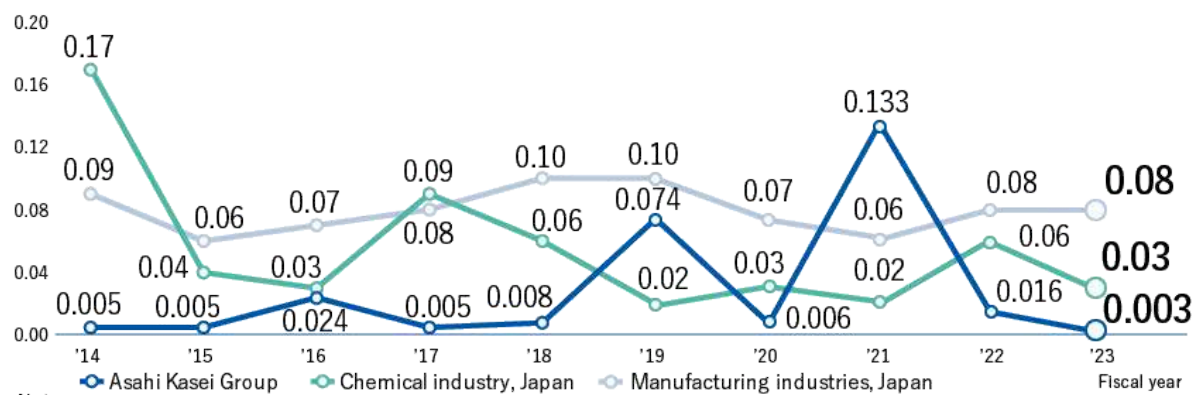
Incidence of lost-workday injury by event category (FY2014–2023 in Japan)



Notes:

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

Group Lost Time 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

Group Severity Rate (%)²

¹ Lost Time Frequency Rate:

A safety indicator showing the rate of occupational accidents and calculated by the following formula. [Lost time frequency rate = number of victims of lost time injuries ÷ total working hours × 1,000,000 hours]

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 an occupational injury which resulted in a day off.

² Severity rate:

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

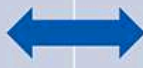
Maintaining and improving comfortable workplaces

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. In FY2023, we held company workshops to foster chemical substance managers who are now required to be appointed at workplaces manufacturing risk-assessed substances, and trained 329 chemical substance managers internally. 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.

Machine Safety Activities at the Nobeoka Branch

1. Significance of the initiatives

Over the past ten years at the Nobeoka Branch, we have conducted internal audits, equipment inspections, and issued directives with the goal of eradicating occupational accidents in which workers are caught or entangled in machinery; however, we have not been able to eradicate such incidents.

	Target equipment	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Activity	Existing	• Internal audit: Inspection based on rotating body technical standards (all plants) • Internal audit: Inspection based on automated machinery technology guidelines (all plants)  • Total equipment inspection (7 plants) • Branch manager's instructions: Prevent injuries caused by being caught and entangled, Target: 6 plants • Request from the Director of ESH: Prevent injuries caused by being caught and entangled, Target: Plants other than the above									
	New establishment	• Companies-wide Machine Risk Assessment Introduction Machinery Risk Assessment Training Sessions held at Nobeoka Branch Implemented from FY2014 to FY2017									

2. Specific initiatives

We reviewed our past activities and have launched two initiatives at our six processing and assembly plants.

- 1) Creation of four training programs to develop human resources capable of correct machinery risk assessments
- 2) Introduction of machinery risk assessments for existing facilities
Collaboration with internal and external specialists



3. Training for key persons in machine safety

The purpose of this training is not training for training's sake, but to complete a machinery risk assessment sheet on equipment actually used in production and to include it in steps leading to actual improvement of the equipment. We select participants from among Safety Sub-Assessor qualification holders, and bring in specialist instructors.



Machine Safety Key Persons Training Program

Members of the manufacturing section, who are familiar with how to use and work with the equipment, and members of the equipment technology section, who are familiar with the equipment specifications, are selected in pairs from among the Safety Sub-Assessor qualification holders at each plant.

A unique feature of this program is that, rather than desk-based, instructors who are specialists in machine safety instruct the trainees directly while observing the equipment on site, based on the "Three Actuals" principle. The training period is approximately 5 months long to complete the risk assessment of actual machinery and equipment.

4. Practical training on machine safety

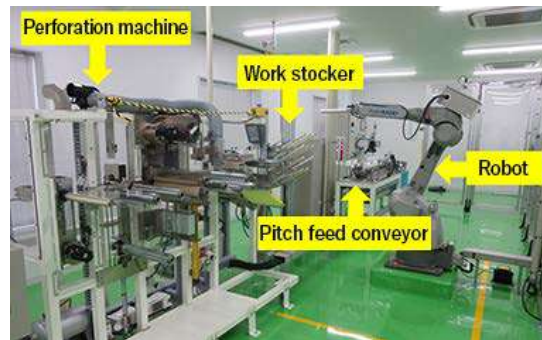
The purpose of this training is to be able to find sources of hazard in on-site equipment and to be able to point out non-conformance in on-site equipment. Eligible participants are all levels of employees, including plant managers.

This training plays an important role in moving the entire plant toward how it should be. A total of 10 instructors, mainly from the Machinery Systems Technology Department, conduct the training.

A unique feature of this training is that exercises are conducted using model machines that actually move. This facility was designed by the Machine Systems Technology Department by incorporating non-conforming parts of production equipment at various plants of the Nobeoka Branch.



Practical training on machine safety



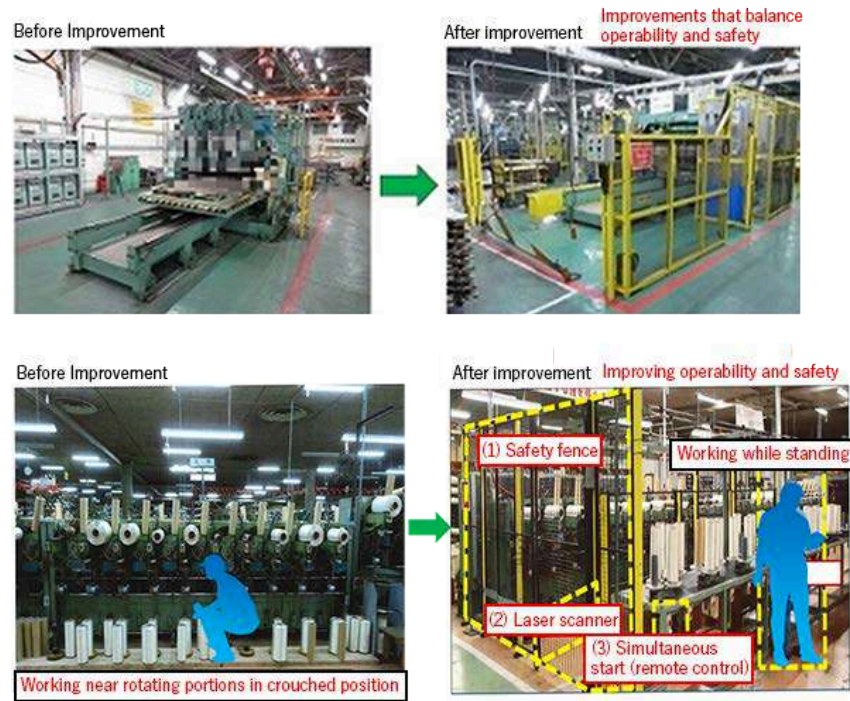
Model machines used in safety training

Participants are able to practice on model machines having many hazards, and take what they understand from the training back to their work sites to use for improvement.

5. Track record of machine safety activities at existing facilities

High-risk hazard sources identified by key persons are being improved at each plant, considering both operability and safety.

Rather than simply shielding off hazards, some plants have been thinking earnestly about how to ensure that all workers can work safely, even going so far as to change tried and tested work methods, and we believe that machine safety is now accepted by workers on the factory floor.



6. Results

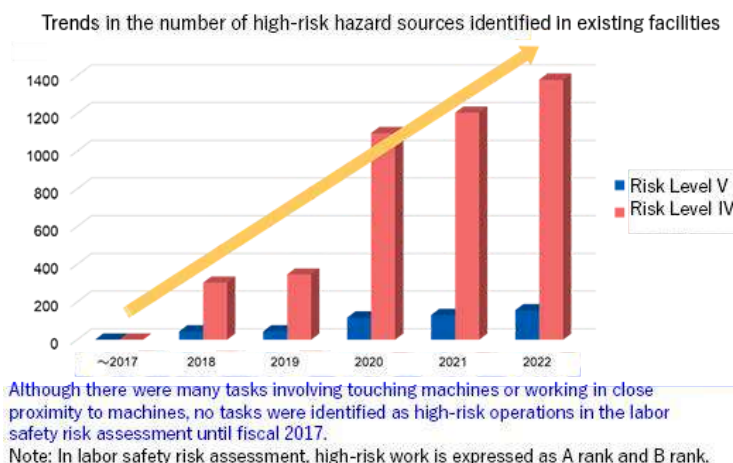
Human resource development

Through these activities, we have trained a total of approximately 3,000 people. Of these, there are now over 100 key persons who can write machine risk assessments.



Identification of Hazard Sources

Trained personnel correctly performed machine risk assessments and identified approximately 1,500 high-risk hazard sources.



Equipment Improvements

Each plant has implemented risk reduction measures for identified hazard sources and has completed approximately 63% of equipment improvements.

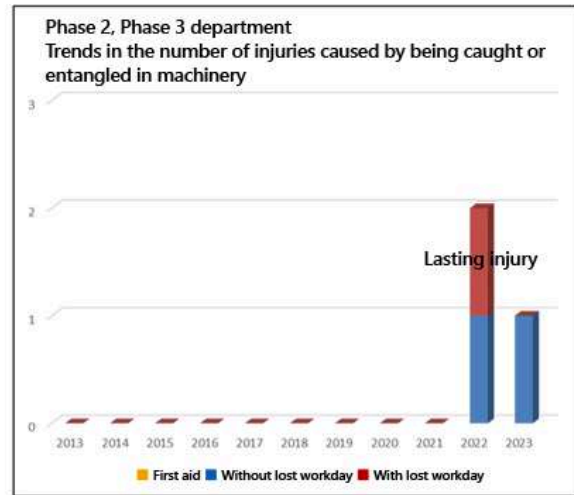
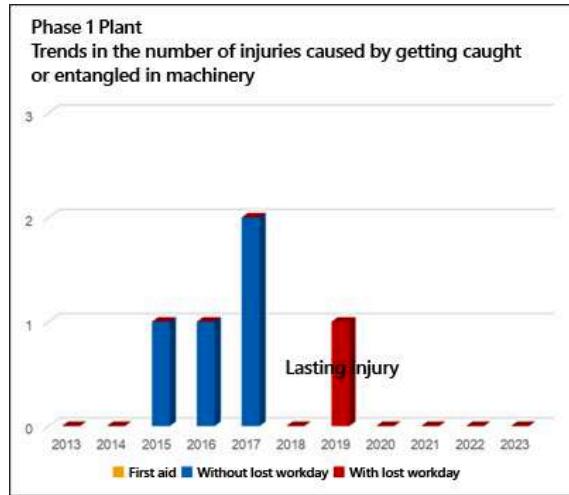
However, there are still many plants where improvements are difficult and tests are continuing, as no way has been found to maintain production with safety equipment installed. Such facilities will continue to be operated with special controls until suitable technology is established.

Number of target equipment types	Machine Risk Assessment completed equipment type count		Identification of Hazard Sources		Risk Reduction Plan Development			Completion of equipment improvement		
	Progress rate		Risk Level V	Risk Level IV	Risk Level V	Risk Level IV	Progress rate	Risk Level V	Risk Level IV	Progress rate
147	145	99 %	156	1,379	141	1,200	92 %	118	845	63 %

We implemented this activity at 10 plants as a second phase begun in fiscal 2021, and expanded to two plants in the third phase begun in fiscal 2024, with the entire Nobeoka Branch working together to promote the activity.

7. Conclusion

In phase one, we had occupational accidents in which workers were caught or entangled in machinery happening almost every year until fiscal 2019, with none occurring since fiscal 2020. However, there are still risks in phase two, as there have been subsequent occupational injuries at facilities that have not conducted machine risk assessments in fiscal 2022. We will continue this activity through both human resource development and the creation of safe facilities.



Health & Productivity Management and Occupational Health & Safety

Occupational Health & Safety

Health & Productivity Management

Health & Productivity Management Policy

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 have developed existing Environment, Safety, Health, and Quality Assurance activities, positioning health-related initiatives as a company-wide management issue, and in October 2020, we published the Asahi Kasei Group's "Statement on Management for Health." Therefore, we will work to further promote health and productivity management* based on the Asahi Kasei Group Health and 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. Moreover, we set health management goals for management issues that need to be resolved in promoting health and productivity management, and pursue physical and mental health through the effectiveness of health management measures and a real sense of performance improvement. 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

Health and 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.

Behavioral Guidelines

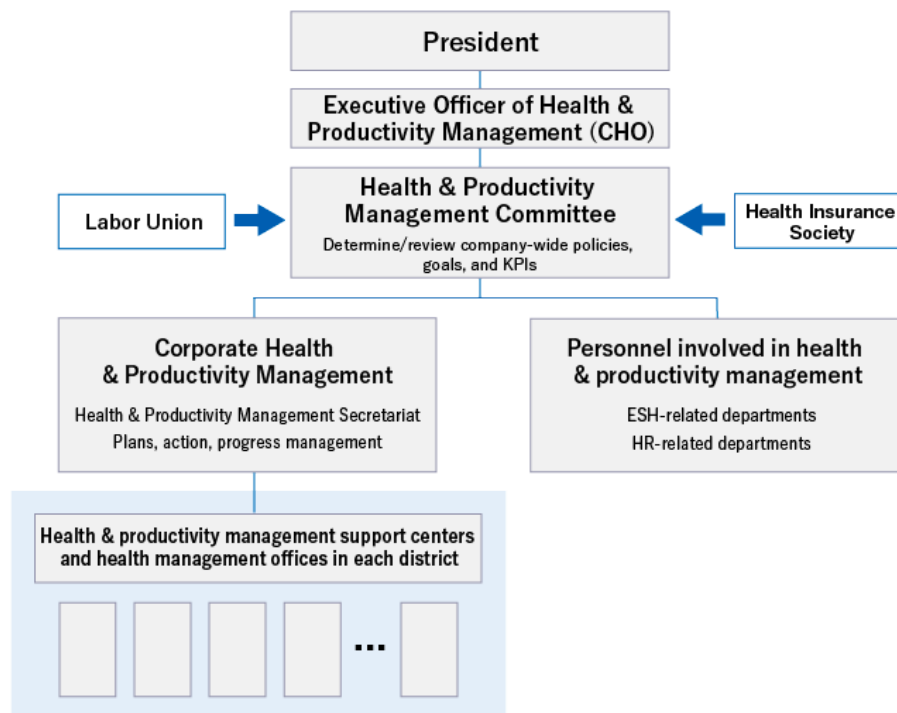
1. The company will work in tandem with health insurance companies and labor unions, to not only continuously support individual workers, but also engage in various activities, including workplace activities, that maintain and promote environmental improvement for the entire Asahi Kasei Group, and the good health of families that support employees.
2. It's also important for each individual to be aware that they are responsible for their own health, in order to enrich their own lives, and we provide support to help them achieve this.

Immediate goals (what we want to achieve) and activities

For the success and growth of talented personnel and the increased and enhanced productivity of the Asahi Kasei Group, and in addition to our current work on reducing (1) mental health problems, (2) lifestyle-related illnesses and metabolic syndrome, and (3) cancer, we will implement various measures and activities to improve employees' work engagement and to maintain and promote health as a basis for preventing the above health conditions.

Promotion framework for health & productivity management

In January 2020, we established the Health and Productivity Management Promotion Office, and in April 2021, our nine Health Management Centers in Japan became affiliated with the head office. 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 and productivity management. Furthermore, we started Health and Productivity Management at our small-scale establishments and affiliated companies in Japan from April 2022.



Promotion framework for health & productivity management

Purpose of health & productivity management

We aim for a mutually reinforcing cycle of sustainability consisting of contribution to a sustainable society and sustainable enhancement of corporate value, by creating a synergy among the success and growth of each individual, enhanced job satisfaction and motivation, and a strong and vibrant organizational culture, which will lead to the realization of employee well-being and the increased and enhanced productivity of the Asahi Kasei Group.



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  (114.1KB)

Health & Productivity Management Targets (Priority Measures)

To achieve our health and productivity management targets, 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.”

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), and (3) improving the quality and quantity of sleep.

(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 Results	FY2024 Target ³
Percentage of employees absent from work due to mental health Issues ¹	0.91	0.98	1.00	1.07	1.16	0.64
Percentage of employees seriously ill with lifestyle-related diseases ²	11.0	11.0	10.7	10.7	9.9	7.7
Percentage of employees suffering from metabolic syndrome	11.1	11.4	11.1	10.7	10.8	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	21.8	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)

The Asahi Kasei Group conducts annual stress checks in July to promote awareness among employees of their own stress levels, with the aim of primary prevention to reduce the risk of mental health problems. 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. KSA quantitatively visualizes workplace conditions according to three indicators: (1) supervisor–subordinate relationships and workplace environment, (2) vitality, and (3) actions leading to growth. Each workplace is currently striving to improve work engagement by combining the results of the stress check and KSA analysis to visualize management and other initiatives implemented, and to have employees at each workplace engage in dialogue with each other.

➤ Overview of KSA (Vitality and Growth Assessment)

(3) Improving the quality and quantity of sleep

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 Targets.

Item	FY2019 Results	FY2020 Results	FY2021 Results	FY2022 Results	FY2023 Results	FY2024 Target*
Sleep KPI (%)	32.4	28.5	27.2	28.0	28.5	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. Since 2023, we have provided mental health self-care training annually to all 30,000 Group employees to help them recognize and manage their own stress and mental health issues at an early stage.

(2) Line care

As part of the line-based care, we use the results of organizational analysis of stress checks and training courses to improve the work environment. 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 FY2020, we have been offering workshops in the Mizushima area in collaboration with the HR department, occupational health staff, and the labor unions, using the stress check and KSA results in an integrated manner.

(3) Care provided by occupational health staff and others

We conduct stress surveys on individuals using stress checks and have our occupational health staff follow up with them.

We have conducted a program called “Follow-up Care for Transferred Employees,” in which we monitored how they were adjusting to new environments and workplaces.

We conduct the follow-up via questionnaires and interviews in which transferred employees confirm their health status and how they have adapted to their new roles and living environment, and make early intervention. The results are fed back to workplaces as necessary to support the creation of workplaces that prevent the onset of mental illness.

(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

Our company-wide policy on specific health guidance is that, in principle, employees must attend a consultation unless they have a valid reason not to, and may also receive the guidance during work hours.

We have also expanded the program's scope with the “Get Fit Challenge” to include previously ineligible employees, which has helped to prevent lifestyle-related diseases from an early stage.

(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 an internal website 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.

Utilizing a walking app, we encourage participants to change their behavior, raise health awareness, and foster communication, even in remote work settings. In some districts, we hold a “Mystery and Health Walk” as a recreational activity, with a quiz rally where participants search for quizzes walking within the manufacturing site's premises, with the intention of increasing the number of steps while having fun.

Creation of exercise videos to establish exercise habits

We have created videos of simple exercises that can be easily done at home, at one's desk, etc., and posted them on an internal website.

The Asahi Kasei Judo Club and Office District Health Management collaborated to create a simple stretching video that can be followed during office hours to refresh employees who work continuously at their desks, and to help them establish exercise habits. Menus devised by judo club physical maintenance professionals have been edited into short videos for use in both a personal capacity and in the workplace.



Stretching video created by Asahi Kasei Judo Club

(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.

We also had a gynecologist from Cancer Institute Hospital give a lecture on “Women's Cancers” as part of our health measures for women, and the video was posted on the company website.

(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

We plan to implement a total ban on smoking during working hours from April 2024, and then to ban smoking completely on company premises and during banquets* from April 2025. This is in line with the Asahi Kasei Group No-smoking Policy, whose basic concept is supporting smokers to quit smoking and protecting employees from unwanted passive smoking.

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 banquets: Those who leave the dining area to smoke are not permitted to re-enter.

Launch of the sleep program and its trial

A few years ago, we launched a project to establish sleep strategies, as after mental health issues, the quality and quantity of sleep is considered to be a major cause of presenteeism.

As a result, an improvement can be seen in the KPI “Percentage of those who get insufficient rest from sleep”, which is one of our Health and Productivity Management Targets.

For our Sleep Strategies Project, we began a trial run of the Sleep Improvement Program in 2021 and continued the program for three more years, as 80% of participants recognized that their sleep had improved due to the program.

We intend to further strengthen sleep strategies at manufacturing sites in the future, as they are proving to be effective at our administrative sites in Tokyo and Osaka where there is a lot of office work.

We recognize that sleep strategies are particularly challenging for shift workers, and plan to create videos to introduce them into their training curriculum by the end of fiscal 2024.

Preparations are underway to expand the sleep survey to districts in which trials were previously conducted, and to roll out the survey company-wide from fiscal 2025

Education on Health & Productivity Management

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

	Training	Method of Training	Purpose	FY2023 Number of trainees
Training by job level	New hire training	e-learning Face-to-face training	Understand the basic health concepts as a responsible member of society, commit to physical and mental self-conditioning, precautions for handling hazardous materials, and necessary company rules, etc.	203 people
	Training for new managers	e-learning	Basic concept of work and health, company and employee obligations in health management.	321 people
	Training for newly appointed top management	e-learning	Health management services, including hazardous work and occupational disease prevention necessary for on-site management, understanding of the Asahi Kasei Group's overall health and productivity management, and its importance.	316 people
	Department Head Environment, Safety, Health Training	Online	Management of hazardous materials handling operations at manufacturing sites.	91 people
Training by Subject		e-learning	•Mental Health Care •Cancer Prevention and Compatible Support •Anti-smoking Measures	27,597 people (95.4%*) 27,336 people (95.7%*) 24,839 people (94.1%*)

* Percentage of participants who are eligible for the training (%)

Addressing Global Health Challenges

Health Management Support for Overseas Employees

The Asahi Kasei Group is strengthening health management of our employees working overseas, who are increasing in number as our business expands globally.

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. In addition to the stress check 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, 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. We also provide health counseling for other health concerns and problems.

Activity evaluation and recognition by external organizations

To gain an objective understanding of the Asahi Kasei Group's health and 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 2024

We were recognized as one of the "White 500" organizations under the Certified Health and Productivity Management Organization Recognition Program (Large Corporation Category) of 2024, 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 2023

We received the Silver Prize in the 2023 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 2024

We have been certified as a Sports Yell Company of 2024 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 2023

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.



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.

The diagram illustrates the PDCA cycle for safety management, showing the relationship between the Head Office and the Site.

Head Office

Auditing

Check

Internal auditing safety management

Act

Review by head of production site

Do

Implementation and reporting

Plan

Mid-term ESH plan
Annual ESH plan

Rectification

Reflection

Head Office

Basic safety management policy

**Specific requirements
Hazard identification**

ESH conferences, etc.

Site-specific safety management policy

The diagram shows a continuous cycle. The 'Head Office' is at the top, with a box for 'Basic safety management policy'. The 'Site' is represented by a dashed box containing the PDCA cycle. The cycle starts with 'Plan' (Mid-term ESH plan, Annual ESH plan), leading to 'Do' (Implementation and reporting), then 'Check' (Internal auditing safety management), and finally 'Act' (Review by head of production site). Arrows indicate the flow: Plan to Do, Do to Check, Check to Act, and Act back to Plan. A 'Rectification' arrow points from the 'Check' box to the 'Act' box. A 'Reflection' arrow points from the 'Plan' box to the 'Act' box. The 'Head Office' also has a box for 'Specific requirements Hazard identification' which points to the 'Plan' box. The 'Head Office' also has a box for 'Basic safety management policy' which points to the 'Act' box. The 'Head Office' also has a box for 'Auditing' which points to the 'Check' box. The 'Head Office' also has a box for 'ESH conferences, etc.' which points to the 'Check' box.

The flowchart illustrates the Safety Management Policy and Plan for Asahi Kasei Group, structured into two main columns: **Head Office** and **Works**. The process is organized into six horizontal stages, each with a label on the left: **Safety management policy**, **Safety management targets and plan**, **Application and implementation**, **Investigation and evaluation**, **Audit**, and **Review**.

Head Office Process:

- Safety management policy:** Asahi Kasei Group ESH & QA and Health & Productivity Management Policy (Basic safety management policy).
- Safety management targets and plan:** Asahi Kasei medium-term ESH plan (targets).
- Application and implementation:** Rollout of safety management activity.
- Investigation and evaluation:** Daily or periodic investigation and evaluation of state of application of safety management activities.
- Audit:** Audit (Audit by Executive Officer for ESH & QA) (High-pressure gas audit).
- Review:** ESH & QA Committee.

Works Process:

- Safety management policy:** Safety management policy.
- Safety management targets and plan:** Safety management targets and Safety management plan (which also feeds into Workplace Safety management targets and Safety management plan).
- Application and implementation:** Rollout of safety management activity.
- Investigation and evaluation:** Daily or periodic investigation and evaluation of state of application of safety management activities.
- Audit:** Internal safety management audit (ESH Audit by head of Works).
- Review:** Review by head of Works.

Interactions:

- Vertical arrows indicate the flow from one stage to the next within each column.
- Horizontal double-headed arrows connect corresponding stages between the Head Office and Works columns.
- A feedback loop arrow on the far left connects the Review stage back to the Safety management policy stage.
- A feedback loop arrow on the far right connects the Review by head of Works back to the Safety management policy stage.



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 2023, January and May 2024) 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. Next, 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 2024) 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 2023 at the Kawasaki Works. Furthermore, we conducted a head office audit of both Works' offices and inspection management organizations in May and June 2024, and confirmed that safety inspections and final inspections for fiscal 2023 were conducted in accordance with the applicable bylaws. Based on the above, we decided to continue with the "Basic Safety Management Policy" at the ESH & QA Committee held in July 2024 (chaired by the President of Asahi Kasei Corp.).

The Mizushima Works was awarded super certification (Specified Certified Operator) in September 2021, which necessitates an enhanced level of high-pressure gas safety management, and have begun considering a longer open inspection cycle from fiscal 2023. The Kawasaki Works has also been updating the regular certification system since 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 and Disaster Prevention Performance and Accident Prevention Initiatives.

Process Safety and Disaster Prevention Performance in FY2023

In fiscal 2022, there were no serious process safety accidents, but there were two process safety accidents. In fiscal 2023, there were no serious process safety accidents or process safety accidents. In addition, there were 21 minor process safety accidents involving fires, smoldering, and the leakage of small amounts of hazardous materials and other substances on the premises (including domestic and overseas affiliates). However, precise first-response measures were taken on site to prevent the damage from spreading. We will continue to strengthen our efforts to reduce the severity and number of process safety accidents going forward.

[Number of process safety accidents in fiscal 2023]

- Number of serious process safety accidents: 0 (accident intensity of 18 points or more, or accident resulting in death)
- Number of process safety accidents: 0 (accident intensity of 3 points or more but less than 18 points)
- Number of minor process safety accidents: 21 (accident intensity of less than 3 points)

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

Sharing and utilizing information on safety accidents

Information on process safety accidents (serious process safety accidents, process safety accidents, and minor process safety incidents), as well as less serious process safety issues, is published the Corporate ESH monthly report. Furthermore, we created an Accidents and Issues Information Dashboard so that employees can access information on past accidents and safety issues on the Corporate ESH website starting in April 2024. The dashboard is designed to be easy to use for on-site employees involved in accident analysis and hazards prediction, with tools for speedy reference and lookup of previous cases, and user-friendly trend analysis of events and causes.



Employee website

Preventing recurrence of accidents 1: Strengthening fire prevention and extinguishing measures for inside plant

The semiconductor plant fire in fiscal 2020 (serious process safety accident) and the fiber plant fire in fiscal 2022 (process safety accident) revealed that it is difficult to extinguish fires that ignite flammable plastics or cardboard inside plants.

Therefore, we decided to obtain advanced knowledge about fire prevention equipment from external fire prevention experts. In this process, we identified examples where (1) a system that enables early detection of fires, including cleanrooms where smoke is purified from the air, is already in practical use, and we have confirmed examples of using this system in the company to quickly extinguish fires. We also (2) confirmed examples where equipment was installed in the company to prevent the spread of fire after it had broken out. Therefore, we are working to disseminate our “Internal Standards for Fire Extinguishing Equipment in Indoor High Fire Risk Areas”, which were established in March 2023, throughout the company.

In fiscal 2023, we studied the installation of (1), which assumed that a fire would mainly originate from electrical equipment, and additional operation at some plants is scheduled to begin in fiscal 2024. In addition, we are also studying the efficient placement of remote fire extinguishing equipment in “high fire risk areas,” (3) such as the accumulation of cardboard boxes for shipping products. Furthermore, (4) with the cooperation of government agencies, we have begun expanding disaster prevention drills and revising the firefighting plan to be submitted to the fire department. We will continue to deploy the above methods and others to prevent fires from occurring and spreading.



Example (2), training to activate the CO₂ automatic fire extinguisher installed within the production equipment.

Preventing recurrence of accidents 2: Activities to hand down process safety technology

In chemical plants process safety management, it is important to avoid deviations from normal operating conditions and to ensure safe and stable operation. 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 hand down process safety technology in 2013. These activities involved identifying hazards in chemical plants, confirming preventive measures that may manifest as risks, handing down the details, and conducting training on them.

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 event by event in a brainstorming exercise 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.

In fiscal 2023, it's noteworthy that in addition to chemical plants, which have been implementing these activities for some time, these activities are being expanded to construction materials and fibers plants, where chemicals are not the product. As these plants handle organic solvents and their vapors as part of the production process, abnormal conditions can lead to fire or an explosion in the worst case scenario. Although we have established technologies to prevent such accidents and ensure safe production, we have re-examined the key technical points and prepared materials to ensure that the technologies are accurately handed down to the next generation of managers and operators. At the Mizushima Works, the Process Safety Technology Department, which was established within the Works, periodically visits the production departments to ensure that accident prevention technologies are handed down to the next generation of managers and operators. Inspections of each plant by the Process Safety Technology Department at the Kawasaki Works is also progressing.

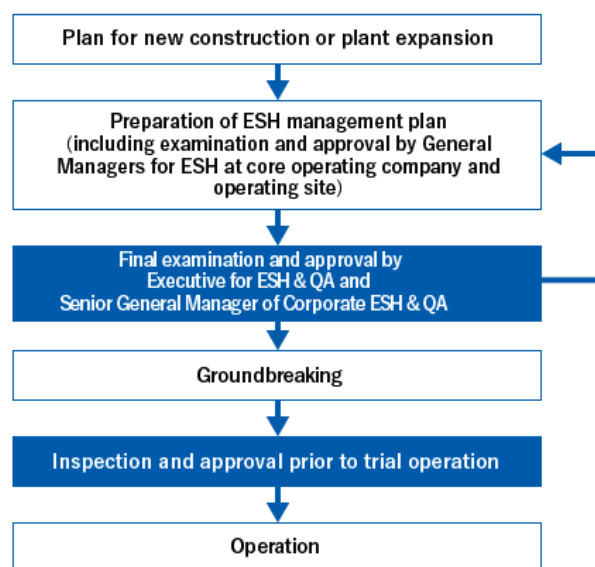
Initiatives to Prevent Process Safety Accidents

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 also applied 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 to identify causes of incidents and countermeasures based on assumptions due to deviations from the design. 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. A tailored approach is needed to ensure safety at all of these plants. We employ a systematic process to tailor the safety effort to each plant's specific requirements, including the use of the PDCA cycle. We have formulated separate maintenance standards for each plant of equipment to ensure the appropriateness of the method and period of maintenance as a feature of the planned maintenance system.

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 than 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) First-hand safety course (getting caught/entangled, getting covered in liquid, burns, tripping, tumbling & falling, etc.) Job level-based courses (problem-solving training, etc.)
Training target	Manufacturing operators and facility management personnel

Emergency response

Disaster Prevention Drills

A comprehensive set of internal regulations guides the proper response to any process safety 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. To this end, the plants have prepared an annual schedule and conduct regular disaster drills, and other activities.

Fire drills are also important as part of overall disaster prevention. In Shiga, the Shiga Prefecture Konan Fire Prevention and Safety Association hosted the 47th Local Security Firefighting Training Competition, in which 17 teams from local companies participated. Moriyama Works also participated, and the Works' firefighting team won the grand prize in the outdoor fire hydrant category. We will continue to discuss with each area about building effective disaster prevention measures, and reinforcing them in the future.



Local security firefighting training competition hosted by the Shiga Prefecture Konan Fire Prevention and Safety Association
(October 18, 2023)

Media training

In the unlikely event of an accident that may adversely affect the community, accurate information must be provided promptly. To this end, we conduct a “media training” drill, in which we assign mock reporters to conduct a post-accident press conference. We will continue to implement this program in production areas.



Example of media training

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 logistics safety quality conference, safety meetings, safety inspections, and product handling training 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 2023 attended by many people involved with different products.

Main activities in fiscal 2023

- Logistics safety quality conference: 50 companies
- Safety meeting for hazardous goods: 32 companies
- Safety meeting for resin products: 11 companies
- Logistics safety inspection: 33 companies
- Product handling training: 10 items, cumulative 38 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 by specialized personnel to prevent the spread of damage if an accident occurs.



HAZMAT emergency dispatch vehicles

[Number of logistics accidents in fiscal 2023]

	Target	Results
Serious logistics accidents¹	0	0
Logistics accidents²	0	0

(Excluding some affiliates such as Asahi Kasei Homes)

Definition of accidents

¹ 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.)

² 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

Local communities

Community fellowship

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

General affairs 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).



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)



CSR report meeting (Suzuka Works)



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

We have been supporting the “Nobeoka Schools Support Team”, which was launched in 2009 by volunteer members from our alumni association, gaining NPO status in 2012. We provide math and science support to junior high school students in Nobeoka City, Miyazaki Prefecture.



Activities of the “Nobeoka Schools Support Team”

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**

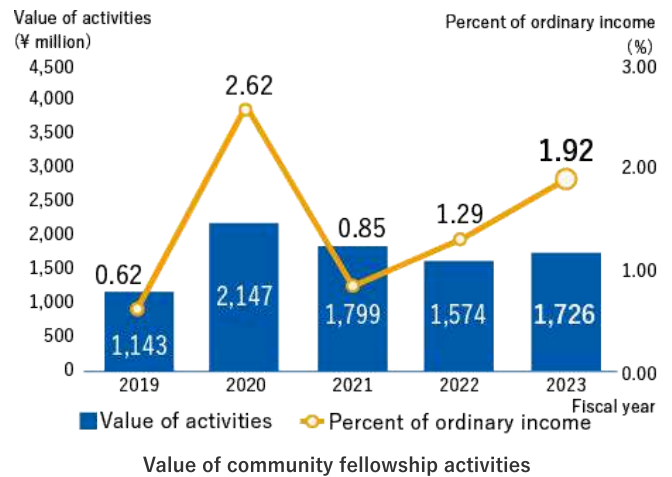
**Coexistence with
the Environment**

**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 2023 (including community investments) was ¥1,726 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.



➤ Japan Business Federation (Keidanren) "1% Club" 

Nurturing the Next Generation

School visits and science lab for students

To deepen understanding and heighten interest in science and technology among elementary, junior high, and high school students, our employees visit schools in our main production districts to conduct experimental classes on science and technology and the environment.

In fiscal 2023, 3,000 students from 31 schools participated in a total of 59 sessions.



Fuji City, Shizuoka Prefecture



Moriyama City, Shiga Prefecture



Nobeoka City, Miyazaki Prefecture

Sponsoring educational programs on science and the environment

The Asahi Kasei Group sponsors educational events that provide elementary, junior high, and high school students with an opportunity to learn about science and the environment.

Supporting the Japan Student Science Awards

Since fiscal 2008, we have been the sole sponsor of the “Japan Student Science Awards” held by the Yomiuri Shimbun for the purpose of enhancing science education for junior and senior high school students. We invite the award winners to tour our plants and provide them with opportunities to interact with our employees so that they can get a feel for the work of science.



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

Planet Earth Classroom

We have provided sponsorship since fiscal 2008 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 to environmental study events for families.



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



Guest lecture at a school (photo courtesy of Asahi Shimbun)

National Science Koshien Competition

Asahi Kasei has awarded the Asahi Kasei Prize in support of the National Science Competition since fiscal 2011, which is hosted by Japan Science and Technology Agency (JST).

Holding of self-initiated events for fostering the next generation

The Group holds self-organized events for elementary, junior high, and high school students related to the development of the next generation.

“Summer Riko Challenge” science and technology event

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. Since 2015, we have independently organized a “Summer Riko Challenge” event for high school students interested in science and engineering, entitled “Science Workplace Tour: Let's Find Out and See!”

Yume Kagaku -21 “Summer Vacation Chemistry Experiment Show for Children

The purpose of the event is to let children, mainly elementary school students, experience the “wonder, fun, and enjoyment of chemistry” and to trigger their interest in chemistry. Asahi Kasei has taken part since 2006, and has planned and exhibited original chemistry experiments annually.

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

Akira Yoshino, our Honorary Fellow, has been giving special classes at high schools in Tokyo since 2018.

Miyazaki Digital Human Resource Development Consortium

The University of Miyazaki, Asahi Kasei Corporation, The Miyazaki Bank, Ltd., Densan Corporation, and E&M Corporation, in cooperation and collaboration with Miyazaki Prefecture, local governments, institutions of higher education, and businesses in Miyazaki Prefecture, will help to spread and improve digital technology through education and human resources development. Established on May 12, 2023, the Consortium aims to contribute to the sustainable development of Miyazaki Prefecture and regional revitalization by enhancing and developing digitalization through education and training of human resources in digital technology, in cooperation with Miyazaki Prefecture, local governments, higher education institutions, and companies.

Scholarship program

We established a scholarship program to help foster talent that will contribute to the advancement of science and technology in new fields.

The scholarship is available to students enrolled in master's and doctoral programs at graduate schools and six-year universities, majoring in chemistry, chemical engineering, mechanical engineering, civil engineering, architecture, control, electricity, electronics, high voltage electricity, physics, information technology, biology, pharmacy, agriculture, medicine, veterinary medicine, and others.

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.



Asahi Woods of Life (Shizuoka Prefecture)

The Asahi Woods of Life is an environmental restoration zone started in 2007 by Fuji Branch in Fuji City, Shizuoka Prefecture, with the aim of restoring the original coastal landscape of Fuji City. After a thorough preliminary survey, the project started with the planting of trees by more than 1,900 employees and local volunteers on a cleared site of a former factory. Since then, through steady and continuous implementation of a detailed green space maintenance and management plan together with experts, we have succeeded in establishing a wide variety of vegetation and wildlife, including rare plants in Shizuoka Prefecture. This woods is open to the local community as a place to learn about activities in harmony with the environment, such as firefly viewing and wildlife observation events.

Promotion of Culture, Art, and Sports

Social contribution through sports

Sponsoring the Kanazawa Marathon

Together with Asahi Kasei ZOLL Medical, we have been a special gold sponsor of the Kanazawa Marathon held every October since 2016. Asahi Kasei ZOLL Medical provides automated external defibrillators (AEDs) on the running course and conducts pre-AED life-saving training for the event's first aid volunteers.



Social Contribution through Corporate Sports Track & Field and Judo Clubs

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. Furthermore, we are actively involved in social contribution activities related to athletics and judo.

Track & Field category

We cooperate in the event management of the “Golden Games in Nobeoka”, a track and field long-distance track meet, mainly in and around Nobeoka City, Miyazaki Prefecture, where we have our training base.

Judo team

Judo workshops are held at various locations in Japan. We also hold this event overseas in Düsseldorf, Germany, where we have a regional headquarters.



Judo workshop



Judo Workshop in Düsseldorf, Germany

Culture and Arts Promotion

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.

➤ [Asahi Kasei Himuka Cultural Foundation](#) 

Disaster relief, local disaster prevention, and other activities

Support for the victims of the 2024 Noto Peninsula Earthquake and the affected areas

We donated 80 million yen to Ishikawa Prefecture to support the victims of the Noto Peninsula Earthquake of 2024, which occurred on January 1, 2024, and the affected areas. Asahi Kasei Home Products Corp. provided Saran Wrap as relief supplies to people in the affected areas. Asahi Kasei Pharma Corp. also donated 10 million yen through the Japanese Red Cross Society.

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

ZOLL Medical Corporation (headquartered in Massachusetts, USA), makes donations to The ZOLL Foundation to support research and educational activities in cardiopulmonary 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.

➤ [The ZOLL Foundation website](#) 

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

Blood donation

To support "Contributing to life and living for people 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.

Donations to UNICEF

In support of UNICEF's activities to protect the lives and health of the world's children for future generations, we support children around the world through the UNICEF Inspired Gifts program conducted by the Japan Committee for UNICEF. This support is determined based on the number of entrants and the feedback they provide in the Sustainability Photo Contest* for Group employees.

* Sustainability Photo Contest:

We invite submissions based on the theme of "Care for People, Care for Earth", which expresses the Asahi Kasei Group's commitment to a sustainable society, to inspire people to think about and act on sustainability from a familiar viewpoint.

➤ News Release: Asahi Kasei Group Donates to UNICEF



Social Contribution Activities by Group Companies Worldwide

Many offices and production sites of the Asahi Kasei Group in the United States, Europe, China, Korea, 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.

Americas

ZOLL Medical (Emergency medical equipment manufacturer)

Every year, employees participate in the Heart Walk (sponsored by the American Heart Association), a charity event aimed at saving lives from heart disease and stroke.

Sage Automotive Interiors

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](#) 

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 Maji Safi UV project (Kenya), Crystal IS partners with the following group to provide products and resources to supply clean drinking water to its community.

➤ [Maji Safi](#) 

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.

Also each year, the Fowlerville Family Impact Center in Michigan provides us with a list of families in need of gifts, and we use that list to donate toys, art supplies, electronics, clothing, and food for year-end meals.

Synergos

Synergos sponsors and participates in the annual Running Rally and Community Breakfast held by Ryan House, an organization that offers palliative care and support services to families with children living with life-limiting or terminal conditions, at no cost to the families.

Employees at Austin Companies participate in an annual 5k charity walk/run to honor those that have lost their battle to PTSD, those who are currently battling, and those who have survived the battle.

Erickson Framing supports the West-MEC vocational school's General Construction Technology program by facilitating hands-on learning activities for students.

Thailand

Asahi Kasei Plastics Thailand

Every year since 2018, the company has participated in a charity marathon organized by a hospitals and other organizations in Ayutthaya Province, and donates the collected participation fees and other charity funds to the hospital.

Thai Asahi Kasei Spandex

At the end of each year, all plant managers and employees thank the local community and distribute sweets and other gifts to local children.

Since 2022, the company has invited members of the surrounding community and local kindergarten students to its plant to introduce their Responsible Care activities, etc., followed by presentations by the children to cement a friendship.

Europe

Asahi Kasei Europe

Since 2018, employees have participated in the annual B2Run running event in Dusseldorf, Germany. 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.

➤ [B2Run](#) 

Since 2021, employees and their families have participated in the Rhine Clean Up initiative to clean up the banks of the Rhine River near the company's office.

➤ [RhineCleanUp](#) 

India

Asahi Kasei India

Since fiscal 2022, Asahi Kasei India has collaborated with Akshaya Patra, an NGO in India, using the cling film it sells in India from Asahi Kasei Home Products. If a photo is posted on social media (Facebook or Instagram) of food wrapped in the Premium Wrap film (Saran Wrap in Japan), the company donates three to four school lunches for each post.

➤ [Campaign Site: Wrap Up Hunger with Asahi Kasei](#) 

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  (755.0KB)

As of June 25, 2024

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

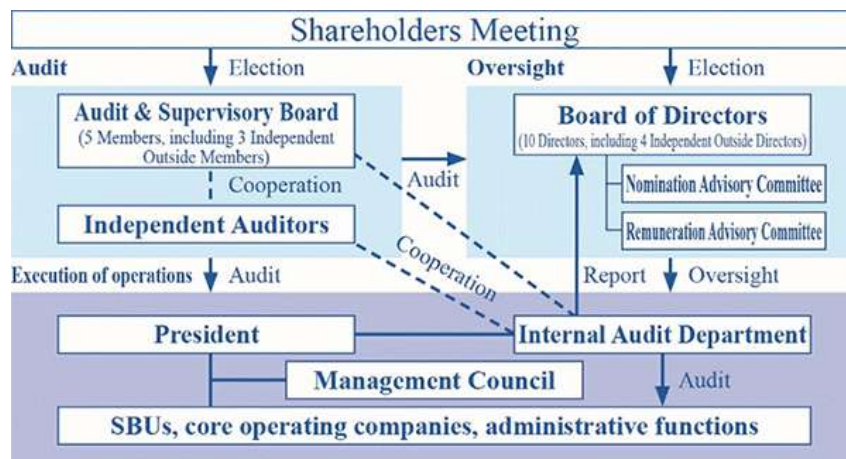
In order to achieve sustainable growth, enhance medium to long term corporate value, and increase earnings ability and capital efficiency, the Board of Directors of the Company presents the overall direction of its management strategy, develops an environment to support risk-taking by the management, 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 2023)

	No. of meetings held	Average attendance	Main subjects of agenda
Board of Directors	15	100% (Directors and Audit & Supervisory Board Members)	• Medium-term management direction and business portfolio • Examinations, decisions, and follow-up of large investments, M&A, and reorganization • Initiatives and disclosure for human capital • Response to Significant Group Risks • Effectiveness evaluation of the Board of Directors • Reports of Nomination and Remuneration Advisory Committees • Annual management plan, quarterly and annual results, nomination of officers
Nomination Advisory Committee*	6	100% (all members)	• Confirmation of the views on the composition and size of the Board of Directors, candidate nomination policy, the criteria for independence, etc. • Deliberation on requirements for the selection of Director candidates, and specific Director candidates • Succession plan for the President • Nomination of officers for fiscal 2024
Remuneration Advisory Committee*	4	100% (all members)	• Review on the level of remuneration for officers • Deliberation and reviewing of issues related to the officer remuneration system • Decision of individual performance-linked remuneration amounts
Audit & Supervisory Board	20	100% (Audit & Supervisory Board Members)	• Opinion exchange on the items of significant risks • Opinion exchange on measures to improve the effectiveness of the Board of Directors and the Audit & Supervisory Board • Opinion exchange sessions with Outside Directors • Information sharing and opinion exchange sessions with the internal audit division, the Corporate Auditors of subsidiaries, and the auditing firm • Revision of the audit standards for internal control systems

* 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 chaired by Outside Director Tsuyoshi Okamoto and the Remuneration Advisory Committee chaired by Outside Director Yoshinori Yamashita.

➤ 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.

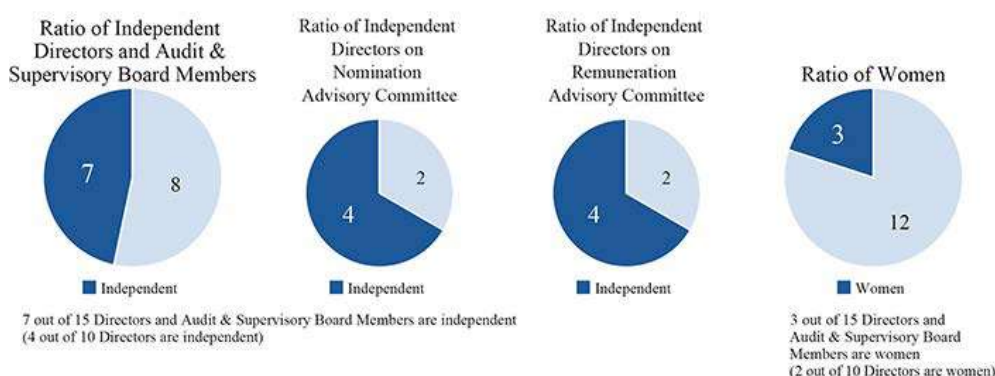
To further increase the objectivity and transparency of the nomination of candidates for Directors, the Company has established the Nomination Advisory Committee whose members mainly comprise outside Directors. This committee is involved in the examination of the composition and size of the Board of 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 133rd ORDINARY GENERAL MEETING OF SHAREHOLDERS)  (2.1MB)

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.



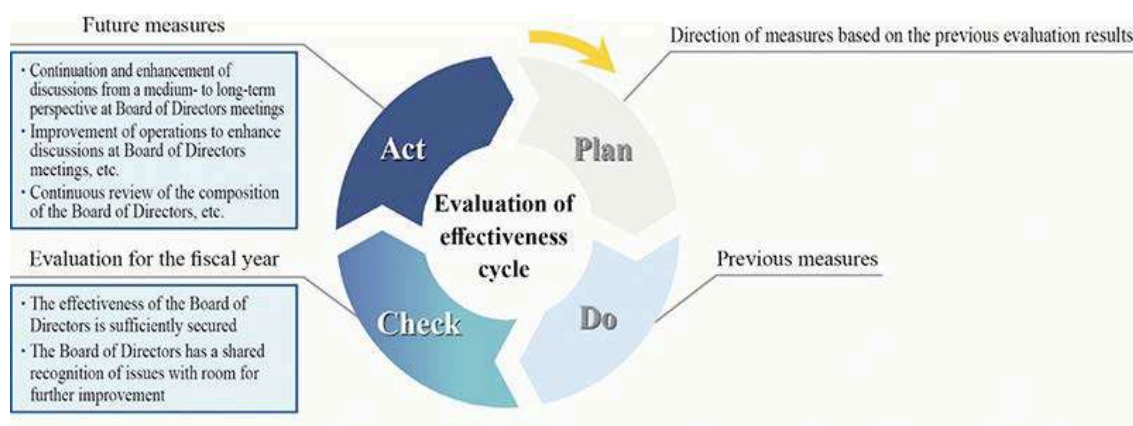
		Corporate Management & Strategy	Finance & Accounting	Legal Affairs, Intellectual Property & Risk Management	R&D, Manufacturing & Technology	Global	Digital	Environment & Society	Human Resource Management
Directors	Hideki Kobori	★		★				★	
	Koshiro Kudo	★				★		★	★
	Kazushi Kuse				★	★	★	★	
	Toshiyasu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

(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. In fiscal 2023, we utilized a third-party organization in order to evaluate the previous measures of the Board of Directors of the Company more objectively. The use of a third-party organization enabled all the Board of Directors members to share recognition of the status and issues related to ensuring the effectiveness of the Company's Board of Directors more clearly, and further deepen the measures for improvement towards enhancing effectiveness. We will continue to use the third-party organization on a regular basis for evaluation of the effectiveness of the Board of Directors in the future. The results of the evaluation of the effectiveness of the Board of Directors (hereinafter, "the fiscal year's evaluation") in fiscal 2023 are summarized as follows:

Measures to Improve the Effectiveness of the Company's Board of Directors



Previous measures (Plan, Do)

The Company's Board of Directors mainly worked on the following actions in the most recent three fiscal years.

Review of the composition of the Board of Directors and the officer remuneration system

- Further enhancement of the monitoring capability by review of the composition of the Board of Directors
- Review of remuneration design for directors to provide incentives for sustainable growth and improving medium- to long-term corporate value
- Improvement of transparency in the remuneration decision-making process by entrusting the decision right for performance-linked remuneration to the Remuneration Advisory Committee

Enhancement of management of Board of Directors meetings

- Enhancement of the setting of agenda items at meetings of the Board of Directors, deepening deliberations on important management matters by establishing Matters to Be Discussed
- Enhancement of the quality of discussions at Board of Directors meetings by expanding the pre-meeting briefings

Other measures for cooperation and information sharing

- Holding Independent Officer Meetings for only Outside Directors and Outside Audit & Supervisory Board Members
- Expansion of opportunities for Outside Officers to participate in site visits, research presentations, etc.

1. Process of the fiscal year's Evaluation (Check)

(1) From November 2023 to January 2024

We conducted surveys for all Directors and Audit & Supervisory Board Members and based on the responses to these surveys, an interview was conducted with all Directors and Audit & Supervisory Board Members by the third-party organization.

The survey and the interviews covered not only the Board of Directors but also the Nomination Advisory Committee and Remuneration Advisory Committee and the topics included such areas as the composition of the Board of Directors, the management and discussion status of meetings of the Board of Directors, the Nomination Advisory Committee, and Remuneration Advisory Committee, and support systems and information-sharing provided to Outside Officers, etc.

(2) February 2024

The Company's Board of Directors received reports from the third-party organization based on the aforementioned surveys and interviews, and discussed the contents of the report.

(3) March and April 2024

The Company's Board of Directors deliberated on responses to the issues identified.

2. Result summary of the evaluation (Check)

(1) As a result of the deliberations based on the report from the third-party organization, the Company's Board of Directors confirmed that the effectiveness of the Board of Directors is sufficiently ensured, particularly in the following aspects.

- Under the appropriate composition of the Board of Directors, each Director and Audit & Supervisory Board Member properly perform their roles and functions, and open and active discussion is conducted.
- The arrangement of discussions and gist of discussions at the Management Council meetings are shared with the Board of Directors, and are highly rated by Outside Officers.
- The chair of the Board of Directors is highly regarded as performing his role appropriately. In addition, Outside Directors and Audit & Supervisory Board Members contribute to substantive discussions based on their own experience and knowledge.

(2) On the other hand, the Company's Board of Directors shared that there are still issues regarding the following points.

- While working on business structural transformation and business portfolio transformation, there is room for improvement to hold further in-depth discussions at the Board of Directors and other meetings on medium- to long-term management issues, etc.
- The importance of further advancement of the discussions on the executive side in the stage prior to Board of Directors meetings and further information sharing with the Board of Directors are recognized.
- Regarding the composition of the Board of Directors, there is a need for continuous discussion, taking into consideration the percentage of Outside Directors in the future, the expected roles of the officers, the size of the Board of Directors, etc.

3. Future measures (Act)

Based on the objective analysis by the third-party organization, the Company's Board of Directors confirms the appropriateness and effectiveness of the previous measures, identifies the issues to be addressed for further enhancement of the effectiveness of the Board of Directors, and has decided to implement the following measures for improvement.

- (1) Continuation and enhancement of discussions from the medium- to long-term perspective at Board of Directors meetings

The Company aims for “contributing to a sustainable society” and “sustainable growth of corporate value” as two mutually reinforcing aspects of sustainability, and promotes the business portfolio management and strengthening its business platform. In order to properly supervise this, The Board of Directors aims to enhance discussions on key management subjects to be discussed from a medium- to long-term perspective, such as business portfolio transformation, management resource allocation, etc. In order to further deepen discussions, more opportunities are made for opinion exchange outside of meetings of the Board of Directors.

- (2) Improvement of operations to enhance discussions at Board of Directors meetings, etc.

In order to enhance discussions at Board of Directors meetings, we will consider the advancement of discussions at the Management Council meeting which is responsible for preliminary deliberations at Board of Directors meetings, and promote further streamlining and greater efficiency of the operation of Board of Directors meetings. In addition, we will continue to work on information sharing with Outside Officers and enhancement of communication between Outside Officers, etc.

- (3) Continuous consideration of the composition of the Board of Directors

We deepen discussions on the composition of the Board of Directors and continuously pursue the most appropriate form of the Board of Directors in light of our management philosophy, management strategy, and business environment.

Remuneration of Directors

Note: Percentages shown for Directors who have executive responsibilities (FY2023)

Fixed base remuneration	Performance-linked remuneration	Stock-based remuneration
62.8%	21.1%	16.1%

- 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 2023

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	601	452	85	65	12
(of which Outside Directors)	68	68	—	—	4
Audit & Supervisory Board Members	158	158	—	—	7
(of which Outside Audit & Supervisory Board Members)	54	54	—	—	4
Total	759	610	85	65	19

(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]

$$\boxed{\text{Index calculated by evaluation}^*} \times \boxed{\text{basic amount by rank}} = \boxed{\text{individual performance-linked remuneration amount}}$$

* 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.

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 Japan 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 133rd ORDINARY GENERAL MEETING OF SHAREHOLDERS)

 (2.1MB)

➤ Asahi Kasei Report

Strategic Shareholdings

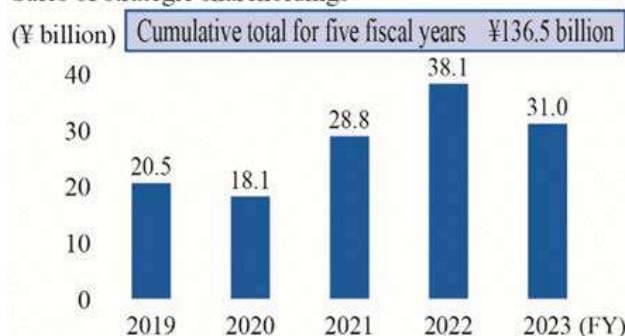
The Company is continuing to reduce its holdings of shares held for purposes other than pure investment (strategic shareholdings), taking into consideration factors such as the risk of share price fluctuations, costs associated with such holdings, and capital efficiency.

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.

Strategic holdings of listed shares



Sales of strategic shareholdings



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 2023, 28,936 out of the 31,007 employees in Japan (including contracted, temporary, and part-time employees) responded (a response rate of 93.3%), 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 2022, 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 2023 there were 86 reports and consultations made through the hotline system. None of them regarded significant matters which would affect the performance of operations. Of these, five 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 2023, 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 2023 were ¥15,990,000 (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

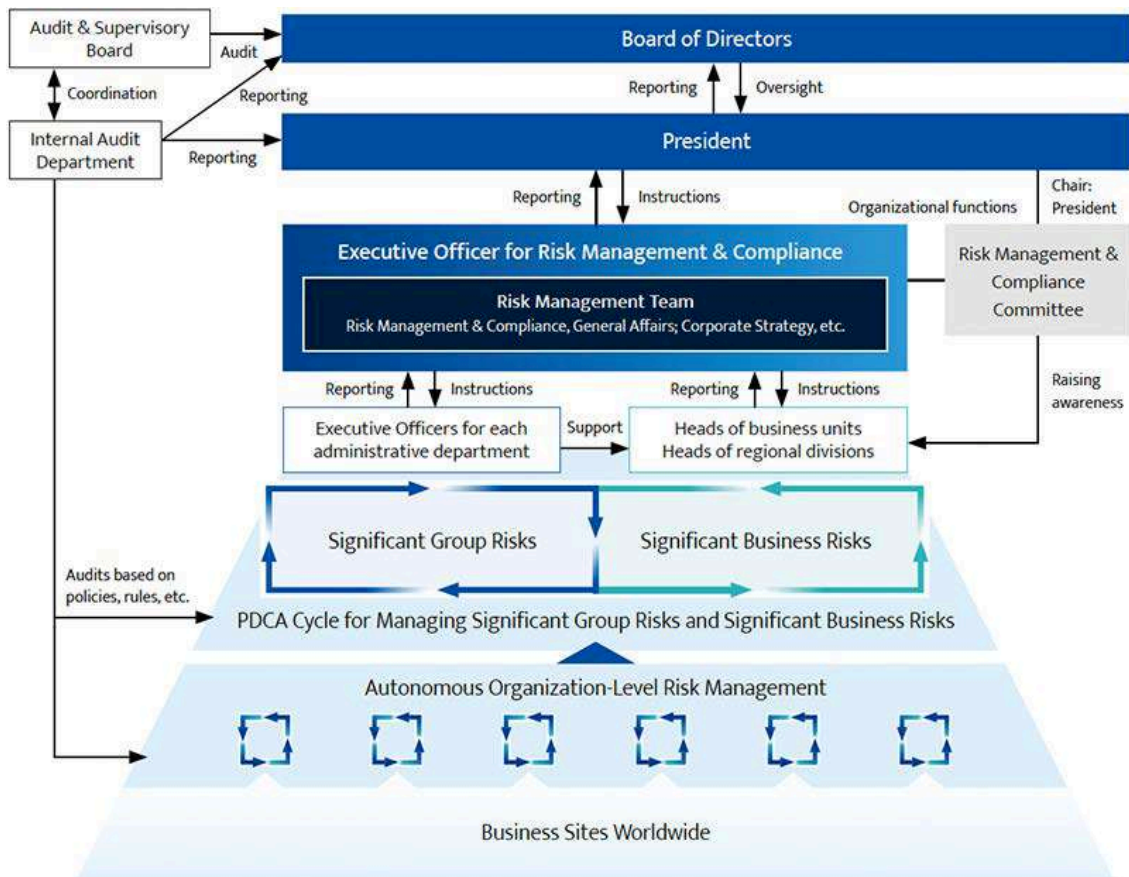
The Asahi Kasei Group has established and is working to reinforce basic guidelines for risk management and emergency response in the Group's business operations in accordance with the Asahi Kasei Group Basic Regulation for Risk Management & Compliance.

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 the economic decoupling of the United States and China, and growing tensions in international relations such as the situation between Russia and Ukraine, and in the Middle East. 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 group-wide to strengthen countermeasures. To do so, we are promoting concrete measures for the reinforcement of risk management.

Risk Management Framework

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 Significant Group Risks as those particularly important risks that the Board of Directors regularly supervises on in terms of monitoring risk response. We have also defined Significant Business Risks as those that may hinder achievement of the annual management plan in each business unit.

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



Significant Group Risks and course of action regarding the principal initiatives in fiscal 2024

Significant Group Risks		Course of action regarding the principal initiatives
Risk of accidents at Japanese and overseas production sites (environmental accidents, industrial accidents, injuries)		• Reinforcement and enhancement of Life Saving Actions (defining and thoroughly enforcing prohibited actions to eliminate serious accidents) • Improvement of fire prevention and extinguishing technology at each production site • Reinforcement of auditing functions for operational safety and development of human resources specializing in the Environment, Safety and Health • Identification of sources of hazard at each production site, transmission and education of process safety technologies, and thorough PDCA cycle for responding to abnormalities
Quality fraud risk in Japan and overseas (data falsification, etc.)		• Strengthening of quality awareness and culture through regular dialogue between management and the sites • Thorough dissemination of information on quality risks through stronger spread of information by corporate quality assurance departments • Strengthening of governance through quality inspections and enhancement of training of quality assurance human resources
Risks related to domestic and international laws, regulations, certifications, and other requirements related to the Environment, Safety, Health and quality assurance	The Environment, Safety and Health	• Dissemination of information on laws and regulations and legal revisions, thorough provision of training, assignment of specialist personnel, and strengthening of the internal consultation system • Strengthening of compliance with laws and regulations through establishment of systems
	Quality assurance	
Risks related to economic security and global supply chains	Risks related to tighter economic sanctions and export control regulations (both upstream and downstream)	• Understanding of legal and regulatory developments and advance consultations with relevant authorities and experts as necessary • Careful transaction screenings using an external client screening system

Significant Group Risks		Course of action regarding the principal initiatives
	Risks related to corporate activities due to geopolitical issues	- Establishment of risk scenarios for geopolitical contingencies and consideration of the impact on employee safety, procurement, sales, and other business activities - Specification of the initial response and BCP to be implemented by the emergency response headquarters in emergency situations
	Risks related to human rights (both upstream and downstream)	- Promotion of business activities in line with the Asahi Kasei Group Human Rights Policy - Fostering of awareness and culture of respect for human rights through the implementation of human rights due diligence, education and awareness-raising activities
	Risks related to procurement of raw materials and other materials	- Visualization of raw material procurement risks and priorities for each business, and enhancement of corporate support system - Diversification of procurement routes for raw materials for major products and businesses and maintenance of appropriate levels of inventories - Thorough search for and maintenance of alternative suppliers for equipment and materials in case of uncertain supply - Review of methods for managing delivery dates and replacement dates of equipment and materials
Risks related to cybersecurity and the management of technical information	Risks related to cybersecurity and communications infrastructure	- Implementation of flexible and speedy countermeasures against deepening cyber-attacks through employee education to raise security awareness and "technical measures" using security systems - Planning and implementation of BCP measures to achieve minimum IT utilization (communication, information access) in the event of a major disaster
	Risks of technical information leakage	- Establishment of rules for managing technical information and implementation of measures to prevent leakage based on those rules - Strengthening of the centralized group-wide monitoring system to prevent leakage
Risks related to natural disasters, pandemics, terrorism and conflicts	Head office and office districts (Japan and overseas)	- Reformulation of response policies and manuals based on past cases such as large-scale natural disasters and pandemics, and implementation of drills for risk occurrence - Establishment of standards and systems for setting up emergency response headquarters and action manuals for overseas contingencies such as terrorism and conflicts
	Manufacturing sites (Japan and overseas)	

The following other risks are monitored by the Board of Directors as risks that may have a significant impact on the Group's management.

Other risks	Course of action regarding the principal initiatives
Risks related to M&A	- Careful implementation of due diligence on companies under consideration for acquisition - Careful verification of post-merger integration plans
Risks related to climate change	Annual analysis and review of climate-related risks, assessment of the situation and promotion of response measures

➤ 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 Framework

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 2023	Japan	Overseas ²	Total
Income taxes paid ¹	¥11.4 billion	¥23.4 billion	¥34.8 billion

¹ Based on the consolidated statements of cash flows of Asahi Kasei Corp. for the fiscal year ended March 2024

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

ESG Data

Environment

Society

Governance

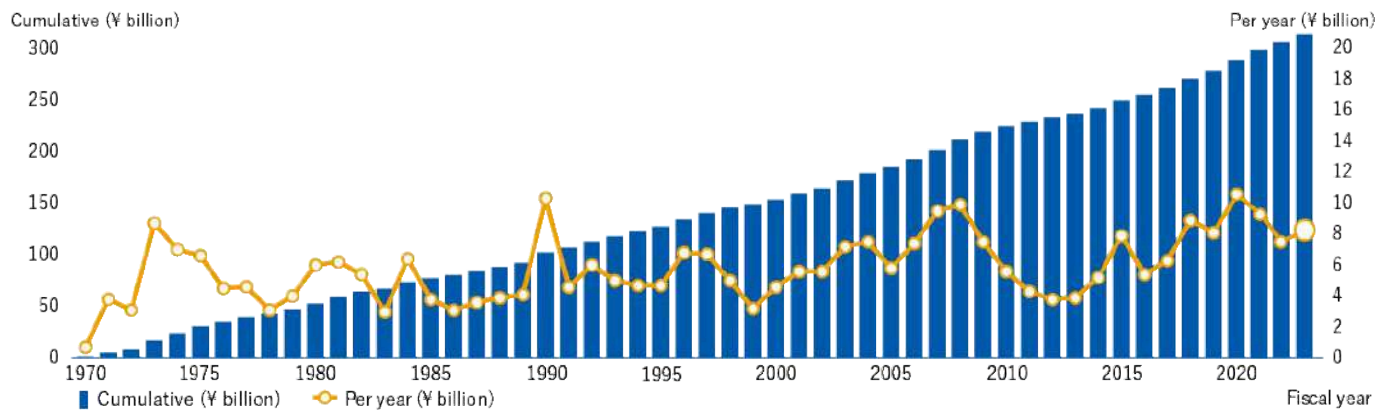
The Asahi Kasei Group publishes cost and performance data concerning its environmental activities.

Investment for Environmental Protection and Safety

The Asahi Kasei Group has invested the necessary management resources in ESH & QA activities.

Investments in environmental protection and safety-related facilities up to fiscal 2023 and in fiscal 2023 are shown below.

Investment for Environmental Protection and Safety

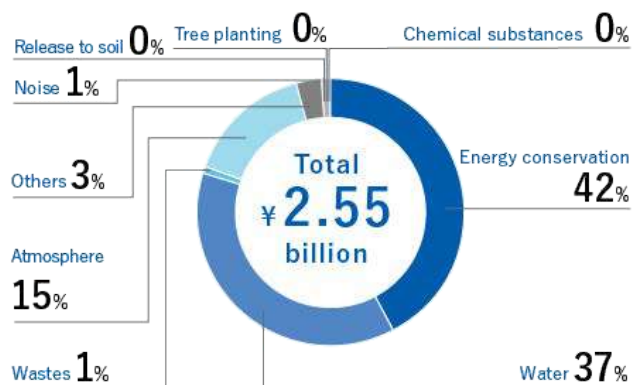


Investment for Environmental Protection and Safety

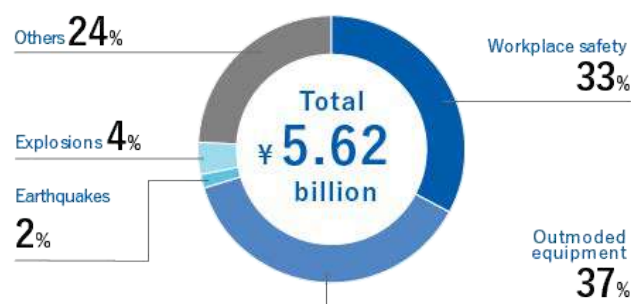
(¥ billion)

	FY2019	FY2020	FY2021	FY2022	FY2023
Environmental protection	4.14	3.88	2.8	2.65	2.55
Safety	3.95	6.63	6.43	4.85	5.62
Total	8.09	10.52	9.23	7.5	8.17

Investments in environmental protection-related facilities (fiscal 2023)



Investments in safety-related facilities (fiscal 2023)



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		FY2019		FY2020		FY2021		FY2022		FY2023	
		Investment	Expense	Investment	Expense	Investment	Expense	Investment	Expense	Investment	Expense
1	Combined operation area	3,905	10,089	3,628	7,666	2,755	9,914	2,098	10,080	1,928	10,610
	Pollution prevention	2,198	6,874	2,241	5,186	1,399	6,923	1,017	6,785	1,307	7,177
	Global environmental protection	1,221	773	1,246	689	1,069	955	945	963	442	1,027
	Resource circulation	485	2,442	142	1,792	287	2,036	136	2,332	180	2,407
2	Upstream and downstream	0	115	0	102	0	104	0	167	0	102
3	Management activities	43	2,394	25	654	19	1,294	136	1,953	38	1,409
4	R&D	192	8,431	228	2,185	198	1,793	374	2,628	674	2,837
5	Community outreach	0	24	0	18	0	17	0	25	0	21
6	Environmental damage	0	206	3	196	4	199	0	542	0	217
Total		4,139	21,259	3,885	10,822	2,976	13,321	2,608	15,395	2,641	15,197

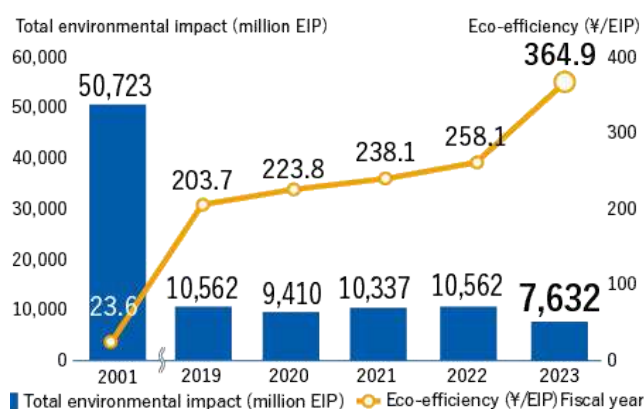
Environmental Management

Number and percentage of sites with environmental management system certification (FY2023)

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 = 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	FY2019	FY2020	FY2021	FY2022	FY2023
Total environmental impact (million EIP)	50,723	10,562	9,410	10,337	10,562	7,632
Net sales (¥ million)	1,195,393	2,151,646	2,106,051	2,461,317	2,726,485	2,784,878
Eco-efficiency (¥/EIP)	23.6	203.7	223.8	238.1	258.1	364.9

Greenhouse gas emissions in Japan by fiscal year

(million tons CO₂ equivalent)

Item	Index set at Kyoto Protocol (1990)	Baseline year (2005)	FY2019	FY2020	FY2021	FY2022	FY2023
Carbon dioxide	5.06	4.96	2.61	2.51	2.75	2.51	2.12
Nitrous oxide	6.82	0.76	0.13	0.29	0.09	0.08	0.06
Methane	0.00	0.01	0.00	0.00	0.00	0.00	0.00
HFCs	0.16	0.02	0.04	0.03	0.03	0.03	0.03
PFCs	0.01	0.14	0.12	0.06	0.01	0.01	0.00
Sulfur hexafluoride	0.00	0.04	0.01	0.01	0.00	0.00	0.00
Nitrogen trifluoride	-	-	0.00	0.00	0.00	0.00	0.00
Total	12.06	5.92	2.91	2.91	2.87	2.62	2.22

Notes:

* Calculation standards for greenhouse gas emissions:

For greenhouse gases covered by the Act on Rationalization of Energy Use and Shift to Non-fossil Energy 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.

* CO₂ 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' CO₂ emission factors for electricity purchased in Japan until FY2019, but we have opted to use 'adjusted' CO₂ emission factors from fiscal 2020 onwards. The impact of this change on CO₂ emissions is minor.

Overseas greenhouse gas emissions by fiscal year

(million tons CO₂ equivalent)

	FY2019	FY2020	FY2021	FY2022	FY2023
CO₂ emissions	1.08	1.00	1.16	1.05	0.95

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 CO₂ emissions from the burning of by-product gases are mainly calculated by material balance. Until fiscal 2020, CO₂ 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.

FY2023 global greenhouse gas emissions by segment

(million tons CO₂ equivalent)

Item	Material	Homes	Health Care	Other	Total
Total	2.94	0.10	0.12	0.00	3.17

Scope 3 emissions by fiscal year

(million tons CO₂ equivalent)

Category		FY2019	FY2020	FY2021	FY2022	FY2023
1	Purchased goods and services	4.43	4.62	4.72	4.78	4.10
2	Capital goods	0.32	0.39	0.45	0.44	0.47
3	Fuel and energy-related activities (not included in Scope 1 or Scope 2)	0.24	0.78	0.77	0.86	0.69
4	Upstream transportation and distribution	0.27	0.25	0.24	0.24	0.20
5	Waste generated in operations	0.00	0.00	0.07	0.07	0.07
6	Business travel	0.03	0.00	0.00	0.02	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	0.96	1.34	1.92	1.60	1.39
12	End-of-life treatment of sold products	4.70	5.87	5.95	5.98	4.92
13	Downstream leased assets	-	-	-	-	-
14	Franchise	-	-	-	-	-
15	Investment	-	-	-	-	-

Category		FY2019	FY2020	FY2021	FY2022	FY2023
	Total	10.98	13.28	14.15	14.00	11.89

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 Ver3.4 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 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. and its major overseas consolidated subsidiaries, 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 from business 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 CO₂ 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 (FY2023)

Emission factor : Electricity 0.438 (t-CO₂/thousand kWh) and 8.64 (GJ/thousand kWh), city gas 0.051 (t-CO₂/GJ), kerosene 0.069 (t-CO₂/GJ)

* Calculation method for end-of-life treatment of sold products:

For Asahi Kasei Corp. and its major overseas consolidated subsidiaries, 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 CO₂ 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 CO₂ emission factor per building.

CO₂ emissions from product shipment (FY2023)

	Material	Homes	Health Care	Other	Total
Shipment volume (million ton-km)	652.03	287.48	3.11	0.00	942.63
CO ₂ emissions (tons CO ₂)	39,727	32,201	467	0	72,396

Proportion of low-pollution vehicles*

(Number of vehicles)

		FY2019	FY2020	FY2021	FY2022	FY2023
Used on public roads	Low-pollution vehicles	1,295	1,415	1,506	1,561	1,869
	Other	86	40	44	62	55
	Subtotal	1,381	1,455	1,550	1,623	1,924
Used within plant grounds	Low-pollution vehicles	451	726	764	527	611
	Other	208	66	73	149	137
	Subtotal	659	792	837	676	748
Total	Low-pollution vehicles	1,746	2,141	2,270	2,088	2,480
	Other	294	106	117	211	192
	Total vehicles	2,040	2,247	2,387	2,299	2,672
Proportion of low-pollution vehicles (%)	Used on public roads	94	97	97	96	97
	Used within plant grounds	68	92	91	78	82
	Total	86	95	95	91	93

* Low-pollution vehicles

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

(Volume: thousands of tons, Percentage: %)

Fiscal year	Category	Waste generated	Material recycling	Chemical recycling	Heat recovery	Volume reduction	Final disposal	Coverage
2023	Japan (of which waste plastic) ²	476.7 (20.4)	358.1 (8.7)	5.1 (0.8)	99.4 (10.6)	2.7 (0.1)	11.3 (0.2)	—
	Overseas	37.3	7.6	0.7	2.6	4.0	22.5	—
	Total	514.0	365.7	5.8	102.0	6.7	33.9	—
	Percentage (%)	100.0	71.2	1.1	19.8	1.3	6.6	60
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	2023
Specially controlled industrial waste	34.7	23.1	18.6	14.6

^{*} 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

(tons)

	FY2019	FY2020	FY2021	FY2022	FY2023
Hebel™ panels	354	350	217	325	306
Cement materials	368	259	194	202	112
Lightweight artificial soil	0	0	0	0	0
Total	722	609	411	527	418

Maintenance and management status of waste treatment facilities^{*}

Facility	FY2021	FY2022	FY2023	FY2024
Kawasaki Works Incineration Plant (W-1000)	2021 Results  (409.6KB)	2022 Results  (409.2KB)	2023 Results  (239.2KB)	2024 Results  (403.2KB)
Kawasaki Works Incineration Plant (N-1000)	2021 Results  (395.0KB)	2022 Results  (395.0KB)	2023 Results  (232.9KB)	2024 Results  (390.1KB)

^{*} 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

(tons)

	FY2000	FY2019	FY2020	FY2021	FY2022	FY2023*
Release to air	4,720	290	250	230	400	530
Release to water	170	60	50	60	40	70
Release to soil	0	0	0	0	0	0
Total release	4,890	350	300	290	440	600
Reduction rate (%)	—	93	94	94	91	88
Transfer	2,100	2,400	2,700	2,500	2,600	3,000

* PRTR-specified substances changed in fiscal 2023 due to regulatory revision.

VOC* air emissions

	FY2000 (baseline year)	FY2019	FY2020	FY2021	FY2022	FY2023
Volume (tons)	10,400	1,100	920	1,000	1,200	1,000
Reduction rate (%)	—	89	91	90	89	90

* 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.

FY2023 release and transfer of PRTR-specified substances

(tons)

Company	Sites	Substance	Release to air	Release to water Subtotal	Release to soil Subtotal	Releases of VOCs Total	Transfer
Asahi Kasei Corp.	Nobeoka	1,1-Dichloroethylene (vinylidene chloride)	23	0	0	23	40
		Dichloromethane (methylene chloride)	7	0	0	7	2
		Chloroethylene (vinyl chloride)	6	0	0	6	47
		Water-soluble copper salts (except complex salts)	0	13	0	13	0
		1,2-Dichloroethylene	6	0	0	6	102
		Tetrafluoroethylene	29	0	0	29	0
	Moriyama	Dichloromethane (methylene chloride)	16	0	0	16	0
		N,N-dimethylacetamide	6	0	0	6	210
	Mizushima	n-Hexane	270	0	0	270	14
		Molybdenum and its compounds	0	13	0	13	0
		Vinyl acetate	7	0	0	7	6
	Kawasaki	n-Hexane	38	0	0	38	10
		Cyclohexane	55	0	0	55	77
		Lithium carbonate	0	27	0	27	0
Asahi Kasei Medical	Nobeoka	N,N-dimethylacetamide	2	6	0	8	306
Japan Elastomer	Oita	Cyclohexane	15	0	0	15	4

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 (Japan) fluorocarbon leakage volume

(tons CO₂)

Core Operating Companies / Affiliated Companies	FY2021	FY2022	FY2023
Asahi Kasei Corp.	1,265.3	949.9	499.4
Asahi Kasei Medical Co., Ltd.	244.4	116.7	31.0
Asahi Kasei Pharma Corp.	58	99.3	33.9
Asahi Kasei Homes Corp.	3.3	40.6	1.6
Asahi Kasei Construction Materials Corp.	1.2	14.2	0
Asahi Kasei Microdevices Corp.	0	0	0
Other affiliated companies	152.4	106.1	50.1
Total	1,724.5	1,326.9	616.0

Release of air and water pollutants by fiscal year

Item	Unit	FY2019	FY2020	FY2021	FY2022	FY2023
SO _x ¹	Tons	6,300	5,200	6,800	3,700	2,000
NO _x ²	Tons	3,400	3,600	3,500	2,600	1,700
Soot and dust ³	Tons	90	110	140	90	70
Water discharges	Million m ³	216	204	202	200	194
COD ⁴	Tons	890	850	850	760	730
N	Tons	6,500	4,900	5,900	4,500	5,700
P	Tons	20	20	20	20	20
Coverage	%	-	-	76	75	77

Air emissions by site

(tons)

	FY2021			FY2022			FY2023		
Site	SOx	NOx	Soot and dust ³	SOx	NOx	Soot and dust ³	SOx	NOx	Soot and dust ³
Nobeoka	6,300	2,200	80	3,400	1,400	30	1,800	670	20
Mizushima	270	960	50	210	1,000	50	210	760	40
Moriyama	0	130	4	0	90	3	0	96	2
Fuji	0	2	0	0	3	0	0	3	0
Ohito	2	6	0	4	5	0	3	6	0
Kawasaki	3	100	6	2	100	5	3	110	8
Suzuka	0	30	0	0	20	0	0	22	0
Other	200	50	5	90	30	3	4	77	1
Total	6,800	3,500	140	3,700	2,600	90	2,000	1,700	70

Notes:

¹ Sulfur oxides (SOx) are formed when crude oil, fuel oil, or coal containing sulfur are used as fuel. Sulfur dioxide (SO₂) 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 (NO₂).

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 withdrawals and discharges

(Million m³)

Item		FY2019	FY2020	FY2021	FY2022	FY2023
Japan	Withdrawals	246	235	245	236	234
	Discharges	216	204	202	200	194
Overseas	Withdrawals	11	9	9	9	8
	Discharges	6	4	4	4	4
Japan and overseas	Withdrawals	256	244	254	245	242
	Discharges	222	208	206	204	198

Note: Due to a review in aggregation, figures for fiscal 2022 and earlier have been revised.

Water withdrawals and sources by fiscal year in Japan

(Million m³)

	FY2019	FY2020	FY2021	FY2022	FY2023
Water withdrawals	246	235	245	236	234
Municipal water	2	2	2	2	2
Ground water	21	20	20	18	25
Industrial water	223	213	223	216	207

Water discharges by site in Japan

(tons)

Site	FY2021				FY2022				FY2023			
	COD	N	P	Water discharges (10 ⁶ m ³)	COD	N	P	Water discharges (10 ⁶ m ³)	COD	N	P	Water discharges (10 ⁶ m ³)
Nobeoka	670	5,600	6	133	600	4,200	4	125	580	5,400	3	125
Mizushima	50	190	3	30	50	160	3	32	40	150	3	29
Moriyama	8	9	2	10	6	8	1	9	5	7	1	9
Fuji	20	80	6	11	20	90	8	14	10	80	10	12
Ohito	0	1	0	0	0	1	0	0	0	1	0	0
Kawasaki	70	20	1	11	60	30	1	13	60	30	1	13
Suzuka	5	1	0	2	6	2	0	2	5	2	0	2
Other	30	3	0	5	20	3	0	5	20	2	0	4
Total	850	5,900	20	202	760	4,500	20	200	730	5,700	20	194



ESG Data

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Number of Group Employees

		Scope	FY2019	FY2020	FY2021	FY2022	FY2023
Number of Group Employees	Total	Asahi Kasei Group consolidated (global)	40,689	44,497	46,751	48,897	49,295
	Male		—	—	33,265	34,630	34,741
	Female		—	—	13,443	14,254	14,537
	Gender unspecified		—	—	43	13	17
Female employee rate (%)			—	—	28.8	29.1	29.5

Note: Gender according to individuals' self-identification.

Number of Employees by Status

		Scope	FY2019	FY2020	FY2021	FY2022	FY2023
Permanent	Total	Note 1	17,293	17,417	17,413	17,267	17,460
	Male		14,511	14,593	14,555	14,352	14,492
	Female		2,782	2,824	2,858	2,915	2,968
Non-permanent	Total	Note 1	2,576	3,360	2,875	3,133	2,889
	Male		1,967	2,382	1,966	2,232	2,031
	Female		609	978	909	901	858
Non-permanent rate (%)			14.9	19.3	16.5	18.1	16.5

Persons with disabilities

	Scope	FY2019	FY2020	FY2021	FY2022	FY2023
Number of employees with disabilities [Scope Note 2]	All Group companies applicable as Special Subsidiaries	609	623	643	657	715
Employment rate (%) [Scope Note 2]		2.31	2.38	2.42	2.4	2.58
Statutory employment rate (%) [Scope Note 2]		2.2	2.3	2.3	2.3	2.3

Note: The number of employees and the employment rate for FY2021 and FY2022 were revised to reflect a review of the calculation basis.

Employment/Retention

		Scope	FY2019	FY2020	FY2021	FY2022	FY2023
Number of new hires	New graduate total	Note 1	614	586	460	425	436
	(male)		486	466	369	340	337
	(female)		128	120	91	85	99
	Mid-career total		410	298	345	378	362
	(male)		349	276	297	303	299
	(female)		61	22	48	75	63
Mid-career hire rate (%)			40.0	33.7	42.9	47.1	45.4
Number of resignations*			292	283	328	364	523
Employee turnover rate (%)			1.66	1.58	1.83	2.04	2.95

* Excluding mandatory retirees. The retirement age in Japan changed from 60 to 65 in FY2023. The number of resignations in FY2023 increased due to a certain number of employees retiring at the age of 60.

Working Hours / Salary

	Scope	FY2019	FY2020	FY2021	FY2022	FY2023
Total hours worked	Note 1	1,949	1,974	1,992	1,966	1,954
Overtime hours worked		247	261	287	270	269
Average paid vacation days taken		15.7	14.3	14.8	16.3	16.1
Average rate of paid vacation (%)		82.3	75.3	77.6	85.4	84.4
Average annual salary (¥)	Asahi Kasei Corp.	7,691,021	7,691,021	7,810,513	7,605,539	7,528,168

Note: Average figures per employee shown.

Education/Training

	Scope	FY2019	FY2020	FY2021	FY2022	FY2023
Total training hours*	Note 1	—	374,068	388,701	446,280	494,197
Average time per employee		—	21.5	22.3	25.7	28.1
Total cost of training conducted in Japan (thousand yen)		3,409,515	2,129,282	2,806,147	3,471,596	4,248,249
Annual education and training costs (thousand yen)		205	126	166	198	242

* Figures for FY2020 and FY2022 were revised to reflect a review of the calculation basis.

Diversity / Work-life Balance

		Scope	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Number of female managers*		Note 1	212	231	257	277	309	351
Total number of managers*			5,767	5,780	5,760	5,778	5,759	5,799
Ratio of female managers (%)*			3.7	4.0	4.5	4.8	5.4	6.1
Proportion of women working as managers and Group Masters (%)*			2.3	2.8	3.4	3.7	3.9	4.4
Number of employees taking child care leave	Male		417	433	496	538	589	—
	Female		251	265	287	306	285	—
Number of employees using shortened working hours system for child care	Male		3	4	2	1	5	—
	Female		350	366	322	307	304	—
Number of employees using "Kids Support" shortened working hours system	Male		2	0	0	0	0	—
	Female		141	123	135	154	163	—
Number of employees taking family care leave	Male		3	6	2	3	2	—
	Female		8	4	2	5	6	—
Number of employees using shortened working hours system for family care	Male		3	4	2	1	0	—
	Female		2	2	0	2	5	—

* As of June 30 each year.

Gender Pay Gap

			Scope	FY2022	FY2023	
Average annual salary (¥)	Female	All workers	Note 1	5,860,247	5,976,307	
		Permanent employees		6,520,585	6,604,634	
		Part-time / Fixed-term employees		3,459,754	3,553,597	
	Male	All workers		8,604,480	8,503,638	
		Permanent employees		8,767,621	8,662,984	
		Part-time / Fixed-term employees		5,157,015	5,315,244	
	Difference in salary between men and women (%)			All workers	68	70
				Permanent employees	74	76
				Part-time / Fixed-term employees	67	67

Occupational Health and Safety

		Scope	FY2019	FY2020	FY2021	FY2022	FY2023
Group lost time frequency rate (%)		Note 3	0.44	0.21	0.38	0.20	0.34
Group severity rate (%)			0.074	0.006	0.133	0.016	0.003
Number of lost-worktime injuries	Group employees		25	12	22	12	20
	Contract employees				2	1	1
	Total						
Of which, number of fatalities	Group employees		0	0	1	0	0
	Contract employees				0	0	0
	Total						
Average age		Note 4	43.8	43.7	43.7	43.7	43.9
Percentage finding problems during health examinations (%)			62.3	62.7	62.5	62.1	61.2
BMI			26.8	26.7	26.7	26.7	26.3
Smoking rate (%)			25.8	24.7	23.5	22.5	21.8
Number of days absent due to injury or illness (days per person; calculated based on reports of absence from work)			3.5	3.1	3.4	3.9	3.9
Specific health guidance rate (%)			34.1	35.2	46.7	58.3	
Stress check rate (%)			98.0	96.3	93.8	92.0	94.3
High stress rate (%)			8.0	8.0	8.6	8.9	8.4
Work engagement Average score for Vitality (work engagement and psychological capital) in KSA (Vitality and Growth Assessment)			—	—	3.54	3.54	3.55

	Scope	FY2019	FY2020	FY2021	FY2022	FY2023
Workplace dialogue implementation rate (%)* * Percentage of organizations performing activities to discuss its own issues, the state it wants to achieve, and future initiatives.		—	41.0	54.7	70.7	73.9
Self-care education participation rate (%)		—	—	—	98.0	95.4
Rate of employees who reviewed their behavior and lifestyles after attending health-related training (%)		—	—	—	90.4	91.9

Note: Due to a review in aggregation, FY2022 figures for group lost time frequency rate, group severity rate and number of lost-worktime injuries were revised.

Note: FY2021 and FY2022 figures for work engagement and workplace dialogue implementation were revised to reflect a review of the calculation basis.

Social Contributions

	Scope	FY2019	FY2020	FY2021	FY2022	FY2023
Social contribution activity expenses (¥ million)	Asahi Kasei Group consolidated (global)	1,143	2,147	1,799	1,574	1,650
Proportion of ordinary income (%)		0.62	2.62	0.85	1.29	1.83

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 27,992.0 persons at the 22 applicable companies as of June 1, 2023. (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



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Corporate Governance

			Scope	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	
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	2	2	
		Total		3	3	3	3	4	4	
	Total			9	9	9	9	10	10	
	Ratio of Female Members of the Board of Directors (%)			11.1	11.1	11.1	11.1	20.0	20.0	

(As of July of each year)

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 2024)

- 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 Equity 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)



2024 CONSTITUENT MSCIジャパン
ESGセレクト・リーダーズ指数

2024 CONSTITUENT MSCI日本株
ESGセレクト・リーダーズ指数

2024 CONSTITUENT MSCI日本株
女性活躍指数 (WIN)



Asahi Kasei received AAA, the highest rating in the 2024 MSCI ESG Ratings.



Asahi Kasei was rated B in the categories of Climate Change and Water Security in the 2023 survey conducted by CDP.



Acquisition of the Highest Rank from Development Bank of Japan, Inc. (DBJ) under its DBJ Environmentally Rated Loan Program

In September 2024, 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 2024

Asahi Kasei has been selected as a Digital Transformation Stock (DX Stock 2024), 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 2024

The Asahi Kasei Group was recognized in March 2024 as one of the "White 500" organizations under the Certified Health & Productivity Management Organization Recognition Program of 2024, 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 of Asahi Kasei's Life Innovation SBU receives EcoVadis Sustainability Assessment Gold Rating

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 CO₂ 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., 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.



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 CO₂ 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 Code of Conduct  (186.5KB)
	➤ 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

	Policy
	Multi-Stakeholder Policies ➤ Asahi Kasei Corp.  (194.8KB) ➤ Asahi Kasei Microdevices  (140.6KB) ➤ Asahi Kasei Homes  (140.7KB) ➤ Asahi Kasei Construction Materials  (141.2KB) ➤ Asahi Kasei Pharma  (141.2KB) ➤ Asahi Kasei Medical  (164.5KB)
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 Standards Content Index

Statement of use	The Asahi Kasei Group has reported the information cited in this GRI content index for the period April 1, 2023 to March 31, 2024 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

General Disclosures

DISCLOSURER 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

DISCLOSURER 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)

DISCLOSURER NUMBER	DISCLOSURE	LOCATION
Strategy, policies and practices		
2-22	Statement on sustainable development strategy	➤ Management Message
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

DISCLOSURER 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 Framework
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	

DISCLOSURE 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	

DISCLOSURE 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	
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 Framework
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	➤ Pollution Prevention and Resource Circulation ➤ ESG Data > Environment > Pollution Prevention and Resource Circulation / Water Resource Preservation
306-5	Waste directed to disposal	➤ Pollution Prevention and Resource Circulation ➤ ESG Data > Environment > Pollution Prevention and Resource Circulation / Water Resource Preservation

DISCLOSURER 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	➤ Health & Productivity Management and Occupational Health & Safety> Occupational Health and Safety
403-2	Hazard identification, risk assessment, and incident investigation	➤ Health & Productivity Management and Occupational Health & Safety> Occupational Health and Safety
403-3	Occupational health services	➤ Health & Productivity Management and Occupational Health & Safety> Occupational Health and Safety
403-4	Worker participation, consultation, and communication on occupational health and safety	➤ Health & Productivity Management and Occupational Health & Safety> Occupational Health and Safety
403-5	Worker training on occupational health and safety	➤ Health & Productivity Management and Occupational Health & Safety> Occupational Health and Safety
403-6	Promotion of worker health	➤ Health & Productivity Management and Occupational Health & Safety> Health & Productivity Management

DISCLOSURE NUMBER	DISCLOSURE	LOCATION
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	➤ Health & Productivity Management and Occupational Health & Safety> 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	➤ Health & Productivity Management and Occupational Health & Safety> Occupational Health and Safety ➤ ESG Data > Society > Occupational Health and Safety
403-10	Work-related ill health	➤ Health & Productivity Management and Occupational Health & Safety> 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

DISCLOSURE 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

DISCLOSURER 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	Unit of Measure	Code	Disclosure and Website Link
Greenhouse Gas Emissions	Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations	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	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 ₂ O), (2) SO _x , (3) volatile organic compounds (VOCs), and (4) hazardous air pollutants (HAPs)	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)
Energy Management	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable and (4) total self-generated energy	Gigajoules (GJ), Percentage (%)	RT-CH-130a.1	(1) Environmental Management (2) - (3) Climate Change > Efforts to Reduce CO₂ Emissions > Renewable energy (4) -

Topic	Accounting Metric	Unit of Measure	Code	Disclosure and Website Link
Water Management	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with high or extremely high baseline water stress	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	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	n/a	RT-CH-140a.3	-
Hazardous Waste Management	Amount of hazardous waste generated, percentage recycled	Metric tons (t), Percentage (%)	RT-CH-150a.1	➤ Pollution Prevention and Resource Circulation > Reduction of Industrial Waste and Promotion of Recycling
Community Relations	Discussion of engagement processes to manage risks and opportunities associated with community interests	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	Rate	RT-CH-320a.1	➤ Health & Productivity Management and Occupational Health & 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	n/a	RT-CH-320a.2	➤ Health & Productivity Management and Occupational Health & Safety > Health & Productivity Management > Health Management Goals
Product Design for Use phase Efficiency	Revenue from products designed for use-phase resource efficiency	Reporting currency	RT-CH-410a.1	-

Topic	Accounting Metric	Unit of Measure	Code	Disclosure and Website Link
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	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	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)	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	n/a	RT-CH-530a.1	➤ Environmental Management > Policy ➤ Climate Change > Asahi Kasei Group's Carbon Neutrality Policy
Operational Safety, Emergency Preparedness & Response	Process Safety Incidents Count (PSIC), Process Safety Total Incident Rate (PSTIR), and Process Safety Incident Severity Rate (PSISR)	Number, Rate	RT-CH-540a.1	➤ Process Safety > Process safety management
	Number of transport incidents	Number	RT-CH-540a.2	➤ Process Safety > Transportation and Distribution Safety

Independent Review and Independent Assurance Report

Independent Review (Japan Chemical Industry Association) FY2023

Independent review

[translation from Japanese]

Asahi Kasei Group Sustainability Report 2024
Independent Review

October 31, 2024

Koshiro Kudo
President & Representative Director,
Presidential Executive Officer
Asahi Kasei Corporation

Hiroshi Ishii
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 2024* (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); accuracy of numerical values
- 2) Accuracy of reported information other than numerical values
- 3) Details of Asahi Kasei Group's ESH & QA 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 Moriyama District was carried out on-site to examine the reasonableness of methods used to calculate the numerical values reported to the 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 Moriyama District 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) ESH & QA and Sustainability Activities
 - The company is pursuing sustainability with “Care for People” and “Care for Earth” as its vision for 2050. “Care for Earth” aims to achieve a carbon-neutral and sustainable world, while “Care for People” aims to achieve an active life in the new normal. We highly commend the company for defining and promoting specific activities toward each of these goals.
 - The company has diverse businesses in the three areas of Material, Homes, and Health Care, so it needs highly motivated and specialized human resources (Group Masters) and digital human resources to achieve its goals. We commend the fact that the company is systematically conducting research and education for this purpose.
 - In Moriyama, the company is expanding ESH activities in conjunction with production plants for battery, electronics, and textile materials, as well as development and technology centers. In particular, the company has created the “Moriyama Basic Safety Action Bylaws” to prevent accidents through actions, and have started “Kizuki-tai” activities in the current fiscal year, focusing on verifying work and praising good behavior. We highly commend these activities and look forward to seeing the results. We also commend the company for its efforts to communicate with employees, residents of the local community, and relevant government agencies, through publication of the “Sustainability Report 2024 Online Edition.”
 - Asahi Kasei’s Life Saving Actions (LSA) program has been established to eliminate serious workplace accidents. Not only is there continuing thorough avoidance of the four prohibited actions, but also the company is conducting safety awareness surveys to identify and improve issues and foster a culture of safety. We could also verify LSA postings, and that this activity is making good progress in the Moriyama District.
- 4) Characteristics of the Report
 - The company has made steady progress in FY2023 toward its 2030 target of reducing greenhouse gas emissions by 30% or more compared to FY2013. Additionally, the company has outlined concrete steps toward its goal of becoming carbon neutral in 2050.
 - The ESG Data at the end of the report summarizes the organization’s actual activities, including changes over time, in a format that is easy to understand.

Independent Assurance Report (KPMG AZSA Sustainability Co., Ltd.) FY2023



Independent Practitioner's Limited Assurance Report

To the President and Representative Director, Presidential Executive Officer of Asahi Kasei Corporation.

Conclusion

We have performed a limited assurance engagement on whether selected environmental performance indicators (the "subject matter information" or the "SMI") presented in Asahi Kasei Corporation's (the "Company") sustainability report 2024 (the "Report") for the year ended March 31, 2024 have been prepared in accordance with the criteria (the "Criteria"), which are established by the Company and are explained in the Report. The SMI subject to the assurance engagement is indicated in the Report with the symbol "🔍".

Based on the procedures performed and evidence obtained, nothing has come to our attention to cause us to believe that the Company's SMI for the year ended March 31, 2024 is not prepared, in all material respects, in accordance with the Criteria.

Basis for Conclusion

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*, and International Standard on Assurance Engagements (ISAE) 3410, *Assurance Engagements on Greenhouse Gas Statements*, issued by the International Auditing and Assurance Standards Board (IAASB). Our responsibilities under those standards are further described in the "Our responsibilities" section of our report.

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA).

Our firm applies International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, issued by the IAASB. This standard requires the firm to 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.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Other information

Our conclusion on the SMI does not extend to any other information that accompanies or contains the SMI (hereafter referred to as "other information"). We have read the other information but have not performed any procedures with respect to the other information.

Responsibilities for the SMI

Management of the Company are responsible for:

- designing, implementing and maintaining internal controls relevant to the preparation of the SMI that is free from material misstatement, whether due to fraud or error;
- selecting or developing suitable criteria for preparing the SMI and appropriately referring to or describing the criteria used; and
- preparing the SMI in accordance with the Criteria.



Inherent limitations in preparing the SMI

As described in the Note within the “Reducing GHG Emissions” section of the Report, GHG emissions quantification is subject to uncertainty when measuring activity data, determining emission factors, and considering scientific uncertainty inherent in the Global Warming Potentials. Hence, the selection by management of a different but acceptable measurement method, activity data, emission factors, and relevant assumptions or parameters could have resulted in materially different amounts being reported.

Our responsibilities

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the SMI is free from material misstatement, whether due to fraud or error;
- forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- reporting our conclusion to the Company’s management.

Summary of the work we performed as the basis for our conclusion

We exercised professional judgment and maintained professional skepticism throughout the engagement. We designed and performed our procedures to obtain evidence about the SMI that is sufficient and appropriate to provide a basis for our conclusion. Our procedures selected depended on our understanding of the SMI and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise. In carrying out our engagement, we:

- assessed the suitability of the criteria applied to prepare the SMI;
- conducted interviews with the relevant personnel of the Company, to obtain an understanding of the key processes, relevant systems and controls in place over the preparation of the SMI;
- performed analytical procedures / trend analysis;
- identified and assessed the risks of material misstatements;
- performed a site visit at one of the Company’s domestic sites and making inquiries and reviewing materials including documented evidence as alternative procedures to a site visit to one of the Company’s overseas sites which were determined through our risk assessment procedures;
- performed, on a sample basis, recalculation of amounts presented as part of the SMI;
- performed other evidence gathering procedures for selected samples;
- evaluated whether the SMI was presented in accordance with the Criteria; and

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Kazuhiko Saito, Engagement Partner

KPMG AZSA Sustainability Co., Ltd.

Tokyo Office, Japan

March 21, 2025