

Creating for Tomorrow



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Group Mission

We, the Asahi Kasei Group,  
contribute to life and living  
for people around the world.

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Group Vision

Providing new value to society  
by enabling “living in health and comfort”  
and “harmony with the natural environment.”

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Group Values

**Sincerity**—Being sincere with everyone.  
**Challenge**—Boldly taking challenges, continuously seeking change.  
**Creativity**—Creating new value through unity and synergy.

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Group Slogan

Creating for Tomorrow

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#### Editorial policy

For greater ease of understanding among our stakeholders regarding the Asahi Kasei Group's operating climate and overall business activities, the Asahi Kasei Report focuses on such areas as our management strategy, business conditions, and management configuration as well as our efforts toward sustainability in society. Detailed sustainability-related information is disclosed on our website.

#### Period under review

The period under review is fiscal 2020 (April 2020 to March 2021). Some qualitative information pertaining to April to July 2021 has also been included.

#### Organizational scope

The scope of the report is Asahi Kasei Corp. and its consolidated subsidiaries (in other cases, noted in the text). Asahi Kasei's three operating segments are Material, Homes, and Health Care. The titles and positions of corporate officers and other personnel as shown in this report are current as of September 2021.

#### Guidelines consulted

The GRI Standards, the standards of the Sustainability Accounting Standards Board, ISO 26000, and other guidelines were consulted during the preparation of this report.

#### Disclaimer

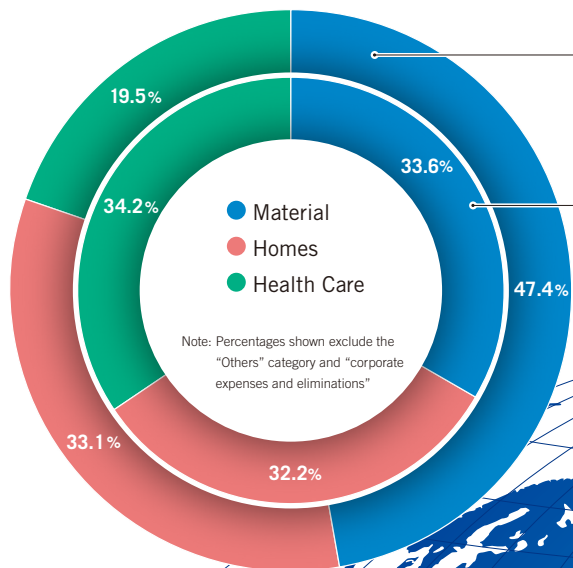
The forecasts and estimates shown in this report are dependent on a variety of assumptions and economic conditions. Plans and figures depicting the future do not imply a guarantee of actual outcome.

#### Photographs at the beginning of each section

We have used a selection of prize-winning photographs from our Sustainability Photo Contest held in March and April 2021. The contest solicited photographs from all Asahi Kasei Group employees and executives that would inspire people to think about and act on sustainability in their daily lives. More than 2,300 submissions were received from our sites around the world.



# At a Glance



Fiscal 2020 Net Sales  
**¥ 2,106.1 billion**

Fiscal 2020 Operating Income  
**¥ 171.8 billion**

### Notable Facts (as of March 31, 2021)

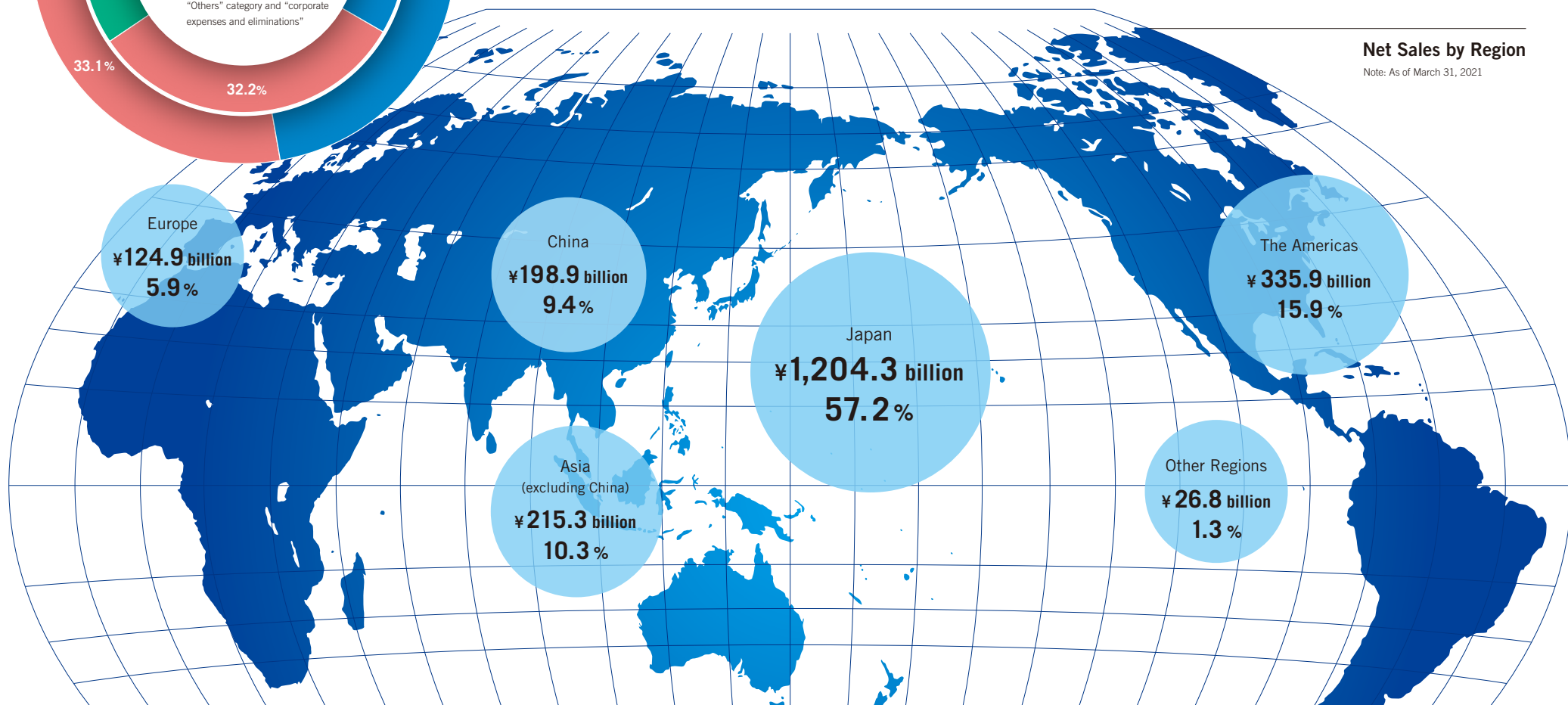
**Employees**  
**44,497** Of which, overseas employees account for nearly 40%

**Global bases**  
**More than 20 countries and regions**

**Consolidated subsidiaries**  
**228**

**Overseas sales ratio**  
**42.8%**

**Credit rating\***  
**AA** Japan Credit Rating Agency (JCR) \* As of June 30, 2021



**Net Sales by Region**  
 Note: As of March 31, 2021

Priority Fields for Provision of Value and Related Products

 **Material**

**Environment & Energy**



Hipore™ and Celgard™ separators for lithium-ion batteries



Ion-exchange membrane chlor-alkali electrolysis process

**Mobility**



Engineering plastics



Lamous™ artificial suede  
Dinamica™ automotive interior material

**Life Material**



Ceolus™ microcrystalline cellulose



Household products

 **Homes**

**Home & Living**



Hebel Haus™ unit homes  
Hebel Maison™ apartment buildings



Hebel Village™ apartments for seniors



Atlas™ condominiums

 **Health Care**

**Health Care**



Pharmaceutical products



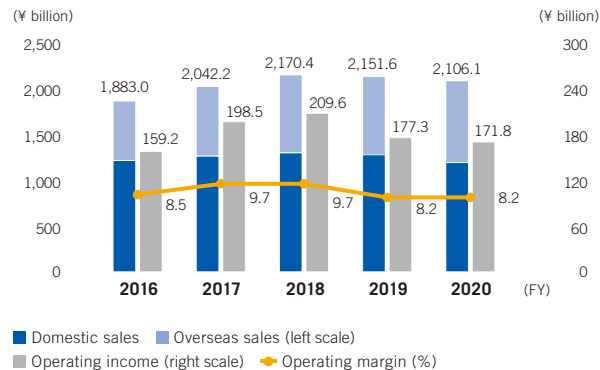
Planova™ virus removal filters



ZOLL AED Plus™ automated external defibrillator

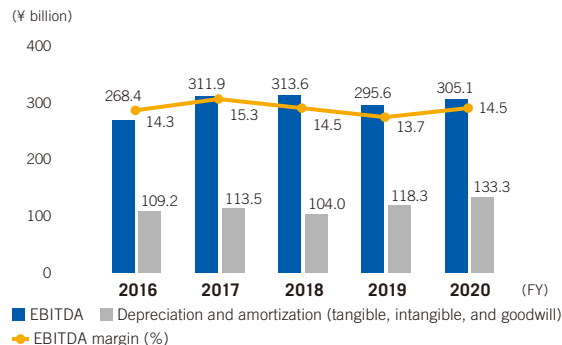
## Financial Highlights

### Net sales (domestic & overseas), operating income, operating margin



In fiscal 2020, both sales and operating income were largely flat year on year as earnings in the Health Care sector offset declines in the Material and Homes sectors that stemmed from COVID-19. Overseas sales accounted for over 40% of total net sales in fiscal 2020, reflecting an increase in overseas sales due to overseas business expansion, including through M&A.

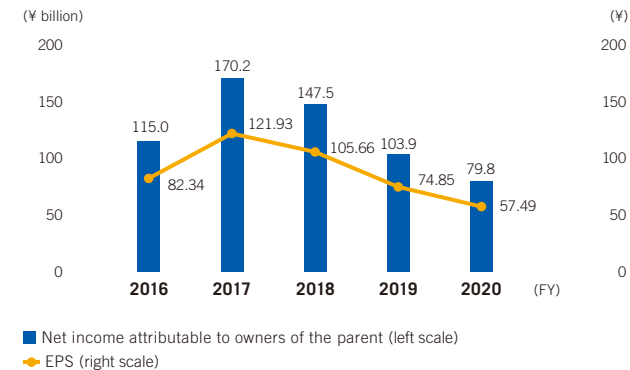
### EBITDA<sup>1</sup>, depreciation and amortization, EBITDA margin



<sup>1</sup> Operating income, depreciation, and amortization

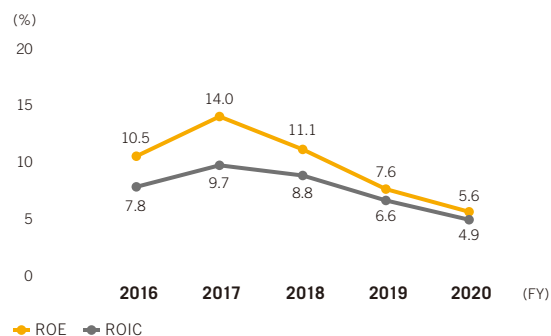
The amount of depreciation and amortization is increasing with proactive capital expenditures and M&A activity. EBITDA is regarded as a key performance indicator (KPI) signifying the generation of cash flow. The decrease in depreciation and amortization in fiscal 2018 resulted from a change in the method of depreciation of property, plant and equipment from the declining-balance method to the straight-line method.

### Net income attributable to owners of the parent, EPS



Net income attributable to owners of the parent in fiscal 2020 decreased due to a one-off increase in tax expenses due to the reconfiguration of organizations related to Veloxis Pharmaceuticals, Inc. (hereinafter Veloxis). As a result, EPS also decreased.

### ROE<sup>2</sup>, ROIC<sup>3</sup>

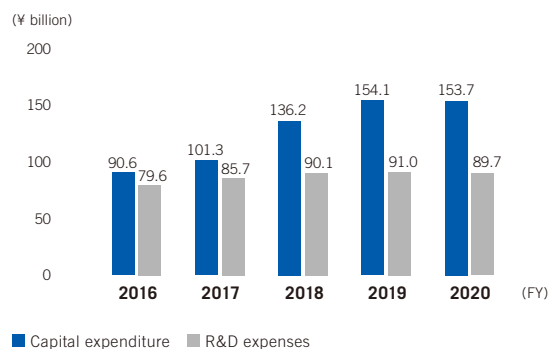


<sup>2</sup> Net income per shareholders' equity

<sup>3</sup> (Operating income – income taxes) / average annual invested capital

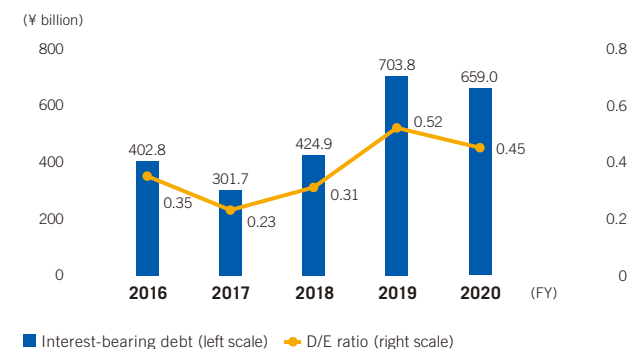
The Company positions ROE and ROIC as KPIs to indicate its efficiency in generating profits. In fiscal 2020, ROE declined due to the decrease in net income. ROIC also declined due to the one-off increase in tax expenses due to the reconfiguration of organizations related to Veloxis and an expansion in invested capital associated with an increase in interest-bearing debt following the acquisition of Veloxis.

### Capital expenditure, R&D expenses



The Company proactively carries out capital expenditure geared toward growth, including sustainability- and digital transformation-related investments, and research and development (R&D) aimed at the Health Care sector and in new business creation. However, in fiscal 2020, both capital expenditure and R&D expenses were flat year on year due to strict scrutiny over investments in light of the impact of COVID-19.

### Interest-bearing debt, D/E ratio

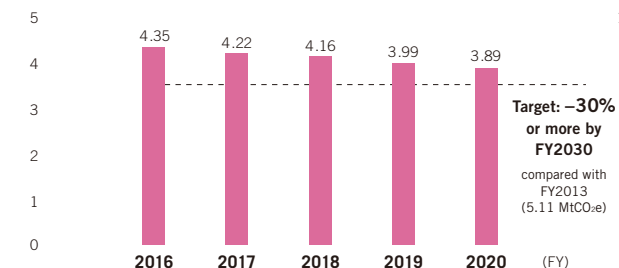


Although interest-bearing debt increased in fiscal 2019 due to the acquisition of Veloxis, it decreased in fiscal 2020 because of the repayment of loans payable following an improvement in cash flows. As a result, the D/E ratio at the end of fiscal 2020 decreased by 0.07, remaining in line with our target ratio of around 0.5.

# Non-Financial Highlights

## Greenhouse gas (GHG) emissions

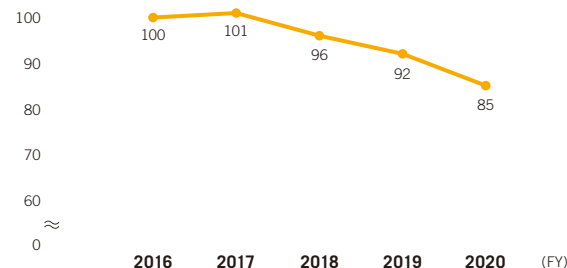
(Million tons CO<sub>2</sub> equivalent)



The Asahi Kasei Group has thus far targeted the reduction of greenhouse gas emissions relative to sales (emissions intensity). However, we changed to an absolute emissions reduction target to indicate a clearer path toward the achievement of carbon neutrality. We are steadily reducing emissions to achieve our target and will endeavor to reduce emissions going forward.

## Energy intensity<sup>1</sup>

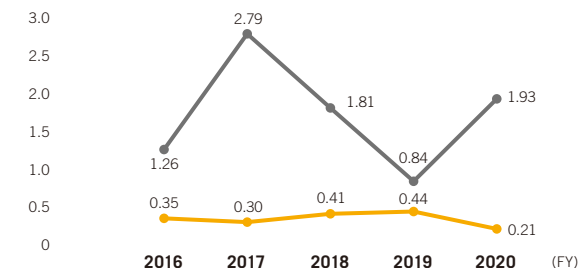
(Index)



<sup>1</sup> Indexed to energy consumption per unit of production in fiscal 2016 as 100

We promote energy conservation at every stage of our business activities to prevent global warming and conserve limited resources. Over the past five years, we have made steady improvements, lowering our energy consumption per unit of production by 1% annually on average.

## Workplace injury frequency rate<sup>2,3</sup>



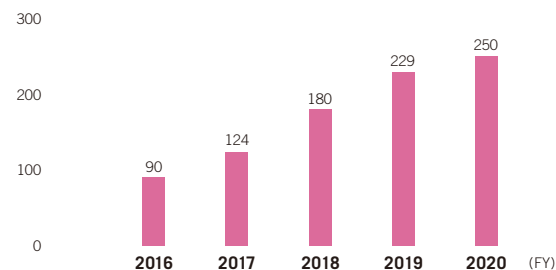
● Japan ● Overseas

<sup>2</sup> Number of accidental deaths and injuries resulting in the loss of one or more workdays, per million man-hours worked

<sup>3</sup> Among domestic and overseas subsidiaries and affiliates applying the Asahi Kasei Group Responsible Care Program

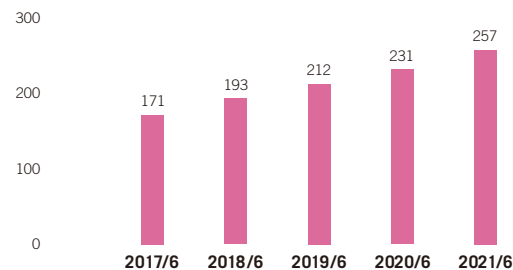
While the frequency rate of lost-workday injuries among employees in Japan improved significantly, this rate deteriorated among overseas employees. We are making improvements by applying measures to avoid recurrence based on analysis of the causes of injuries that have occurred, while implementing preventive measures based on risk assessments.

## Number of Group Masters



To foster the growth of our human resources while simultaneously capturing external human resources, we appoint, nurture, and reward as Group Masters individuals with the potential to proactively engage in and contribute to the creation of new businesses and the enhancement of established businesses.

## Number of women working as managers<sup>4</sup>

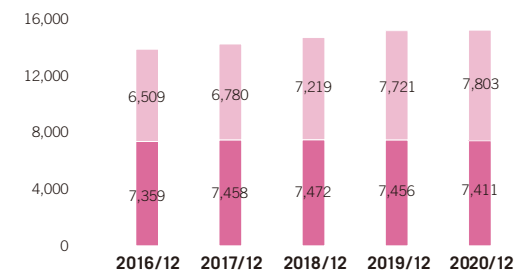


■ Japan

<sup>4</sup> Results for personnel employed by Asahi Kasei Corp., Asahi Kasei Microdevices Corp., Asahi Kasei Homes Corp., Asahi Kasei Construction Materials Corp., Asahi Kasei Pharma Corp., and Asahi Kasei Medical Co., Ltd.

Asahi Kasei believes that it is essential for a diverse range of human resources with a variety of values and backgrounds to play active roles. For this reason, we foster an environment to support the advancement of women to positions in organizational management.

## Number of patents

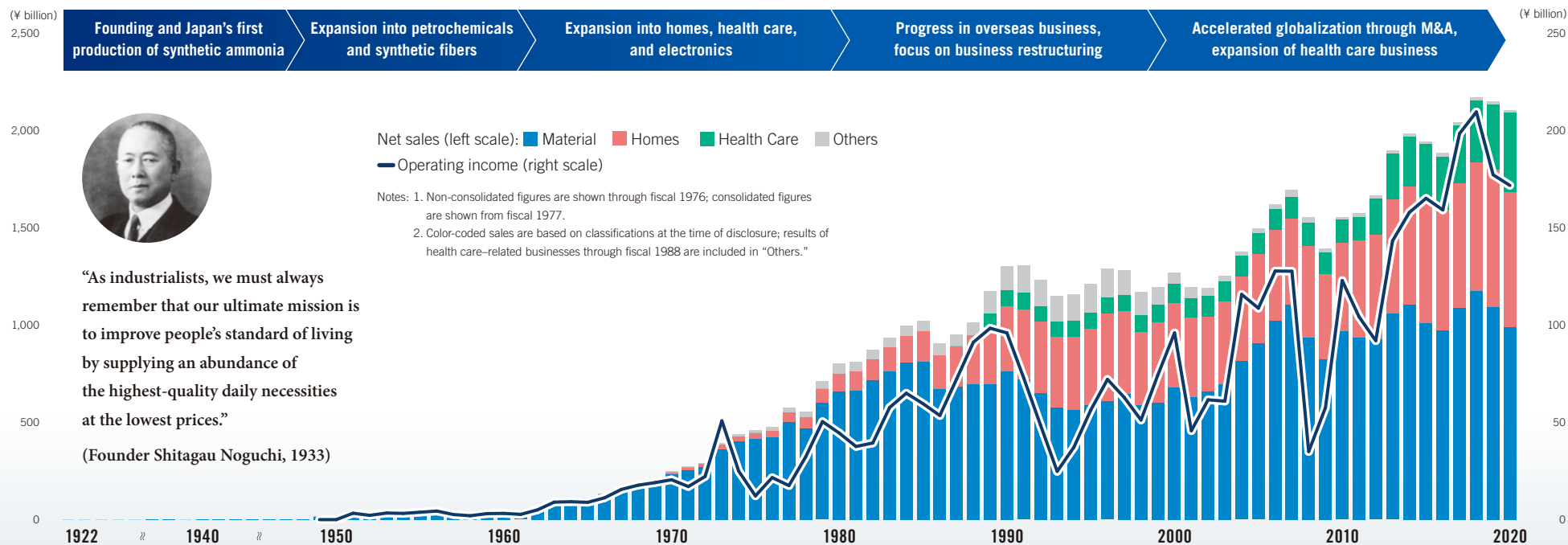


■ Japan ■ Overseas

We are focused on building and maintaining an intellectual property network to secure competitive advantage. We evaluate whether to maintain or abandon our intellectual property every year, aiming to form an optimal intellectual property portfolio. As we expand our business globally, it is becoming increasingly important to obtain patents overseas.

## Addressing Social Issues and Advancing Business Portfolio Strategies —Our Path to Three Sectors—

In every era, the Asahi Kasei Group has addressed social issues by dynamically transforming its business portfolio and supplying products and services that meet the changing needs of the times. We will continue to contribute to life and living for people around the world by Creating for Tomorrow.



### Social needs and times

1922-

#### Establishing the basis for modern life

- Development of chemical industry and modern agriculture
- The Great Depression and World War II

### Asahi Kasei's evolution

#### Founding and Japan's first production of synthetic ammonia

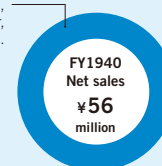
Asahi Kasei contributed to establishment of the basis for modern life through its businesses such as the production of Bemberg™ cupro, a regenerated fiber.

### Business portfolio transformation

- Ammonia
- Regenerated fiber (cupro, viscose rayon)
- Chemical fertilizer
- Foods (monosodium glutamate)

- New business entry, M&A
- ← Withdrawal, downsizing, divestment

Chemical fertilizers, regenerated fiber, explosives, etc.





Social needs and times

Asahi Kasei's evolution

Business portfolio transformation

➔ New business entry, M&A    ⬅️ Withdrawal, downsizing, divestment

1940s-

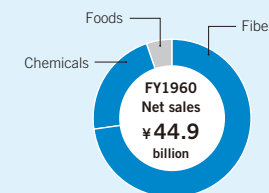
Sufficiency of daily necessities

- Post-war recovery and modernization of industry
- Start of period of high economic growth

Expansion into petrochemicals and synthetic fibers

After World War II, the modernization of industry advanced in Japan, driving the independence and growth of the Japanese economy. Asahi Kasei embarked on various new businesses that helped improve the quality of people's lives.

- ➔ Polystyrene
- ➔ Synthetic fiber (acrylic fiber)



1960s-

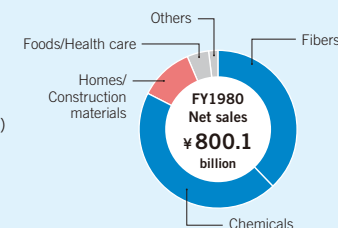
Improvement in quality of homes, development of public infrastructure

- Period of high economic growth
- Transition to stable economic growth

Expansion into homes, health care, and electronics

As the Japanese economy transitioned from a period of high economic growth to a period of more stable growth, Asahi Kasei entered new fields to address diversifying social needs.

- ➔ Saran Wrap™
- ➔ Acrylonitrile
- ➔ Synthetic rubber
- ➔ Ethylene (construction of naphtha cracker)
- ➔ Autoclaved aerated concrete
- ➔ Hebel Haus™ unit homes
- ➔ Artificial kidneys
- ➔ Pharmaceuticals



1980s-

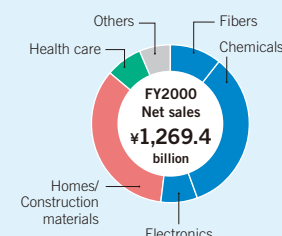
Increased comfort and convenience

- Emergence and collapse of economic bubble
- Two decades of meager economic growth

Progress in overseas business, focus on business restructuring

After the collapse of Japan's economic bubble, Asahi Kasei divested, withdrew, and downsized businesses to achieve a selectively diversified portfolio. It was also during this time that we built our platforms for global management.

- ➔ Hall elements
- ➔ LSIs
- ➔ Lithium-ion battery separators
- ➔ Hebel Maison™ apartment buildings
- ➔ Insulation panels
- ➔ Acquisition of Toyo Jozo Co., Ltd. (pharmaceuticals and liquors)
- ➔ Virus removal filters
- ⬅️ Foods



2000s-

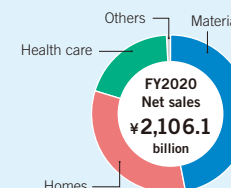
Increasing awareness of the environment and quality of life

- Regional diversification
- Effect of global economic crisis
- Advancement of digital technologies
- Aging populations and pursuit of health and prosperity
- COVID-19 pandemic
- Rising interest in carbon neutrality and the circular economy

Accelerated globalization through M&A, expansion of health care business

Asahi Kasei accelerated the globalization of its operations and expanded its health care business through mergers and acquisitions. We reorganized our operations in the three business sectors of Material, Homes, and Health Care for thorough portfolio management with optimal allocation of management resources and greater generation of synergies between business domains.

- ➔ Electronic compasses
- ➔ UVC LEDs
- ➔ Hydrogen production system (process verification)
- ➔ New businesses for homes (seniors, medium-rise, overseas)
- ➔ Critical care
- ⬅️ Viscose rayon, acrylic fiber, polyester
- ⬅️ Restructuring of petrochemical business
- ⬅️ Liquors



# Management Strategy

## Asahi Kasei Sustainability Photo Contest

Name Wei Gu

Company Asahi Kasei Transfusion Technology Co., Ltd.

Country/region China

## Care for People, Care for Earth



## Message from the President



In this time of uncertainty, we will pave the way for the next 100 years by taking the initiative in realizing a virtuous cycle between “contributing to a sustainable society” and “sustainable growth of corporate value” while leveraging our “**diversity**” and “**capability to change.**”

**Hideki Kobori**  
President

## Working to thoroughly reinstitute safety and to restore trust

The Asahi Kasei Group implements Responsible Care, a chemical industry initiative promoting dialogue with society with the goal of preserving the environment and ensuring safety, health, and quality by thoroughly practicing the three fundamental “actuals,” which focus on the actual place, actual thing, and actual fact throughout the life cycle of all of the products and services that we provide. Despite these efforts, two serious

accidents occurred at Asahi Kasei plants in fiscal 2020. A worker died in an explosion at our Moriama Works in Shiga Prefecture, while the outbreak of a fire at our semiconductor plant in Nobeoka in Miyazaki Prefecture also affected our business partners. I once again offer my sincere apologies to everyone concerned. We are investigating the causes of each accident and thoroughly implementing measures to prevent any

recurrence. Furthermore, we are raising the level of safety awareness of the organization as a whole and of each and every employee by communicating the preventative measures throughout the Asahi Kasei Group. Respect for human life and safety are core values of our business. We will strive to regain trust by earnestly working to ensure the safety of communities and our employees.

## Dramatic change in our business environment triggered by the COVID-19 pandemic and the positioning of “Cs+ for Tomorrow 2021”

The global spread of COVID-19 continues to bring about discontinuous and uncertain change. As the pandemic brought new social and environmental issues into focus, people’s awareness of life, health, and hygiene as well as their values in relation to work and lifestyles have changed dramatically. I believe that increasing emphasis will be placed on the fulfillment of individuals in their lives and careers due to these changes.

Meanwhile, global warming—the primary cause of climate change—has become a pressing issue for mankind. Amid these circumstances, public- and private-sector initiatives aimed at realizing carbon neutrality by 2050 are proceeding at a rapid pace that would have been unimaginable a year ago. We also need to urgently respond to changes in international affairs resulting from the decoupling of the United States and China, and to all aspects of the entire supply chain, including human

rights issues such as forced labor. In this fast-changing world, we must maintain an awareness of all manner of opportunities and risks and boldly take on challenges as a company at the forefront of change.

In 2019, the Asahi Kasei Group launched the “Cs+ for Tomorrow 2021” medium-term management initiative. While we promoted various measures for the two mutually reinforcing aspects of sustainability of “contributing to the sustainability of society” and “the sustainable growth of corporate value,” our basic approach remains unchanged. In regard to “contributing to the sustainability of society,” we set forth “Care for People, Care for Earth” to clarify our stance of continuing to contribute to the sustainable development of people and the earth. We also identified Environment & Energy, Mobility, Life Material, Home & Living, and Health Care as priority fields where we can provide

value that will be highly regarded by society going forward, and we are continually focusing the allocation of management resources to these five priority fields.

Wherever there is change, there are business opportunities. In this era of great uncertainty, we will take a proactive approach by leveraging our strengths, which are the “diversity” of our human resources, technologies, and businesses and the “capability to change” created by the ingenuity of our individual employees, organizations, and the company as a whole.

## Progress on “Cs+ for Tomorrow 2021”

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In fiscal 2020, the second year of “Cs+ for Tomorrow 2021,” we proceeded steadily with initiatives in our priority fields for provision of value amid a business environment that continues to change unpredictably.

In Environment & Energy, we are incrementally increasing our production capacity for lithium-ion battery separators in line with the growth of the market for eco-friendly electric drive vehicles. In Mobility, we are expanding the business of Sage Automotive Interiors, Inc., a manufacturer of automobile interior fabric, while generating synergies with Lamous™, an environment-friendly artificial suede. In Life Material, we decided to build a second plant for Ceolus™ microcrystalline cellulose, which is scheduled for completion in spring 2023, in order to expand our output of high-performance products for pharmaceuticals.

In Home & Living, we are working to contribute to the achievement of a carbon neutral society and to enhance resilience to disasters with the aim of building sustainable urban environments. Meanwhile, to make the expansion of the overseas business in the United States and Australia a pillar of growth, we are developing business models adapted to the specific characteristics of each of these countries.

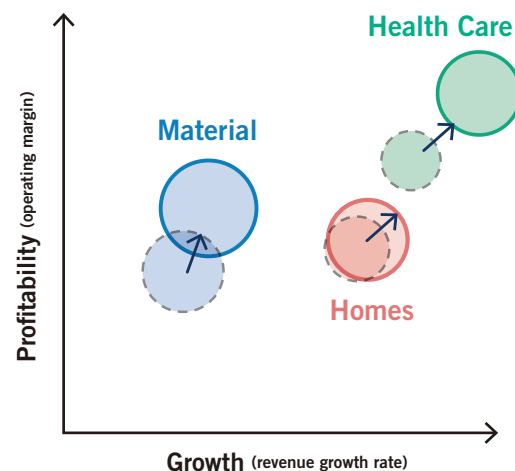
In Health Care, the acute critical care business, which we have positioned as a core driver of growth, entered into the respiratory dysfunction field by acquiring Respicardia, Inc. In addition, we steadily expanded the pharmaceutical business through such measures as working to increase sales of Envarsus XR™, an immunosuppressive drug for kidney transplant patients manufactured by Veloxis Pharmaceuticals, Inc., which we acquired in fiscal 2019.

While the Asahi Kasei Group was steadily promoting such initiatives, lockdowns were implemented in major cities around the world and a state of emergency was declared in Japan in response to the spread of COVID-19. As the shortage of medical products became a serious issue due to the global suspension of production and distribution, we acted quickly to provide a response. Our actions included temporarily ramping up production capacity of ventilators to 10,000 per month, the equivalent of 25 times that of our usual output, increasing the production of material for medical gowns and masks, and supplying virus removal filters required for the development of vaccines and pharmaceuticals. These actions exemplify how we leverage our “diversity” and “capability to change” to quickly identify changes in the business environment and adapt in a flexible manner.

The Health Care sector performed well in fiscal 2020, recording increased net sales and operating income. On the other hand, results in the Material sector fell significantly short of our plan at the time of formulating “Cs+ for Tomorrow 2021” due in part to a deterioration in business stemming from the decoupling of the United States and China and a decline in demand for products for the automotive market and petrochemicals. Meanwhile, in the Homes sector, results lagged one year behind the plan due to a decrease in orders received resulting from restrictions on customers visiting model homes in Japan because of COVID-19. However, we are beginning to see a recovery in the Homes sector as a result of efforts to attract customers in ways other than through model homes.

Our financial condition is sound, reflecting our emphasis on financial discipline, careful selection of capital expenditure and investment projects, and thorough implementation of appropriate control of inventories and expenses taking into consideration the circumstances in each sector. Going forward, we will improve our capital efficiency and cash-generation capabilities by steadily implementing investments in projects that will contribute to growth over the medium to long term and the transformation of our business portfolio, with a focus on the

Performance and Outlook by Sector



Dotted circle: current term  
 Solid circle: mid-term target  
 Circle size: operating income amount

Current Situation by Sector\*

Material

- Slower growth and lower income due to environmental change
- Recovery under way, but performance below target

	FY2019	FY2020	FY2021
Sales	1,093.1	991.2	1,168.0
Operating income	92.4	66.5	100.0
Operating margin	8.4%	6.7%	8.6%

Homes

- Domestic business recovering from COVID-19 impact but 1 year behind plan
- Consolidation of McDonald Jones Homes

	FY2019	FY2020	FY2021
Sales	704.4	692.6	791.0
Operating income	72.7	63.5	67.0
Operating margin	10.3%	9.2%	8.5%

Health Care

- Increased demand for ventilators and virus removal filters; income growth forecast to achieve target

	FY2019	FY2020	FY2021
Sales	337.8	407.9	400.0
Operating income	43.5	67.6	55.0
Operating margin	12.9%	16.6%	13.8%

\* FY2019–FY2020 results, FY2021 forecasts (announced in May 2021); ¥ billion

Outlook

- Prioritization of profitability and capital efficiency over increased scale; acceleration of portfolio transformation
- Thorough financial discipline; strict selection of growth investments

- Domestic growth in homes for seniors and medium-rise homes; overseas expansion in the U.S. and Australia
- Use of IT to raise profitability; continued cash flow contribution

- High earnings growth and profitability through returns on previous investments
- Continued investment for further expansion as growth driver

cost of capital while maintaining our sound financial condition. We plan to deliver returns to our shareholders at the level envisaged when formulating “Cs+ for Tomorrow 2021” by adhering to our policy of aiming for stable dividends and

continuous dividend increases from a medium- to long-term perspective through the sustained generation of cash flow while paying close attention to the balance between investments for growth and our financial position.

## Proactively reformulating our business strategy to accelerate the transformation of our business portfolio

In fiscal 2020, we advanced the allocation of management resources to our priority fields for provision of value and proactively reformulated our business strategy to accelerate the transformation of our business portfolio. In a business environment subject to discontinuous and uncertain change, it is becoming increasingly necessary to grow earnings sustainably using limited capital in order to continuously meet the expectations of various stakeholders.

Given such circumstances, we strengthened evaluations of our business portfolio from the perspective of capital efficiency while integrating evaluations of the sustainability of our businesses from the perspective of social issues and global environmental problems. Specifically, building on evaluations using profitability (operating margin) and growth (revenue growth rate), we implemented business evaluations that added capital efficiency (ROIC) and cost of capital perspectives, sustainability perspectives (making use of quantitative indicators such as GHG emissions), and the perspectives of profit amount, profit volatility, and business stage.

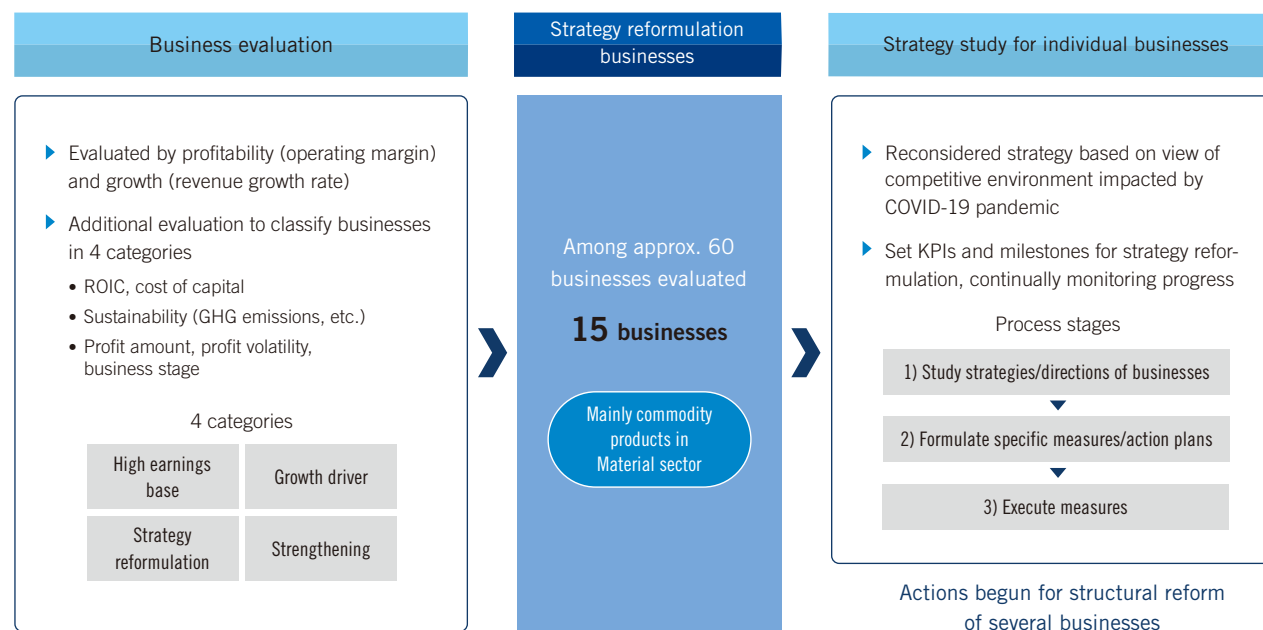
Based on the results of the business evaluations, we identified 15 businesses as strategy reformulation businesses from among approximately 60 businesses evaluated, centered on businesses handling commodity products in the Material sector in particular. Senior management, including myself, and the leaders of each business carried out strategy reexaminations taking into consideration the discontinuous and uncertain competitive environment in the future. After setting key performance indicators (KPIs) and milestones, we have continuously

monitored conditions in these 15 businesses and have already begun taking action with a view to implementing structural reform in several of them.

Going forward, we will further emphasize the perspective of market position to evaluate businesses. In fact, even in a business environment in which it is challenging to develop face-to-face relationships with new customers due to the ongoing

COVID-19 pandemic, our businesses that hold the leading or second-leading market share have maintained and strengthened relationships with customers and business partners. Moreover, these businesses have also succeeded in obtaining and leveraging a range of market information. We will further solidify businesses with strong market positions with the aim of achieving a more profitable portfolio of value-added businesses.

### Business Portfolio Transformation



## Pursuing sustainability aimed at achieving carbon neutrality and a circular economy

We pursue “Care for People, Care for Earth” under “Cs+ for Tomorrow 2021.” By “Care for People” we aim to contribute to the achievement of a society in which people can lead active lives in the new normal, while “Care for Earth” indicates our contribution to the creation of a sustainable world through the achievement of carbon neutrality and a circular economy.

The Asahi Kasei Group has been implementing various initiatives contributing to the achievement of carbon neutrality and a circular economy. Amid these efforts, in May 2021 we announced our goal of achieving carbon neutrality (net-zero carbon emissions) by 2050\* to create a sustainable world. We have also set a target to reduce our GHG emissions by 30% or more by 2030 compared with fiscal 2013.

In the process leading up to our announcement on carbon neutrality, senior management, including myself, and the leaders of each business carefully carried out repeated discussions to verify the impact of carbon neutrality on all of our stakeholders. Ultimately, based on our Group Mission of contributing to life and living for people around the world, we concluded that we could achieve carbon neutrality by 2050 if we drew upon

the collective knowledge of the Asahi Kasei Group.

The goal of realizing carbon neutrality by 2050 represents a major challenge that transcends generations. I believe our generation must begin to do what we can now as a party with a stake in realizing carbon neutrality and pass on the results of our efforts to the next generation, rather than leave tackling this major challenge to those who come after us. We will formulate a road map and accelerate initiatives to achieve our targets of energy consumption reduction, energy decarbonization, manufacturing process innovation, and the transformation of our business portfolio to low-carbon businesses centered on the Material sector.

In April 2021, we established the Green Solution Project, which is under my direct authority as president, with the aim of strengthening business creation to achieve carbon neutrality. Based on an overarching view of markets related to decarbonization, this project will create new businesses leveraging our superior technologies to accelerate commercialization while promoting partnerships with other companies, the public sector, and academia. We will endeavor to develop businesses

efficiently by consolidating projects for environmental contribution technologies and products, such as those for green hydrogen using alkaline water electrolysis technology, CO<sub>2</sub> separation and recovery systems, and next-generation CO<sub>2</sub> chemistry technology, while unifying contact points with external organizations.

We also recognize that the material industry has a major part to play in the creation of a circular economy. With this in mind, several of our organizations are examining fields where we can make a contribution. As one example, we have built a platform in partnership with IBM Japan, Ltd., that visualizes and manages the supply chain utilizing blockchain technology for the recycling of used plastic. During fiscal 2021, we will conduct demonstration trials and carry out verification to ensure traceability.

\* Direct GHG emissions from business activities as indicated by Scope 1 (direct GHG emissions) and Scope 2 (indirect GHG emissions from use of electricity, heat, and steam supplied by other companies)



## Implementing digital transformation and strengthening our human resource foundations for creating new value

The Asahi Kasei Group proactively promotes digital transformation (DX) as a pillar of our growth strategy to transform business models and create value. In April 2021, we established Digital Value Co-Creation. By transferring digital-related organizations that had been divided among multiple units under the oversight of the new unit and consolidating human resources and knowledge therein, we will entrench DX initiatives group-wide, which will enable us to transform our business models and create new businesses. In May 2021, we formulated our DX Vision 2030 to clarify our aspiration for DX.

In January 2021, prior to establishing Digital Value Co-Creation, we opened CoCo-CAFE, a digital co-creation laboratory. With the opening of this laboratory, we aim to fortify our DX foundations and create value by gathering together digital human resources from various functions, such as marketing, research and development, and production technology, to connect knowledge held inside and outside the company.

Besides these efforts, we are also proactively developing and

acquiring digital human resources. We are strengthening DX training for employees to promote measures for cultivating all employees to digital human resources, under which we aim for all employees to work with a mindset for utilizing digital technology, including through the Open Badge system. At the same time, we will increase the number of digital professional personnel to 230 by the end of fiscal 2021 via the implementation of development programs and new recruitment.

From the perspective of strengthening our human resource foundations, we are encouraging “lifetime growth” in which diverse individuals enhance their expertise and grow continuously even in times of dramatic change. We are once again reviewing workstyles and mechanisms for developing human resources while creating foundations that support the autonomous growth of employees and enable diverse individuals to thrive, guided by the basic principle that “people are our core assets; everything starts with people.” Examples of our endeavors include recommending diverse workstyles such as

telecommuting, bolstering the development of professional human resources by enhancing the Group Masters program, implementing measures aimed at revitalizing our organizations and spurring the growth of our human resources based on the results of a new engagement survey, and nurturing the next generation of leaders. In these ways, we are providing support for the growth of employees of all ages and positions in accordance with the career plans of their choice.

We are also proactively advancing measures in relation to health and productivity management. I believe that maintaining and improving the physical and mental health of employees and their families is the foundation for employee vitality and growth. To create opportunities for employees to play active roles and achieve growth, we will focus on reducing the rate of absence due to ill health, enhancing motivation for work, and fostering a strong organizational culture of ambition, which will in turn help raise productivity.

## Strengthening corporate governance and risk management to improve corporate value

Corporate governance and risk management are vital elements for steadily implementing our management strategies and the business activities and initiatives to strengthen our foundations based on them, as well as for enhancing our operations.

With our corporate governance structure, we have in place a system to gain appropriate oversight and advice, paying attention to the proportion of Independent Outside Directors and

Audit & Supervisory Board Members and their various backgrounds as we make the most of our “diversity” and “capability to change.” In a fast-evolving business environment, we will continue to review corporate governance as a mechanism for making optimal decisions transparently, fairly, promptly, and boldly. At Board of Directors’ meetings in fiscal 2020, we carried out free and open discussions on our policy for the improvement

of corporate value while incorporating the perspectives of a wide range of stakeholders in a timely manner. These discussions included the sharing of a broad range of information on the substance of communications with investors and shareholders and on the promotion of sustainability as well as deliberations concerning the transformation of our business portfolio.

In respect to risks, we have placed particular priority on export control regulations due to the decoupling of the United States and China, human rights issues encompassing the entire supply chain, cyber security including the dissemination of information centered on social networking services, and

consideration for the environment, safety, health, and quality. In order to heighten the risk awareness of each and every employee, as well as the Asahi Kasei Group as a whole, and deal decisively with risks, managers responsible for risk management and compliance identify, assess, and analyze risks in each

business and draft contingency plans in response to important risks. In addition, the Risk Management & Compliance Committee, which I chair, thoroughly confirms and follows up on the progress of group-wide risk countermeasures.

## Our Commitment toward the Next 100 Years

Fiscal 2022 will see the launch of the Asahi Kasei Group's next medium-term management initiative and mark the centennial of Asahi Kasei's founding. Shitagau Noguchi, our founder, stated that "As industrialists, we must always remember that our ultimate mission is to improve people's standard of living by supplying an abundance of the highest-quality daily necessities at the lowest prices." By continuing to adhere to this vision, the Asahi

Kasei Group will take on the challenge of achieving a new transformation to ensure that our commitment to "Care for People, Care for Earth" endures for another century thanks to the "diversity" of our human resources, technologies, and businesses and the "capability to change" that springs from the ingenuity of our employees, organizations, and the company, cultivated over the past century.



**Hideki Kobori**  
President

### Management Direction for the Next 100 Years

#### 1. Realize the two aspects of sustainability for Asahi Kasei

- Providing solutions for a sustainable society through innovative technologies and advanced initiatives
- Providing value expected by society to realize sustainable growth of corporate value

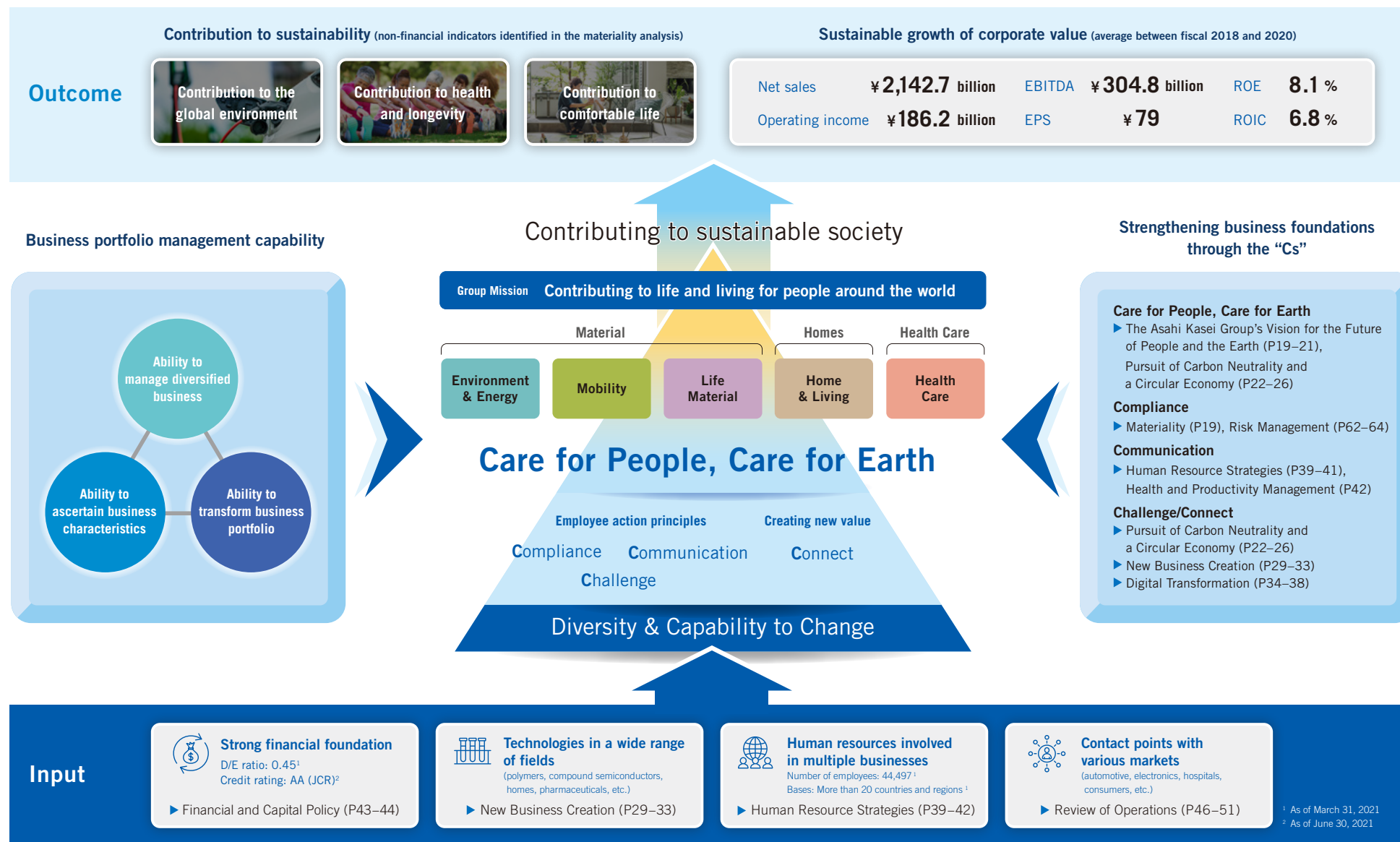
#### 2. Strengthen corporate governance and management of operations in the three business sectors

- Pursuing both high profitability and capital efficiency and sustainable profit growth
- Pursuing synergies between businesses and dynamic portfolio transformation

#### 3. Further enhance business platform, the fundamental strength of Asahi Kasei

- Providing a venue where diverse individuals can thrive with high motivation
- Maximizing use of intangible assets such as diverse core technologies and accumulated know-how
- Upgrading and streamlining operations and reforming business models through DX

# Value Creation Model



# The Asahi Kasei Group’s Vision for the Future of People and the Earth

The Asahi Kasei Group contributes to solutions for various social issues through business activities aimed at achieving sustainability. With a uniform aspiration of “Care for People, Care for Earth” when creating value in all of our businesses, we will deliver new value in a variety of fields that contribute to the sustainability of society.

## Materiality

In fiscal 2017, we identified the important issues and themes that we should prioritize as the materiality of the Asahi Kasei Group. We have since added two new material issues—Initiatives toward Carbon Neutrality and Initiatives toward a Circular Economy—in consideration of the further growing sense of urgency regarding the global environmental impact of climate change and resource extraction and depletion as well as the importance of these matters to the management of the Asahi Kasei Group.

### Process for Identifying Materiality

#### 1) Identification of Issues

We identified issues in light of requirements of society and our Group Mission, Group Vision, and Group Values while making reference to international guidelines such as ISO 26000 and the Global Reporting Initiative (GRI) Standards as well as the evaluation criteria of the major ESG rating institutions.

#### 2) Determination of Degree of Importance

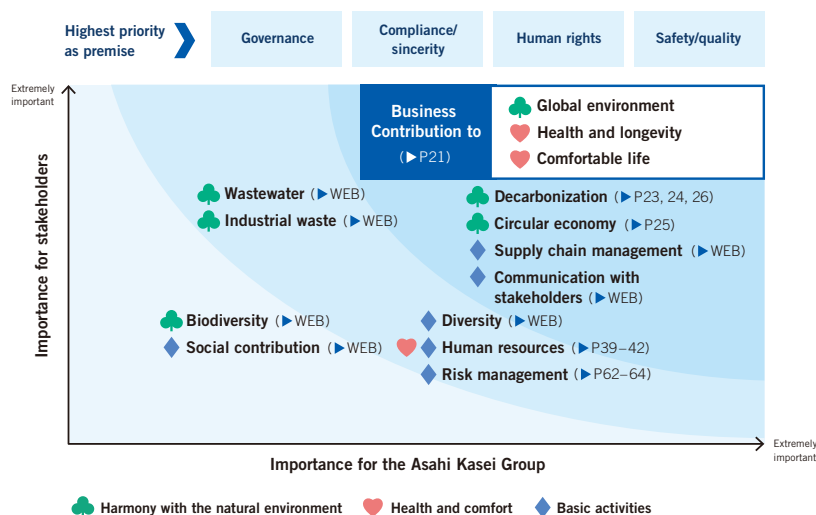
We evaluated the degree of importance both to society and to the Asahi Kasei Group and mapped it on two axes.

#### 3) Evaluation of Appropriateness

We verified the appropriateness of the material issues by examining them from a diverse range of perspectives, such as through deliberations involving the leaders of various divisions, discussions with outside companies, and consultations with Outside Directors.

#### 4) Examination and Approval

The Board of Directors approved the material issues after examination at the Management Council.



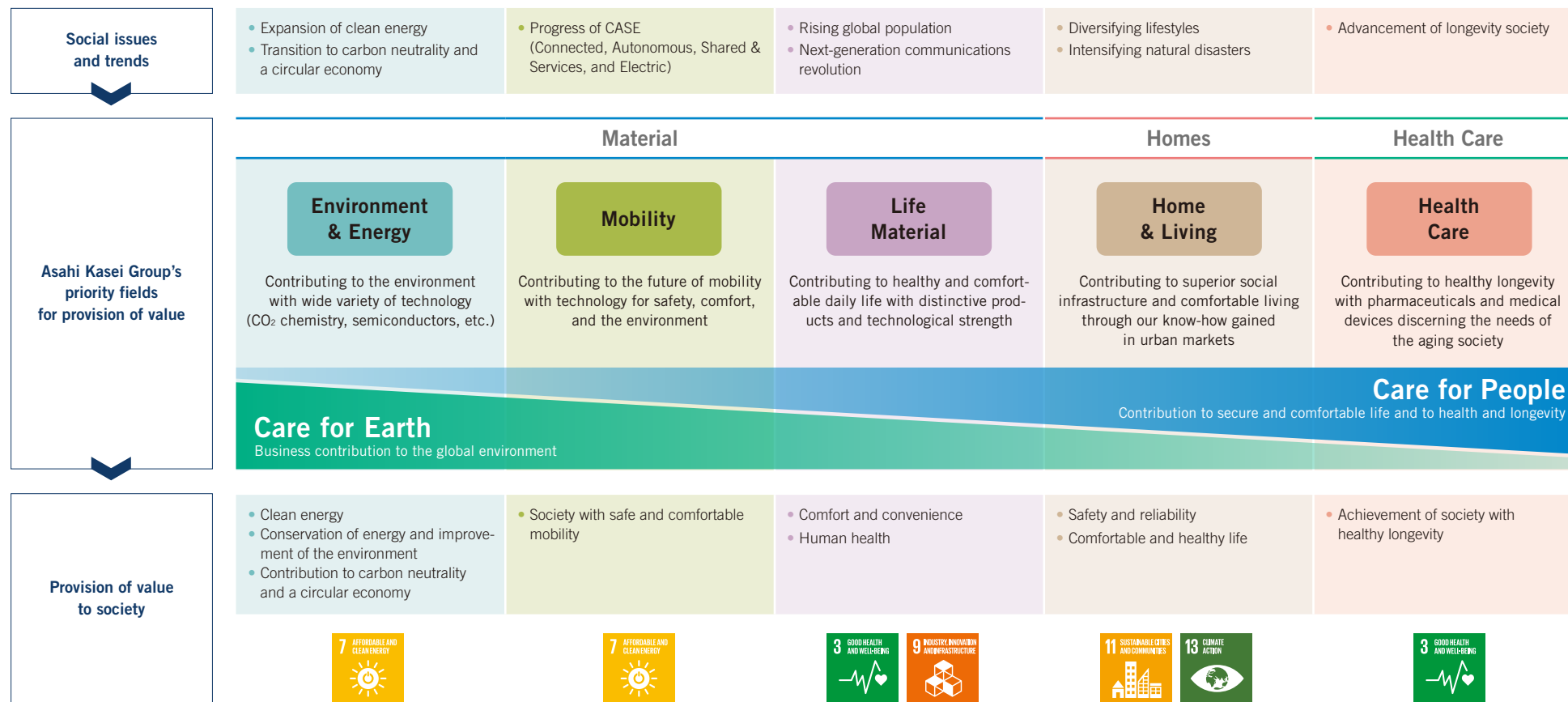
<b>Governance</b>	Asahi Kasei is constantly pursuing an optimal state of corporate governance. (▶P53–56)
<b>Compliance/sincerity</b>	While strictly following laws, regulations, and internal rules, Asahi Kasei strives to practice a high level of corporate ethics while engaging in various business activities in good faith. All executives and employees of the Asahi Kasei Group adhere to the Asahi Kasei Group Code of Conduct and undergo thorough training in their departments, including case study sessions in fiscal 2020.
<b>Human rights</b>	Asahi Kasei endorses and is a signatory to the United Nations (UN) Global Compact. In addition, we are formulating a human rights policy in accordance with the UN’s <i>Guiding Principles on Business and Human Rights</i> and will implement human rights due diligence to ascertain human rights violation risks in the business value chain and take action to prevent or reduce such risks.
<b>Safety/quality</b>	<b>Operational Safety; Workplace Safety and Hygiene</b> Through our Responsible Care program, we aim to achieve zero severe industrial accidents and zero occupational injuries. We provide employees with education and training, perform risk assessments during construction in order to ensure safe and stable plant operation, and repeatedly review existing processes. <b>Quality Assurance</b> Asahi Kasei focuses on activities to improve quality in order to continue providing reliable quality to our customers. In fiscal 2020, we strengthened the quality assurance system, augmented employee training to develop human resources for managing and ensuring quality, performed on-site quality audits, and conducted verification and inspection activities.

## Provision of Value through Our Businesses for Realizing a Sustainable Society

To achieve our vision for the future of people and the earth and provide greater value to society, we have determined five priority fields for provision of value and are allocating management resources to them. These fields are Environment & Energy,

Mobility, and Life Material in the Material sector, Home & Living in the Homes sector, and Health Care in the Health Care sector. In these priority fields for provision of value, we will continue contributing to the future of people and the earth through our

business activities while pursuing the development of a portfolio of high-profitability and high-value-added businesses from the perspective of “Care for People, Care for Earth.”



## Increasing Opportunities through Care for People, Care for Earth



### Care for People

**Active life  
in the new normal**

With the aim of creating a society in which health and longevity and a secure and comfortable life are available to all, we facilitate high-quality medical care and fulfilling life through our technologies, products, and solutions.

Social Issues	Solutions through Our Businesses
<b>Contribution to secure and comfortable life</b>	
Storm and flood damage / Intense heat	<ul style="list-style-type: none"> <li>Resilient homes/communities (total resilience)</li> </ul>
New styles of living and working	<ul style="list-style-type: none"> <li>Homes/consumables/apparel meeting new needs</li> </ul>
Digitalization	<ul style="list-style-type: none"> <li>Products related to next-generation communications (glass fabric, etc.)</li> </ul>
<b>Contribution to health and longevity</b>	
Response to COVID-19	<ul style="list-style-type: none"> <li>Ventilators</li> <li>Therapeutic apheresis</li> <li>Virus removal filters</li> <li>Surface disinfection solution</li> <li>3Cs visualization solution</li> <li>Medical gowns</li> <li>Masks</li> </ul>
Facilitation of high-quality medical care	<ul style="list-style-type: none"> <li>Defibrillators</li> <li>Implantable neurostimulator device</li> <li>Osteoporosis treatment</li> <li>Rheumatoid arthritis treatment</li> <li>Immunosuppressive agent</li> <li>Artificial kidneys</li> </ul>



### Care for Earth

**Carbon neutral  
sustainable world**

We are accelerating innovations for addressing a variety of environmental issues, such as realizing carbon neutrality and a circular economy, and offering solutions through our businesses.

Social Issues	Solutions through Our Businesses
<b>Business contribution to the global environment</b>	
Circular economy	<ul style="list-style-type: none"> <li>Material recycling</li> <li>Chemical recycling</li> </ul>
Carbon recycling	<ul style="list-style-type: none"> <li>CO<sub>2</sub> separation/recovery</li> <li>CO<sub>2</sub> chemistry</li> </ul>
Next-generation energy	<ul style="list-style-type: none"> <li>Alkaline water electrolysis (green hydrogen)</li> </ul>
Electric drive vehicles	<ul style="list-style-type: none"> <li>Lithium-ion battery separator</li> <li>Lightweighting resins</li> </ul>
Other environmental contribution products	<ul style="list-style-type: none"> <li>Ion-exchange membrane process for chlor-alkali electrolysis</li> <li>Purging agent for plastic molding machines</li> <li>Elastomer for asphalt modification</li> <li>CO<sub>2</sub> sensors</li> <li>S-SBR synthetic rubber for fuel-efficient tires</li> <li>Hebel Haus™, Hebel Maison™</li> <li>High-performance insulation</li> <li>Biomass feedstock products</li> <li>Manufacturing process for acrylonitrile</li> <li>High-volume water filtration module</li> <li>Bio-PLA (polylactic acid) nonwoven fabric</li> </ul>

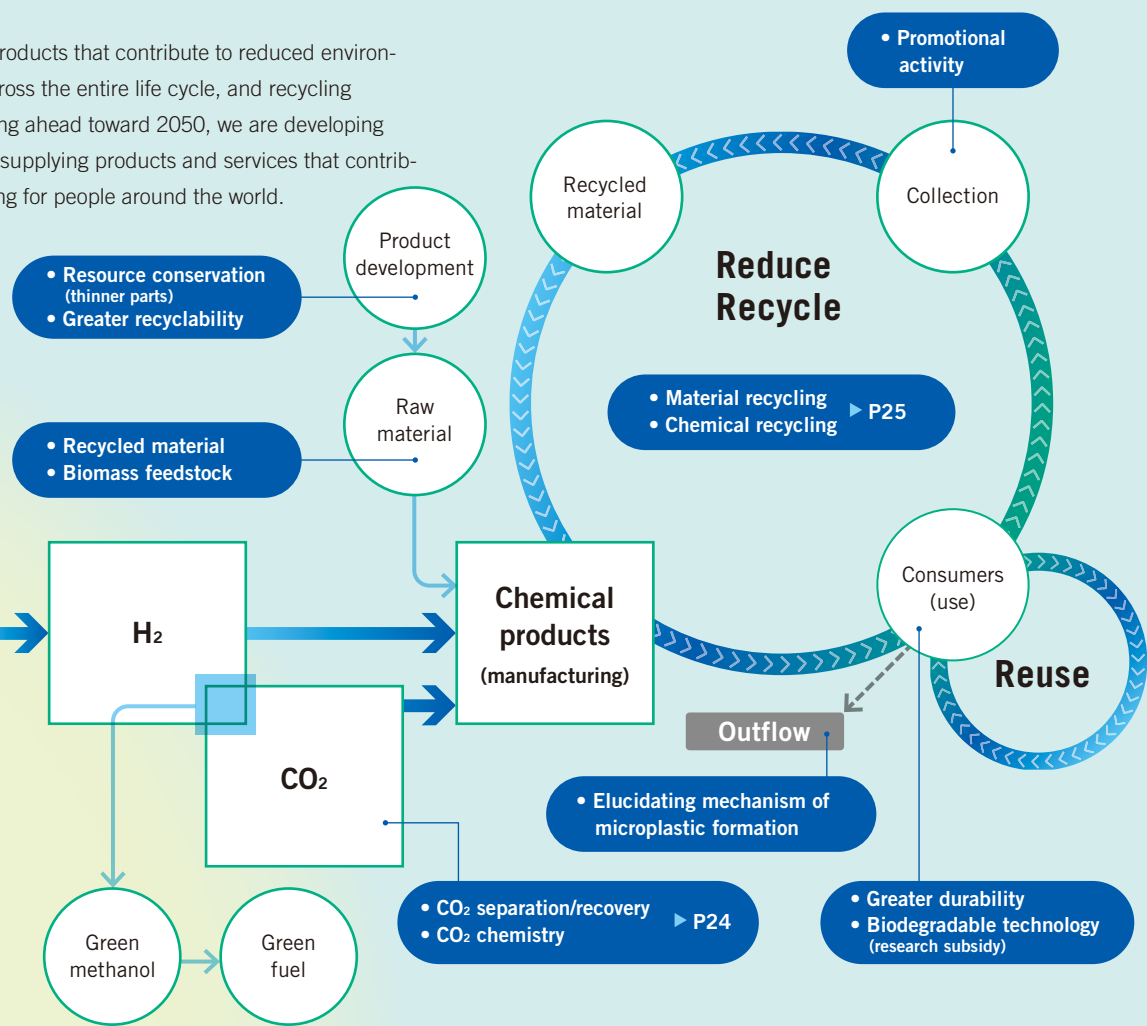
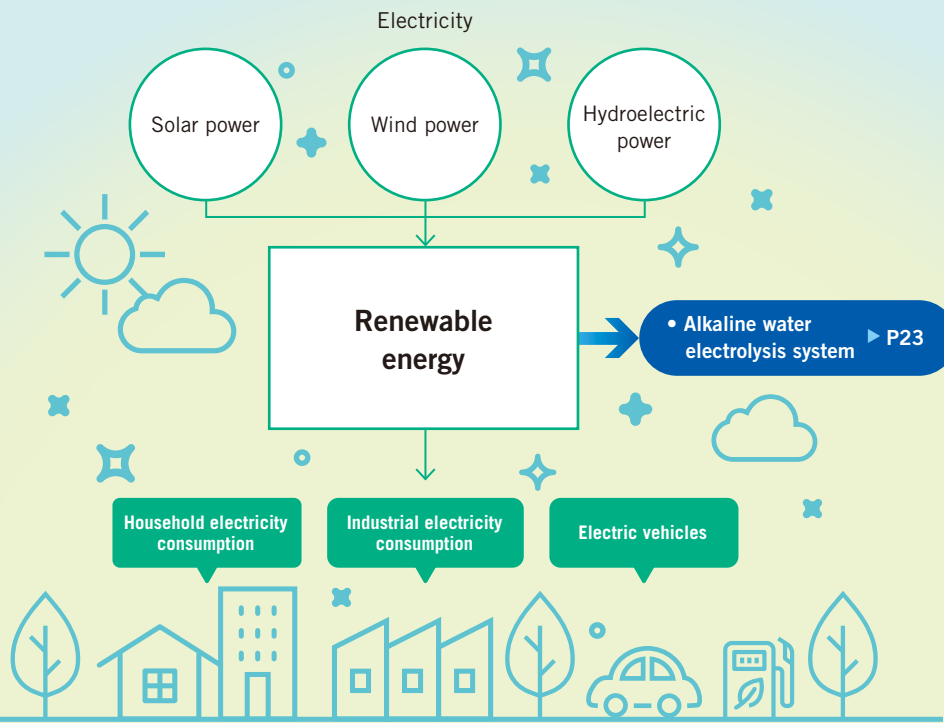
## Pursuit of Carbon Neutrality and a Circular Economy

Determined to help resolve social issues, the Asahi Kasei Group contributes to solutions through business activities. As climate change and other environmental issues become increasingly serious, the need for sustainability is greater than ever. We utilize our diverse technologies and human resources to create new value in the pursuit of carbon neutrality and a circular economy.

Carbon neutrality and a circular economy are essential to the achievement of a virtuous cycle of contributions to a sustainable society and sustainable growth of corporate value. Our wide-ranging efforts include technology for hydrogen production using renewable energy, CO<sub>2</sub> chemistry that uses CO<sub>2</sub> as a resource,

businesses and products that contribute to reduced environmental impact across the entire life cycle, and recycling technology. Looking ahead toward 2050, we are developing technologies and supplying products and services that contribute to life and living for people around the world.

Blue enclosures indicate Asahi Kasei's major areas of contribution





## Leadership in Creating a Hydrogen Society

The Asahi Kasei Group is aiming for the practical use of low-cost green hydrogen derived from renewable energy through the development and verification of an alkaline water electrolysis system. Hydrogen is garnering global attention as a next-generation form of energy, and we are working to meet high expectations for the future of hydrogen by allocating management resources to this area in order to play a leadership role in the creation of a hydrogen society.

Around the time of our founding we began producing ammonia using hydrogen obtained through water electrolysis, and in 1975 we commercialized the ion-exchange membrane process for chlor-alkali electrolysis. With technology built up over many years, Asahi Kasei is now the only company in the world that supplies both electrolysis systems and ion-exchange membranes developed in-house, which is a significant competitive advantage.

In March 2020, our alkaline water electrolysis system with the world-leading scale of 10 MW was adopted at the Fukushima Hydrogen Energy Research Field (FH2R), a project supported by Japan's New Energy and Industrial Technology Development Organization (NEDO). Hydrogen supply using this system has begun, and we are advancing verification in order to achieve higher levels of performance, lower equipment costs, and increased durability as the development project proceeds toward commercialization.

### Green Solution Project

The Green Solution Project was launched in April 2021 with the mission of creating businesses that contribute to carbon neutrality. Directly reporting to the President of Asahi Kasei, this project examines the potential of various business models for contributing to decarbonization based on an overarching view of the decarbonization market and the Asahi Kasei Group's various technologies in addition to hydrogen production technology for the development of action plans.



**Satoru Tamura**

Asahi Kasei Senior Executive Officer  
Senior General Manager, Marketing & Innovation /  
Senior General Manager, Green Solution Project

### Development of Business Models for Supporting a Hydrogen Society

Achieving a hydrogen society requires coordination that extends beyond the production of hydrogen to encompass aspects of the supply chain such as storage, transportation, and use. The Asahi Kasei Group is a member of the Japan Hydrogen Association and is engaged in joint hydrogen-related initiatives with various companies. For example, we participate in a NEDO verification project in Namie Town, Fukushima (FH2R). We are also advancing joint initiatives overseas, such as supplying an alkaline water electrolysis system as we participated in the ALIGN-CCUS project for realizing a low-carbon society in Germany, where the transition to a hydrogen society is gaining momentum. We are working to create higher-value business models with hydrogen as a key focus.



**Nobuko Uetake**

Deputy Senior General Manager,  
Green Solution Project

### Quest for Practical Application of Hydrogen Energy

The alkaline water electrolysis system we are developing is expected to reduce total cost through increased scale. Nevertheless, total cost with our alkaline water electrolysis system still exceeds the target set forth in the Ministry of Economy, Trade and Industry's *The Strategic Road Map for Hydrogen and Fuel Cells*. We need further innovation, and we are advancing technology development to reduce cost and improve reliability by scaling up the equipment. At the same time, we are looking at projects where conditions such as electricity cost, power supply stability, and other characteristics of the location and customer may enable commercialization as soon as possible. We will continue to work together with other relevant companies in order to achieve a level of cost that will make a hydrogen society possible.



## Utilization of CO<sub>2</sub> as a Resource

Japan is pursuing a goal of achieving carbon neutrality in 2050 by cutting GHG emissions as well as by promoting carbon recycling by using CO<sub>2</sub> as a resource to address both global warming and resource issues. The concept of finding ways to utilize emitted CO<sub>2</sub> as a measure for combating global warming originates in Japan, and many Japanese companies are advancing development projects based on this concept. The global carbon recycling market is projected to reach the scale of ¥5.7 trillion in 2030. For commercial application in the efficient collection of CO<sub>2</sub> from factory exhaust gas and other sources to be used as a resource, there is a need to further reduce the cost of CO<sub>2</sub> separation and recovery systems.

The Asahi Kasei Group has been engaged in the development of CO<sub>2</sub> chemistry, which uses CO<sub>2</sub> as a raw material, since the 1980s. Our decision to become involved in this field was based on our desire to help the world create a carbon neutral society. By utilizing core catalyst and chemical process technologies, we have already commercialized CO<sub>2</sub> chemistry technology to manufacture chemical products using CO<sub>2</sub>, and we have licensed the technology to several chemical manufacturers. We are also developing innovative processes for a CO<sub>2</sub> separation and recovery system. These efforts will be advanced alongside the development of hydrogen-related business to help the chemistry industry achieve carbon neutrality.

### World-Leading Green Chemistry

The CO<sub>2</sub> chemistry technology of the Asahi Kasei Group has been commercialized in a process to manufacture polycarbonate, which is used for a wide range of applications including DVDs,

Blu-ray discs, housings for smartphones and home electronics, automotive light covers, and windows for airplanes and high-speed trains. We are also developing a process to produce isocyanates using CO<sub>2</sub> as a raw material. Once completed, this process is expected to be applied in the production of a variety of polyurethane materials, such as foams, cushions, thermal insulation, elastomers, paints, adhesives, and fibers.

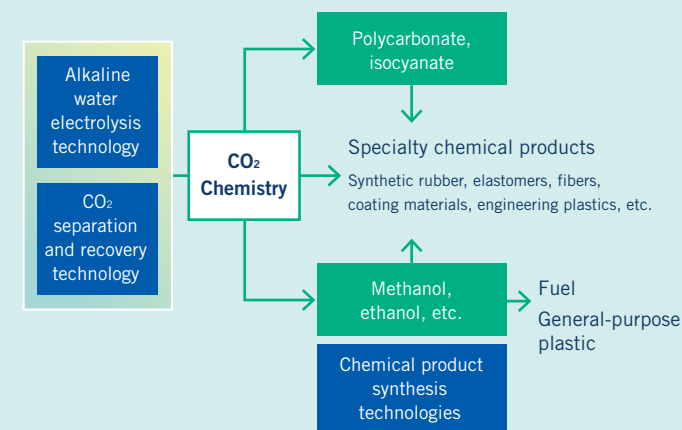
Regarding CO<sub>2</sub> separation and recovery, we are developing selective CO<sub>2</sub> adsorption technology using zeolite, which is an excellent CO<sub>2</sub> adsorbent. Management resources are increasingly being allocated to this development with the aim of commercialization as early as 2025. The combination of carbon recycling using CO<sub>2</sub> separation and recovery systems and CO<sub>2</sub> chemistry together with CO<sub>2</sub>-free hydrogen produced with alkaline water electrolysis technology has the potential to accelerate advances in green chemistry as well as reductions in the carbon footprints of various products.

While we aim to commercialize the isocyanate production technology in 2030, we are targeting the commercialization of a special polyurethane intermediate in 2026. We will begin trial sales of this material, which can reduce energy consumption in relation to automotive paints, in 2022.

Leveraging our position as the pioneer in commercializing polycarbonate manufacturing technology using CO<sub>2</sub> as a resource, we can lead the chemical industry's effort for decarbonization by supplying chemical compounds and chemical products synthesized from CO<sub>2</sub> and hydrogen derived from renewable energy.



### Green Chemistry Framework Based on Carbon Recycling and Hydrogen Derived from Renewable Energy



### Carbon Recycling—A Proactive Approach to Global Warming

The achievement of carbon neutrality requires the adoption of energy sources with fewer CO<sub>2</sub> emissions and efforts for reducing energy consumption. The separation, recovery, and use of CO<sub>2</sub> as a resource, a process known as carbon recycling, is also being researched as an important means of reducing greenhouse gas emissions. Carbon recycling is garnering attention from the Japanese government, which released a carbon recycling technology road map in 2019 clarifying the technological and cost-related hurdles needing to be cleared as well as the steps to be taken going forward.



## Contribution to a Circular Economy

Contributing to a circular economy is a priority for the Asahi Kasei Group along with reducing greenhouse gas emissions in the realization of a carbon neutral sustainable society. Several challenges need to be tackled in order to implement a circular economy within society. The material industry has an extremely important role to play in overcoming these challenges, and we are proactively advancing trials aimed at fulfilling this role.

### Development of Recycling Technology

The Asahi Kasei Group, along with three business partners as well as academic collaborators, is developing polyethylene material recycling technology that allows recycled resins made from used plastic chips to be utilized in toiletry containers. In 2020, this initiative was incorporated into a NEDO project for developing

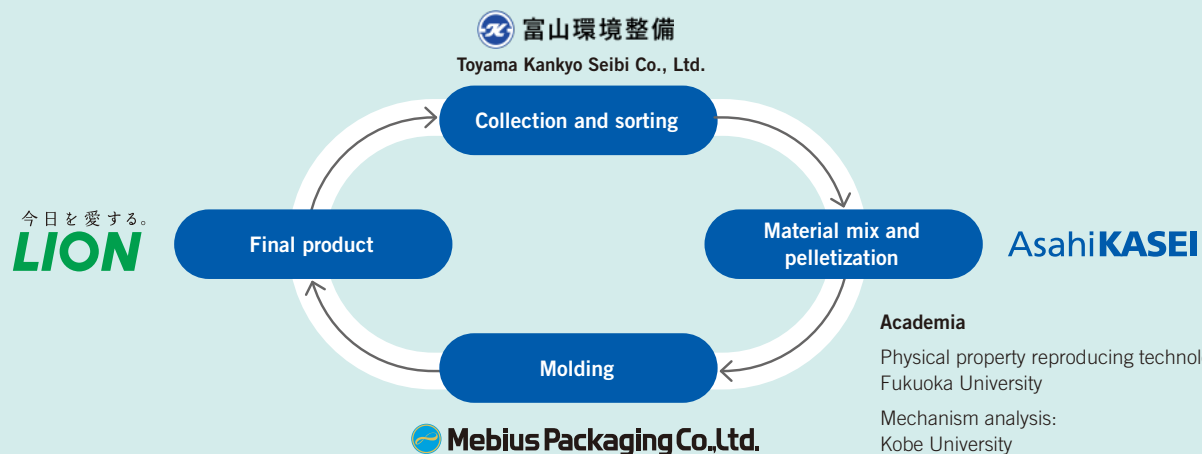
innovative plastic resource recycling process technology. We are also advancing development of technology for chemical recycling of polystyrene by thermally decomposing used polystyrene products into the raw material styrene monomer. Construction of a facility for this purpose is scheduled.

### Recycling Chain Traceability

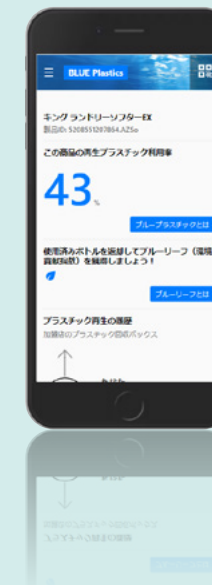
In May 2021, Asahi Kasei launched the BLUE Plastics (Blockchain Loop to Unlock the value of the circular Economy) Project. This project to recycle used plastic employs the blockchain technology of IBM Japan, Ltd., with the aim of developing a digital platform for tracking resource recycling rates as well as the recycling chains for products made using recycled plastic. The ability to view recycled plastic usage rates in recycled materials

and to track companies involved in recycling chains can stimulate changes in consumer behavior. We anticipate use by general consumers as well as by companies. For consumers, blockchain technology traceability will make it possible to view the histories of recycled plastic products by scanning QR codes printed on the products. The traceability of previously difficult-to-track recycling processing will create an environment in which anyone can use recycled plastic with peace of mind. We plan to begin trial distribution and verification with toiletry containers made using resins that employ this system in fiscal 2021. Looking ahead, Asahi Kasei will expand the scope of resins and applications for which this platform can be used by creating a digital platform offering open access to anyone. We are currently advancing initiatives for creating such a platform and deploying it in Asia.

### Role of Partners in the Polyethylene Material Recycling Technology Development Project



Prototype consumer-use smartphone app





## Reduction of Greenhouse Gas Emissions from Business Activities

In addition to raising corporate value by helping reduce greenhouse gas (GHG) emissions through operations around the world, the Asahi Kasei Group is working to lower GHG emissions from our business activities in order to minimize the impact on the environment. Climate change is becoming an increasingly serious issue throughout society. The reduction of GHG emissions is central to our efforts to combat climate change. We are pursuing emissions reductions from various aspects to ensure that we are able to preserve a healthy environment for future generations.

### GHG Emissions Reduction Targets and Efforts

As seen in trends such as the adoption of the Paris Agreement, there is an increasingly international movement toward carbon neutrality. The Asahi Kasei Group has established new carbon neutrality targets to accelerate initiatives for contributing to the transition toward carbon neutrality.

#### Carbon Neutrality Targets

<b>2050</b>	<b>Goal to achieve carbon neutrality (net-zero emissions)</b>
<b>2030</b>	<b>Target to reduce GHG emissions by 30% or more (compared with fiscal 2013)</b>

Note: Direct GHG emissions from business activities as indicated by Scope 1 (direct GHG emissions) and Scope 2 (indirect GHG emissions from use of electricity, heat, and steam supplied by other companies)

Previously, we focused on reducing the index of GHG emissions to net sales. Now we have adopted reduction targets in terms of the absolute volume of emissions to clarify our path toward carbon neutrality.

Efforts toward accomplishing these targets include reducing energy consumption and adopting carbon-free energy sources, innovating production processes, advancing research and development, and transforming our business portfolio by transitioning to high-value-added, low-carbon businesses.

### GHG Emissions Reduction Initiatives

#### Adoption of Carbon-Free Energy Sources

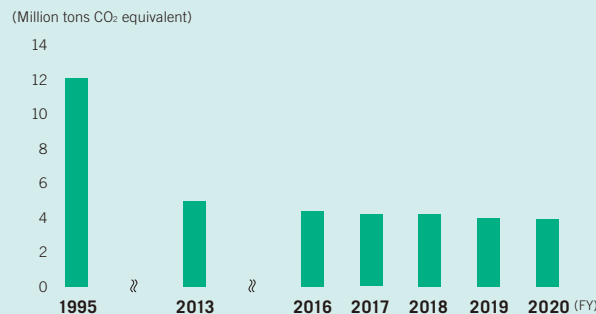
Asahi Kasei is installing equipment for reducing GHG emissions, eliminating the use of coal-fired thermal power, and adopting carbon-free renewable energy sources. For example, we are in the process of upgrading and raising the capacity of the hydroelectric power facilities that supply our plants in the Nobeoka

area of Miyazaki Prefecture with a focus on long-term use. To fund renovations of aged facilities, we issued a green bond (environmental bond) in 2020. The funds raised through this bond issue will be allocated to part of the renovation work. Through these renovations, we aim to enable increased use of renewable energy at our facilities for decades or even a century. Other initiatives include installing solar power generation facilities at our plants and attaching the environmental value created by the solar panels installed on the roofs of Hebel Maison™ apartment buildings to the electricity used at our Kawasaki Works.

#### Calculation of Carbon Footprint Using Digital Technology

Asahi Kasei has begun calculating its carbon footprint in a manner that indicates the CO<sub>2</sub> emissions associated with every product and with each step from raw material procurement to shipping. Our products and services are used in a variety of industries and fields. For this reason, we are calculating initially the footprints of only certain products as we examine and develop the ideal framework and system with the goal of utilizing digital technology for more extensive carbon footprint tracking. In the future, carbon footprint information for each product and service will be used to guide initiatives for reducing our GHG emissions and collaborating with partners across the supply chain.

#### GHG Emissions



Notes: 1. Figures represent total of Scope 1 and Scope 2 emissions  
2. Data for 1995 excludes overseas emissions

## Initiatives Regarding Climate Change Disclosure Based on the TCFD<sup>1</sup> Recommendations

In accordance with the TCFD recommendations, we examined changes that are expected to occur due to climate change and their impact on our business in the three business sectors of Material, Homes, and Health Care. The results revealed that the financial impact on Health Care would be negligible. While climate change is expected to have a significant impact on Asahi Kasei as a whole from a financial perspective over the medium to long term, it became clear that the financial risk to the Company as a whole is limited because its business portfolio

comprising diverse businesses gives rise to both opportunities and risk abatements. In addition, we confirmed that we have the potential to capture new opportunities related to climate change through our diverse businesses and technologies. We will reduce the risks of climate change and continue to develop as a company that coexists with the environment while viewing adaptation and mitigation measures as business opportunities, thereby contributing to the achievement of a sustainable society.

### Corporate Governance

Asahi Kasei regards climate change measures as important management issues, and discusses their implementation status at meetings of the Management Council and the Board of Directors.

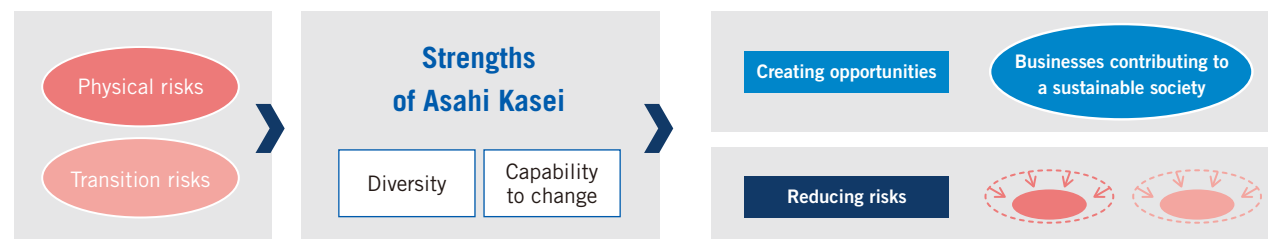
In order to accurately understand the issue of climate change and discuss measures for addressing it, members of executive management discuss issues related to sustainability, including climate change, at meetings of the Sustainability Committee, chaired by the Asahi Kasei President, with results reported to the Board of Directors. In addition, our Global Environment Committee, chaired by the Executive Officer for Technology Functions, discusses issues related to the environment, as a subcommittee of the Sustainability Committee.

### Strategy (Analysis of Opportunities and Risks)

#### Basis of analysis

- Scenarios assume temperature rises of 4°C and less than 2°C by 2050
- Examination covers our Material, Homes, and Health Care sectors
- Analysis of the impact on our existing business portfolio

### Aspiration of the Asahi Kasei Group



Opportunities	Important Changes	Main Opportunities	Principal Initiatives
4°C scenario	Serious storm and flood damage	<ul style="list-style-type: none"> <li>• Increase in need for disaster-resilient housing</li> </ul>	<ul style="list-style-type: none"> <li>• Greater emphasis on resilience in house building and urban development                             <ul style="list-style-type: none"> <li>- Hardware/software</li> <li>- Unit homes/community</li> </ul> </li> </ul>
	Increase in heatstroke and infectious diseases	<ul style="list-style-type: none"> <li>• Expansion in demand for existing and new pharmaceuticals and acute critical care products</li> </ul>	<ul style="list-style-type: none"> <li>• Provision of acute critical care pharmaceuticals and medical devices for heatstroke and infectious diseases</li> <li>• Provision of consumables, equipment, and services for biopharmaceutical manufacturing processes</li> </ul>
Less than 2°C scenario	Decarbonization	<ul style="list-style-type: none"> <li>• Promotion of the spread of net zero-energy houses (ZEH)<sup>2</sup> through government policies</li> </ul>	<ul style="list-style-type: none"> <li>• Development of carbon-negative homes and communities</li> </ul>
	Spread of electric vehicles (EVs)	<ul style="list-style-type: none"> <li>• Increase in EV-related demand</li> <li>• Battery components</li> <li>• Materials for reducing vehicle weight</li> </ul>	<ul style="list-style-type: none"> <li>• Provision of components and systems for next-generation mobility</li> <li>• Strengthening of collaboration with automobile and battery manufacturers</li> </ul>
	Advent of a hydrogen society	<ul style="list-style-type: none"> <li>• Increase in demand for water electrolysis using renewable energy</li> </ul>	<ul style="list-style-type: none"> <li>• Utilization of alkaline water electrolysis system</li> </ul>

<sup>1</sup> TCFD: Task Force on Climate-related Financial Disclosures. The TCFD was established and its recommendations were officially announced by the Financial Services Board in 2017.

<sup>2</sup> ZEH: Houses with a net energy consumption of zero or less as achieved through advanced insulation and energy saving combined with power generation such as solar

Risks	Important Changes	Main Risks	Principal Countermeasures
4°C scenario	Serious storm and flood damage	“Physical” production risks <ul style="list-style-type: none"> <li>• Suspension of production due to plant damage</li> <li>• Disruption of raw material supply due to damage incurred by suppliers</li> </ul>	<ul style="list-style-type: none"> <li>• Continuous revision of BCP and reinforcement of preemptive response (review of inventory levels, study of multiple suppliers/sites, etc.)</li> </ul>
	Rise in temperature	“Human” production risks <ul style="list-style-type: none"> <li>• Deterioration of working environment and productivity at construction sites</li> </ul>	<ul style="list-style-type: none"> <li>• Promotion of industrialization and utilization of IT in housing construction</li> </ul>
Less than 2°C scenario	Decarbonization	<ul style="list-style-type: none"> <li>• Rise in costs due to stricter regulations<sup>3</sup> (manufacturing and raw material costs)</li> <li>• Changes in materials needs (decarbonization requirements, necessary specifications)</li> </ul>	<ul style="list-style-type: none"> <li>• Expansion in utilization of renewable energy, etc.</li> <li>• More efficient energy use; development and commercialization of industrial processes for decarbonization</li> <li>• Decarbonization of raw materials</li> </ul>

<sup>3</sup> Annual costs of approximately ¥40 billion if multiplying our fiscal 2020 GHG emissions of approximately four million tons by a hypothetical carbon tax of ¥10,000 per ton

### Risk Management

We examine risks and opportunities and formulate policies from the perspective of the “Care for Earth” concept in our medium-term management initiative.

In addition, we incorporate the aspect of sustainability, including climate change, into our decision criteria for allocating management resources, and confirm the status of GHG emissions when undertaking investments and other major expenditures.

We calculate total GHG emissions for the Asahi Kasei Group annually, and the Board of Directors and other bodies manage progress toward our targets.

### Metrics and Targets

The Asahi Kasei Group has established the following GHG emissions targets:

- 2050 Goal to achieve carbon neutrality (net-zero emissions)<sup>4</sup>**
- 2030 Target to reduce GHG emissions by 30% or more<sup>4</sup> (compared with fiscal 2013)**

Even amid the COVID-19 pandemic, we did not see a significant reduction in global GHG emissions. To achieve a sustainable society, we believe it is necessary to further accelerate our emissions reduction initiatives. Accordingly, on May 25, 2021, we announced new GHG emissions targets, changing our reduction targets from those based on emissions intensity (emissions volume / net sales) to those based on absolute emissions. In addition to reducing GHG emissions associated with our business activities, we contribute to reducing society’s GHG emissions through our diverse technologies and businesses as a vital part of our global warming countermeasures.



## Carbon neutral sustainable world

### Reduce our own GHG emissions

- 2050**  
Goal to achieve carbon neutrality (net-zero emissions)<sup>4</sup>
- 2030**  
Target to reduce GHG emissions by 30% or more (compared with fiscal 2013)<sup>4</sup>

**Key points of our initiatives**  
Reduction of energy use / decarbonization of energy / innovation of manufacturing processes / R&D / business portfolio transformation

### Contribute to reducing society’s GHG emissions

- Environment & Energy
- Mobility
- Life Material
- Home & Living

**Major perspectives**  
Renewable energy / energy saving / electricity storage / hydrogen / EVs / CO<sub>2</sub> separation, recovery, and use / weight reduction / extended product lives / heat insulation / ZEH / CO<sub>2</sub> sensors / utilization of digital technologies / circular economy, etc.

<sup>4</sup> Direct GHG emissions from business activities as indicated by Scope 1 (direct GHG emissions) and Scope 2 (indirect GHG emissions from use of electricity, heat, and steam supplied by other companies)

## New Business Creation

Creating new businesses to deliver new value for society has been a consistent part of the Asahi Kasei Group's history. It will also be a staple in our future as we hone the diverse core technologies we have developed over nearly a century of operation and create new businesses by connecting people and technologies both inside and outside. Our approach toward forging these connections will include partnering and merging with and acquiring other companies, collaborating with government agencies and other organizations, making corporate venture capital investments, and conducting group-wide marketing activities. At the same time, we will take advantage of digital technologies to develop new business models and accelerate new business creation.

### Diverse Approaches to New Business Creation

#### R&D-Oriented Approach

The Asahi Kasei Group has developed numerous core technologies through wide-ranging technical synergies. These synergies were made possible thanks to our ability to combine our diverse human resources, varied technologies, and multifaceted businesses. One of our strengths is the capacity to produce a virtuous cycle entailing the utilization and application of core technologies from new perspectives, the creation of unprecedented businesses, and the subsequent generation of further technical synergies. Meanwhile, Corporate Research & Development operates a "stage-gate" system to optimally allocate management resources to research projects in stages ranging from the discovery stage to the commercialization stage. With this stage-gate system, we involve relevant divisions in the development process from an early stage to promote the commercialization of new technologies through a concerted group-wide effort. This approach helps clarify the current stage of development projects and ensures that decisions related to when a given project will be moved on to the next stage will not be made purely based on a technical perspective. Rather, these decisions are made through evaluations based on numerous

perspectives, such as those related to business strategies, patent strategies, and sustainability.

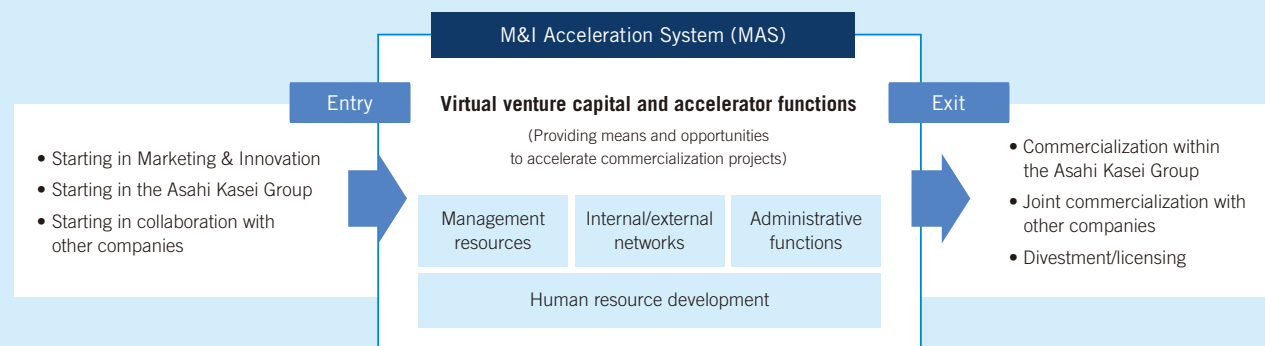
#### Group-wide Marketing Approach

New business creation is being accelerated from a marketing-oriented approach that extends beyond the Asahi Kasei Group's three business sectors. Established in April 2019, the Marketing & Innovation unit is developing an innovation platform for supplying market value by leveraging our comprehensive, cross-business organizational capabilities while working to establish ties with external partners. We look to carry out effective marketing

activities and create new businesses and business models on a group-wide basis. The M&I Acceleration System (MAS) in-house innovation framework is one system that functions toward this end. MAS seeks to produce virtual venture capital and accelerator functions in-house, and it has already generated success. MAS makes it possible to effectively connect and utilize the necessary management resources, internal and external networks, and administrative functions, opening the way to create new businesses beyond the reach of our established organization.

Fresh Logi™, a solution developed for the previously unexplored food and agriculture field, is one offering created using

#### M&I Acceleration System (MAS)



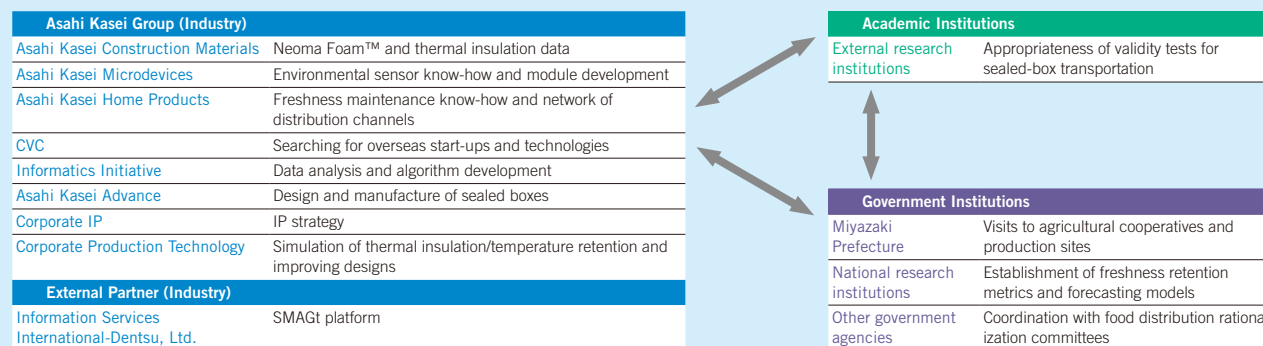
MAS. This solution helps maintain the freshness and quality of fruits and vegetables and thereby contributes to reductions in food loss and CO<sub>2</sub> emissions. By combining our Neoma Foam™ high-performance insulation with CO<sub>2</sub> sensors, we succeeded in the development of sealed insulated boxes. Fresh Logi™ uses these boxes to create a logistics system that allows for the management of vegetables and other produce while maintaining their freshness. With this system, we are forming connections that extend beyond the Asahi Kasei Group. Specifically, we are utilizing the Smart Agriculture Traceability (SMAGt)\* platform of Information Services International-Dentsu, Ltd., and engaging in joint development with government and academic institutions to develop new business models, with the aim of commercializing Fresh Logi™ over the period from 2021 to 2022.

\* A smart agriculture data distribution platform that uses blockchain technology to track the production and transaction histories of regional agricultural products

**Ideal Fruit and Vegetable Transportation and Storage Realized by Fresh Logi™**



**Connections Formed by Fresh Logi™**



**New Business Creation Driven by Cross-Cultural Synergies**

**M&A-Driven Approach**

M&A activities are a viable option to accelerate business portfolio transformations for acquiring new growth foundations and strengthening existing businesses. Asahi Kasei is proactive in adopting this approach, as evidenced by our success in the Health Care sector, where we are accelerating our evolution into a global health care enterprise. In March 2020, we acquired Veloxis Pharmaceuticals, Inc., which serves as an overseas

pharmaceutical business platform for further development and expansion of businesses. In April 2021, we acquired Respicardia, Inc., manufacturer of an implantable neurostimulator device for the treatment of central sleep apnea, which is a new field for us. This business will serve as a central growth driver in acute critical care, further expanding existing businesses and branching into peripheral fields.

**Investment in and Co-Creation with Start-Up Companies**

The Asahi Kasei Group is actively engaging in corporate venture capital investments and other forms of open innovation with start-up companies and entrepreneurs in fields with high potential for innovation. Commercialization activities are being advanced with this regard while taking appropriate risks. One example of these activities is LIFE CO-LAB., a housing field

accelerator program for which we began accepting applications in March 2021. Developed together with O1Booster Inc., this program utilizes our resources to support the businesses of start-up companies and entrepreneurs over a set period with the goal of co-creating new businesses. Through such programs, we look to generate innovation that would be impossible for us to do alone while accelerating the creation of value in new and existing business fields.

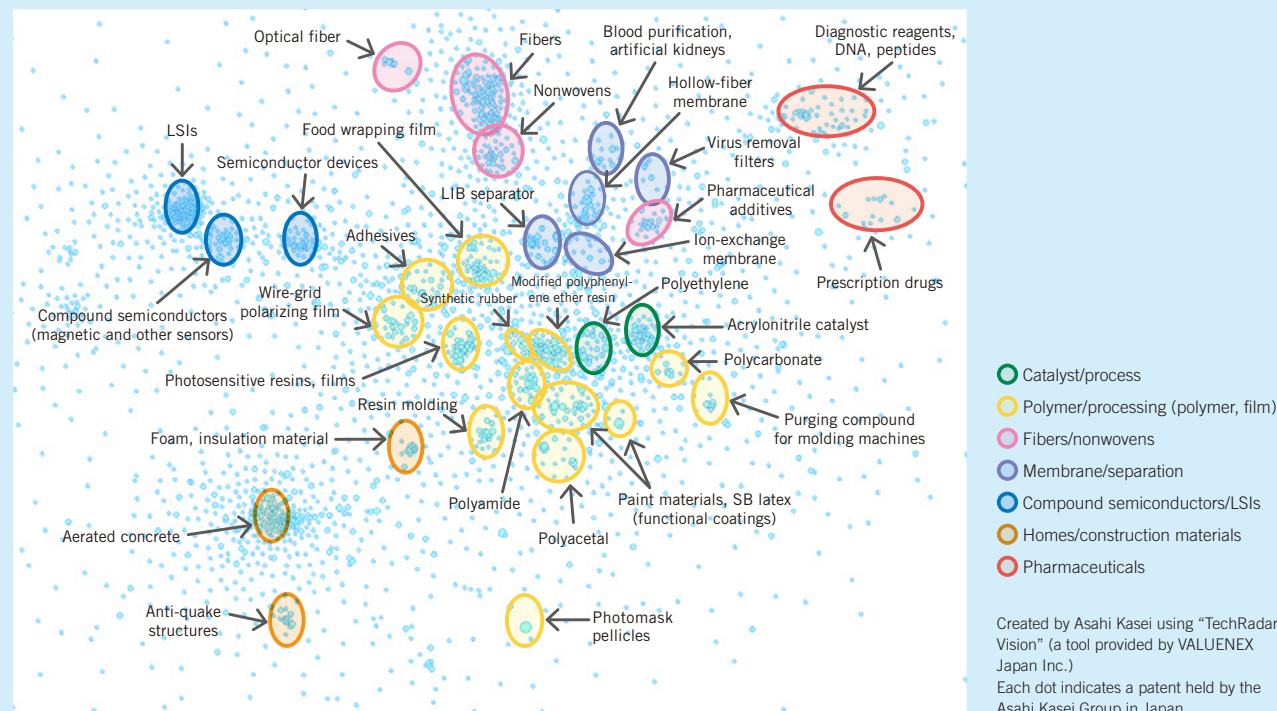
### New Business Creation Guided by Aggressive Intellectual Property Utilization

The Asahi Kasei Group is advancing intellectual property (IP) activities based on four main focuses—(1) construction of an IP network that contributes to businesses based on a scenario for IP rights utilization, (2) IP clearance for guaranteeing business execution, (3) implementation of IP activities to support globalization of businesses, and (4) contribution to business innovation, from the perspective of IP, by digital transformation. Systematic human resource development plans are being implemented based on these focuses. We actively perform IP landscaping, which leverages IP analysis for formulating and reviewing business strategies, as one measure for business innovation by digital transformation. Based on industry and market information, IP information, specifically big data on patents and research reports, is collected and processed to formulate IP maps and associated materials. These materials are provided to management and business units to inform discussions about our market position, strengths, and business opportunities, eventually leading to management and business decisions related to matters such as M&A activities for creating new businesses and reinforcing existing businesses. In recent

years, we have held IPL de Connect, an internal group-wide event that gives rise to innovation, as a preliminary step to the creation of new businesses. Advanced through discussions based on the IP landscape, these activities promote innovation by prompting chain reactions of awareness as connections are made among our diverse core technologies, marketing functions, and planning functions.

These IP activities have been highly recognized, and we received an award from the Minister of Economy, Trade and Industry in the Intellectual Property Achievement Awards program sponsored by the Ministry of Economy, Trade and Industry and the Japan Patent Office in April 2021.

#### Asahi Kasei's Core Technologies



Created by Asahi Kasei using "TechRadar Vision" (a tool provided by VALUENEX Japan Inc.)  
Each dot indicates a patent held by the Asahi Kasei Group in Japan.



## New Business Creation Utilizing Corporate Venture Capital



### Takashi Morishita

Asahi Kasei America, Inc.  
General Manager, Corporate Venture Capital

Joined Asahi Kasei in 1986. Established Corporate Venture Capital (CVC) at Asahi Kasei in 2008 and became General Manager. Moved base of operations to Silicon Valley in 2011. CVC has invested in more than 30 start-ups, and led to the 2011 acquisition of Crystal IS, Inc., a U.S. company developing UVC LEDs utilizing aluminum nitride substrate, and the 2018 acquisition of Senseair AB, a Swedish company developing gas sensor modules.  
(Website: <http://www.asahikaseiventures.com/>)

## The management understands CVC's role and recognizes it as an option for new business creation

**Q You proposed CVC to the President, and it was established in 2008. Why did you choose CVC as a vehicle for creating new businesses and what benefits do its investments deliver?**

Around the year 2000, I took part in a joint project with a start-up in San Diego and witnessed firsthand the business development capabilities of such companies. Technologies developed by start-ups are acquired by other companies and used for creating new businesses. The dynamism of such business development, whereby technologies are monetized, is not often seen in Japan. I thought that establishing CVC would provide a means to outsource business development, which is a weak point of Japanese companies.

The Asahi Kasei Group carries out R&D in the business divisions and at the corporate level, and utilizes M&A as means to create new businesses. However, R&D by business divisions takes at least three years while corporate R&D, involving the development of medium- to long-term projects across the Group, takes approximately seven to ten years. In contrast, M&A projects can be developed into new businesses soon after acquisition. In terms of time spans, I view CVC as a method for bridging the gaps not covered by R&D and M&A, and representing the difference between the approaches of either creating new businesses based on technology within Asahi Kasei or by making investments for acquisitions.

One of the advantages of venture capital investment is that start-ups focus on markets that do not yet exist. Making investments allows us to monitor new markets and assess when best to proceed to the next stage while deepening our understanding of such markets. In addition, investing in “white spaces” adjacent to our existing businesses enables us to secure future candidates for acquisition and increase our pipeline for creating new businesses. In other words, I proposed the establishment of CVC based on my belief that a new framework for new business creation would become increasingly necessary going forward, which ultimately led to my current role.

**Q How do Asahi Kasei's uniqueness and competitive edge contribute to CVC's activities?**

Asahi Kasei's key strengths of “diversity” and “capability to change,” as well as its adaptability to change and its egalitarian corporate culture as symbolized by its use of less formal titles, all serve as advantages in promoting CVC's activities. To give an example, decisions on investment amounts of up to \$5 million per company are delegated to the Investment Committee without the need for head office approval. This approach facilitates decision-making at approximately the same speed as that of venture capital companies in the United States and Europe, which acts as a major strength for CVC. Start-up companies move quickly and opportunities to invest in them are limited.



Therefore, we must match the speed of start-up companies by putting in place quick and flexible decision-making mechanisms on the investment side in order to make CVC function effectively.

Some of Asahi Kasei's businesses originally began as joint ventures, and the company embraces the process of incorporating external technologies and making them its own. I believe that this corporate climate and culture is among the reasons why Asahi Kasei's management team has recognized CVC as a useful entity for new business creation.

**Q Please tell us about CVC's activities in different regions and its investment portfolio strategy over the medium to long term.**

By region, we will continue investing in the United States, since it will undoubtedly continue to produce new businesses as the epicenter of innovation. We will make Europe the focus of our investments going forward as the public and private sectors in that region are working proactively to establish a "green recovery" from COVID-19, and we expect to see the creation of new markets there based on a circular economy. We just entered China in fiscal 2020 and are at the stage for exploring possibilities in this market. As China leads the world in electric vehicles and related service businesses, we will carry out monitoring centered on this

market and on materials.

Going forward, we expect to see the creation of rapidly accelerating new businesses, such as industrial IoT and telehealth (healthcare provided remotely) due to the changes in workstyles and lifestyles triggered by COVID-19. To prepare for unpredictable market developments, I believe

that we must revise the course of our investments while monitoring trends. Last year, we primarily invested in spheres including industrial IoT, housing, agriculture, digital health, and neuro-modulation, which treats the nervous system using electrical signals. Looking ahead, I feel that we must pay close attention to such domains while focusing on new businesses created through the realization of a circular economy. For example, we are beginning to see reverse innovation—whereby technologies developed for emerging countries are deployed globally—in the sustainability domain, a trend that is likely to spread throughout the world going forward. Investing in domains where substantial future earnings are expected by providing support for such emerging countries is one investment option.

**Q Fiscal 2021 marks the 10th anniversary of the launch of CVC's activities in the United States. Could you tell us how you have been able to continue CVC's activities and share with us the expertise and strengths you have gained in the process?**

The biggest reason is because of our track record. When meeting with start-ups, three questions always come up: our fund size, investment record, and acquisition record. As CVC has already invested in more than 30 projects, two of which have resulted in

acquisitions, start-ups are at least willing to hear what we have to say. The recognition within Asahi Kasei that CVC is an effective means to create new businesses is also crucial. With the Company's understanding that CVC's activities require a certain amount of time, we work to create tangible results while considering how many projects we can implement and the time needed for implementation. I believe these efforts will help deepen understanding of CVC's activities both internally and externally.

Another reason behind our ability to maintain CVC's activities is that we place the utmost importance on our relationships with start-ups. Since local networks cannot be easily developed by those on assignment from Japan, we have increased our number of locally hired employees and are leveraging their networks. As an organization with technologies and analytical capabilities in a wide range of business fields, Asahi Kasei can offer technical advice, equipment, and other support. I believe continuing to be a good corporate partner over the long term by providing financing and a variety of expertise will enhance our standing among start-ups and venture capital companies, thereby making it easier for us to become involved in outstanding projects.



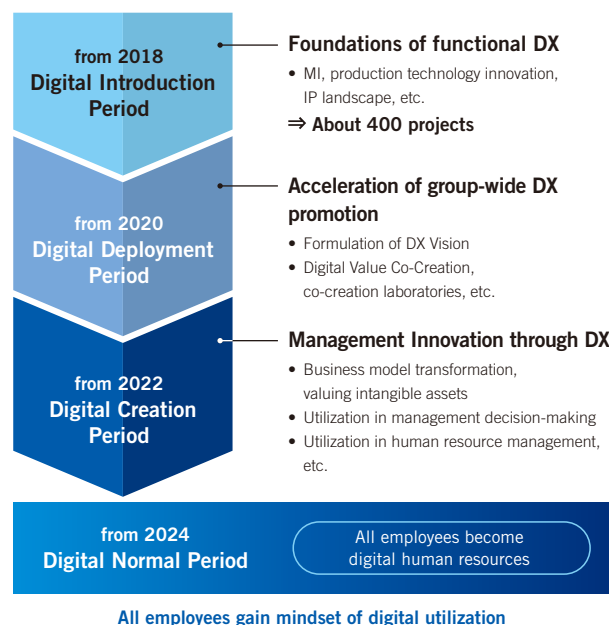
## Digital Transformation

The Asahi Kasei Group views digital transformation (DX) as a means of using digital technologies to fully leverage our strengths, which are the “diversity” and “capability to change” of our human resources, technologies, and businesses, in order to transform business models and drive value creation. Accordingly, we will actively promote DX initiatives going forward.

### Road Map of the Asahi Kasei Group's DX Promotion

The Asahi Kasei Group has created a road map that breaks down its DX initiatives into four phases—the Digital Introduction Period (from 2018), the Digital Deployment Period (from 2020), the Digital Creation Period (from 2022), and the Digital Normal Period (from 2024)—and lays out the content of the initiatives in each phase. Going forward, we will implement DX initiatives in each phase established under the road map.

#### Overview of the DX Promotion Road Map



#### Initiatives during the Digital Introduction Period

During the Digital Introduction Period, which began in 2018, we promoted functional DX initiatives, including materials informatics (MI), production technology innovation, IP landscaping, and digital marketing. Through these efforts, we launched approximately 400 projects on a group-wide basis and worked to resolve various issues through collaboration between personnel of DX support and promotional divisions and personnel of each business.

#### Materials Informatics (MI)

With the aim of dramatically improving development speed and developing exceptional innovative materials, we are promoting the utilization of MI, which involves enhancing the efficiency of R&D activities on materials through the use of AI and statistical analysis. The promotion of MI has already led to the successful development of innovative materials within a short time frame, and we now make use of MI in the development of nearly all of our products. In addition, we are proceeding with preparations to establish a foundation for the more advanced utilization of MI, including in unmanned “smart laboratories” for material exploration. We are also developing MI tools that can be used in sales activities.

#### Production Technology Innovation

We are promoting activities aimed at enhancing productivity by utilizing digital technologies in all processes at our manufacturing facilities. These activities involve a broad range of initiatives, such

as the automation of product inspection through the use of AI, the enhancement of productivity through data analysis, predictive detection of equipment abnormalities, and the use of IoT tools to make tasks more advanced, less labor intensive, and more precise. We aim to commence the operation of smart factories within a few years as we further promote DX at production sites.

#### IP Landscaping

We formulate overarching maps of IP by using digital technologies to collect and process various IP-related information, such as patents and research reports. By analyzing this information alongside industry and market information, these maps help us identify the Asahi Kasei Group's market position, business strengths, and business development potential. For more details on IP landscaping, please see the “New Business Creation” section on ▶p.29–33.

#### Digital Marketing

We are leveraging digital technologies as a tool to transition from marketing based on empirical rules to marketing based on scientific evidence. As part of this effort, we have introduced customer relationship management (CRM) systems in order to visualize information communicated between our sales representatives and our clients. While ensuring the security of our clients' confidential information, we are sharing data on a cross-organizational basis and making use of such data as an asset. Furthermore, we are drawing on digital technologies to establish

contact points with our clients, including holding virtual exhibitions that utilize virtual reality in the Homes sector.

**Initiatives during the Digital Deployment Period**

We have transitioned from the phase of solidifying foundations for functional DX initiatives to a phase in which we will expand the scope of our DX promotion on a group-wide basis. During this phase (from 2020 to 2022), we are working to reinforce our foundation for accelerating group-wide DX promotion.

**Development of the DX Vision**

In May 2021, the Asahi Kasei Group formulated DX Vision 2030, which states our intention to co-create “healthy living” and “a

future world full of smiles” through borderless connections enhanced by digital innovation. By doing so, we presented a vision for the world we wish to create by 2030 through DX. By sharing DX Vision 2030 with stakeholders both inside and outside, we will accelerate the co-creation of the value we offer to society by utilizing digital technologies to transform our business models with the aim of realizing healthy, secure, safe, and comfortable lifestyles as well as a world where there is less burden on the environment.

**Establishment of Digital Value Co-Creation**

We established Digital Value Co-Creation in April 2021. The mission of this organization is to draw on digital technologies to

leverage the Asahi Kasei Group strength of “diversity” to drive business model transformation and value creation, entrench DX in group-wide management, and accelerate reforms through digital value co-creation. Under Digital Value Co-Creation, we integrated the Smart Factory Initiative and Informatics Initiative, which promoted DX in Corporate Production Technology and Corporate Research & Development, respectively, together with Corporate IT Management. We also newly established the Marketing Technology Initiative and Strategy & Co-Creation. We aim to achieve seamless and powerful collaboration between IT and digital technologies. While enhancing production, manufacturing, and R&D efficiency, establishing vital infrastructure, and improving quality, we will also work to create new sales and marketing approaches and develop new business models through the use of digital technologies.

In addition, we will effectively utilize digital technologies in relation to sustainability, such as reducing our CO<sub>2</sub> emissions and ensuring optimal plant operation, as well as for reform of workstyles and enhancement of employee engagement.

**Digital Value Co-Creation (organization reporting to the President)**

<b>Strategy</b>	DX promotion in overall business and management	Strategy & Co-Creation
<b>Function</b>	Sales and marketing DX promotion	Marketing Technology Initiative
	R&D DX promotion	Informatics Initiative
	Manufacturing and production DX promotion	Smart Factory Initiative
<b>Foundation</b>	IT infrastructure and security	Corporate IT Management



**Asahi Kasei DX Vision 2030**

**Asahi Kasei will co-create “healthy living” and “a future world full of smiles” through borderless connections enhanced by digital innovation.**



**Crossing boundaries and forming connections with the power of digital**

To create new value for society, we will resonate across countries and cultures and co-create across companies and organizations.



**“Healthy living” and “a future world full of smiles”**

We will help realize healthy, secure, safe, and comfortable lifestyles to create a world full of smiles for future generations.

### Opened CoCo-CAFE Digital Co-Creation Laboratory

A vital part of accelerating our DX promotion is connecting internal and external knowledge to co-create value. We opened CoCo-CAFE in January 2021 to serve as a laboratory and testing ground for bringing together digital personnel from marketing, R&D, and production technology divisions, and for invigorating exchanges between internal and external parties. Through CoCo-CAFE, we are working to strengthen our DX foundation, transform our existing business models, and promote the establishment of new business models with the aim of offering new value to the world.

CoCo-CAFE is being utilized as a space for pursuing challenges and co-creation; leveraging, verifying, and experiencing digital technologies in a highly advanced manner; and cultivating digital human resources. It will also be used as a powerful driver for new value creation by not only forming connections between in-house personnel but also enabling collaboration between industry, academia, and government bodies.



## Cultivation and Reinforcement of Digital Human Resources

While aiming to have all employees serve as digital human resources who engage in their work with a high awareness of digital technology utilization, we will make proactive efforts to recruit and cultivate digital professional human resources who are able to leverage advanced digital technologies and data to resolve business-related issues and create new value and business models.

### Promotion of DX Educational Activities for All Employees

We are strengthening DX educational activities for all employees based on the notion that it is essential to enhance the IT and digital literacy of all Asahi Kasei Group employees in order to achieve our plans of cultivating all employees to digital human resources in the Digital Normal Period. In April 2021 we launched our own original Open Badge system. By visualizing employee skills, the Open Badge system encourages independent and self-motivated learning by promoting step-by-step acquisition of basic knowledge on digital technologies through the use of e-learning. In addition, we hold large-scale, in-house events, such as the company-wide DX conference, to provide opportunities for employees to learn about successful examples of DX promotion. Furthermore, our digital co-creation laboratory CoCo-CAFE serves as a space for DX-related learning and collaboration between

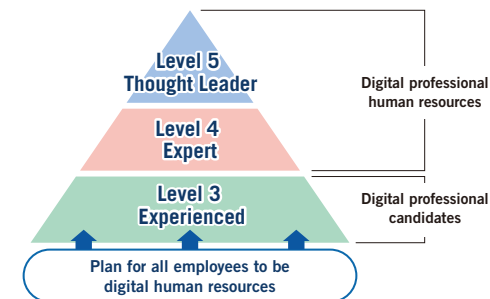
internal and external parties. At CoCo-CAFE, co-creation activities are being carried out in a highly proactive manner.

We are also implementing training programs to turn business managers into DX leaders who understand the importance of DX and can promote it on their own initiative.

### Recruitment and Cultivation of Digital Professional Human Resources

We have established KPIs for securing and enhancing three types of human resources and are systematically implementing recruitment and cultivation activities accordingly. The three types of human resources we aim to secure and enhance are personnel who understand the background of DX issues and can organize and resolve business-related issues based on that understanding; personnel who can practically apply and utilize data science in a manner that responds to various issues; and personnel who possess and can leverage knowledge of information processing, AI, and statistics. By targeting these types of human resources in carrying out our recruitment and cultivation activities, we will increase the number of digital professional personnel who can promote advanced digitalization activities to 230 by the end of fiscal 2021.

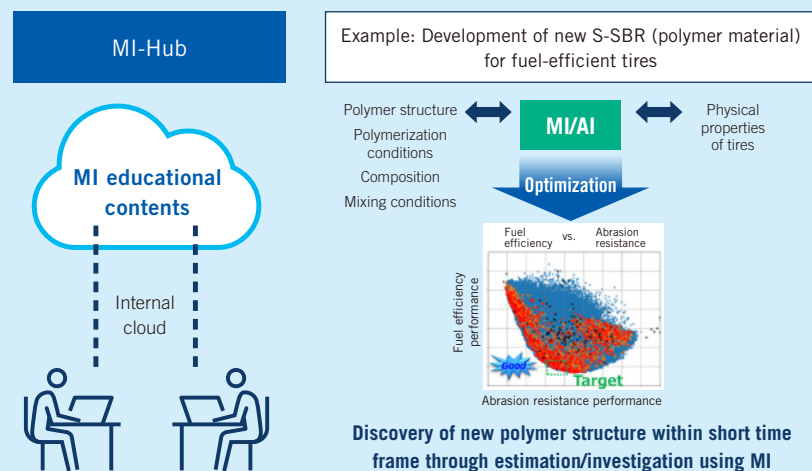
#### Open Badge



## Examples of the Asahi Kasei Group's DX Initiatives

### Fostering a Corporate Culture That Promotes MI

To extensively apply MI to all of our R&D projects and leverage MI to strengthen group-wide business competitiveness, it is imperative that our laboratory researchers make use of MI on a daily basis in their research. To that extent, we launched the MI-Hub initiative, which offers original educational programs that include a computing environment that is easily accessible to all researchers and educational materials that cater to the actual work that our researchers perform. Many of our researchers have started to utilize MI in their day-to-day work and, as laboratory attendance remains restricted due to the COVID-19 pandemic, we have begun to see several successful cases where researchers use MI to conduct material design at home and then promptly put that design to use to develop new materials. Furthermore, communities are beginning to develop that transcend the respective divisions to which our researchers who use MI belong, and this has started to foster a corporate culture of friendly competition and mutual support.

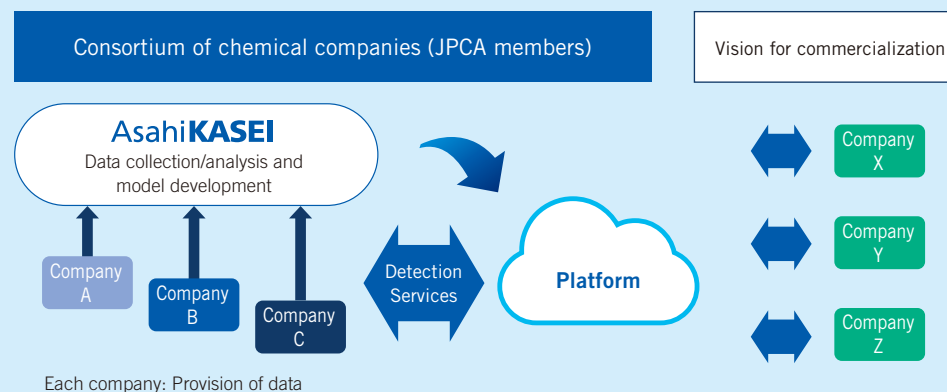


### Promoting Plant Maintenance Using Data: Project to Detect Corrosion Under Insulation

At chemical plants that have been operating for many years, the management of corrosion under insulation (CUI), which is corrosion on the external surface of equipment covered by thermal insulation, is a common and important issue for ensuring safety. Leading the way with addressing this issue, the Asahi Kasei Group has developed a model that can predict the occurrence of CUI by collecting and analyzing a great deal of CUI data from chemical companies that are members of the Japan Petrochemical Industry Association (JPCA). This model has been recognized for having a higher degree of accuracy than conventional CUI prediction methods used at JPCA member companies, and has already been disclosed to these companies via a digital platform. The development of this model was recognized in fiscal 2020 with the Award of Excellence in the Fourth Infrastructure Maintenance Awards sponsored by the Ministry of Economy, Trade and Industry. In fiscal 2022, we will work to commercialize detection services for CUI and other matters as we aim to further enhance the reliability of plants through the widespread adoption of such services.



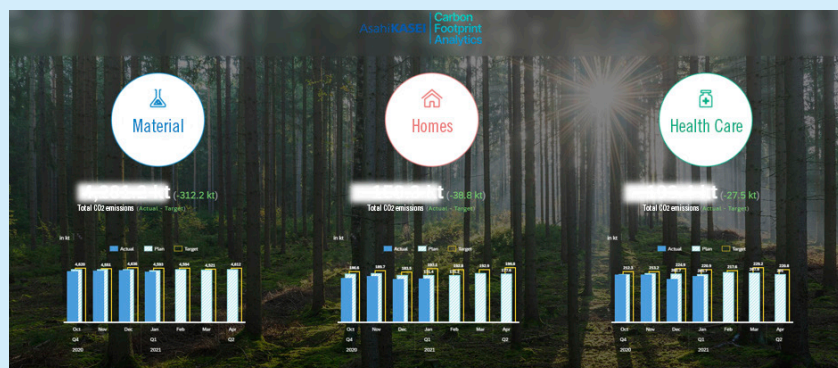
Example of CUI inspection by removing insulation



## Examples of the Asahi Kasei Group's DX Initiatives

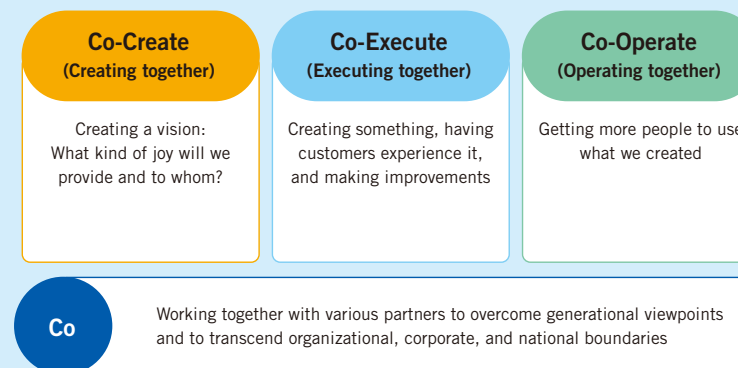
### Using Digital Technologies to Achieve Sustainability

To accelerate the realization of a carbon neutral sustainable world and a circular economy using digital technologies, we will pursue various efforts to generate synergies between sustainability and DX, including visualizing our carbon footprint and establishing plastic recycling platforms that utilize blockchain technology. In terms of visualizing our carbon footprint, we are collecting and combining data related to CO<sub>2</sub> emissions throughout our entire supply chain, from raw material procurement through to the transportation of products to customers. By doing so, we are able to confirm the carbon footprint of each of our products as needed. We will also leverage the data collected through this effort in future initiatives to reduce our CO<sub>2</sub> emissions. In a similar manner, for establishing plastic recycling platforms, not only will we introduce blockchain and other advanced technologies, we will also position the data handled by such technologies as a source of value and leverage this data in the creation of frameworks to recycle limited resources more efficiently, beginning with the visualization of the recycling process.



### Generating Value through Digital Co-Creation

To create new value through such means as transforming our business models and enhancing efficiency in a highly innovative manner, we are actively adopting garage methodology and promoting agile development under a thought process that emphasizes the customer's perspective. Garage methodology is organized into three phases: Co-Create, Co-Execute, and Co-Operate. By pursuing and maintaining collaboration between internal and external partners in each phase of this methodology, we are accelerating reforms in each strategic business unit, core operating company, and corporate functional department. In the Material, Homes, and Health Care sectors, we are working to transform business models for existing businesses by applying garage methodology. Going forward, we will take on the challenge of enhancing the value of the intangible assets created from the diversity of our human resources, technologies, and businesses.



## Human Resource Strategies

The Asahi Kasei Group seeks to create new value by leveraging the “diversity” and “capability to change” of our human resources, technologies, and businesses. To support this effort, we are developing platforms that support the autonomous growth of our human resources and are conducive to contributions from diverse individuals in accordance with our basic principles that “people are our core assets” and that “everything starts with people.”

### The Asahi Kasei Group’s Human Resource Strategies

#### Response to Changes Brought About by COVID-19

The COVID-19 pandemic caused sweeping changes to the environment in which people work such as restrictions on commuting to workplaces and taking business trips. The resulting changes to behavioral patterns have also stimulated the diversification of the values of individuals. The Asahi Kasei Group is committed to developing comfortable workplace environments, from the perspectives of both human resource

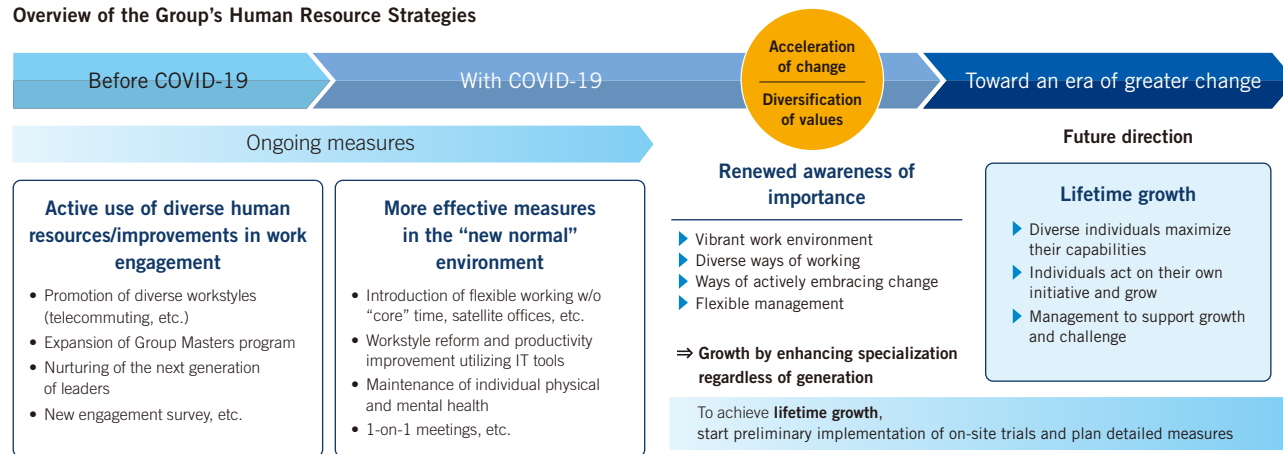
systems and infrastructure, for the new normal that is poised to emerge after the COVID-19 pandemic has subsided. At the same time, we have been endeavoring to improve productivity through revisions to workstyles and the use of digital technologies. All employees are responding to the sweeping changes by exercising ingenuity in their work and in connecting with others both inside and outside. Going forward, we will continue to improve employee engagement and desire to be part of an

organization in order to foster workplace environments in which everyone is passionate about working together.

#### Continuous Growth of Business Driven by Lifetime Growth of Employees

The Asahi Kasei Group’s diverse human resources have continued to grow while creating diverse technologies and businesses by embracing our Group Values of sincerity, challenge, and creativity. We emphasize an egalitarian corporate culture and teamwork founded on an open exchange of ideas regardless of rank and position, as symbolized by our custom of referring to others by name as opposed to by title. With this corporate culture, we have continued to achieve ongoing growth driven by the core strengths of our human resources: an unwavering dedication to pursuing goals, the team spirit that inspires individuals to unite toward a common goal, and a sincere commitment to customers and to one’s work. We expect the operating environment to remain volatile and unpredictable going forward. Faced with such challenging circumstances, we will continue to build upon these core strengths while encouraging our diverse, individual employees to take the initiative, regardless of age, in order to heighten their specialties through lifetime growth. As our diverse, individual employees grow in this manner, we will tie their growth to ongoing business growth through effective management. That is the core of the human resource strategies of the Asahi Kasei Group.

#### Overview of the Group’s Human Resource Strategies



**“Everything starts with people” — for the further evolution of Team Asahi Kasei**

Diversity cultivated over 100 years of history and capability to change through the innovation of employees, organizations, and the company



## Enhancement of Human Resource Management Capacities

Workplace environments have been transformed as a result of the COVID-19 pandemic, making online communication the norm and creating a greater deal of acceptance toward diverse lifestyles and workstyles. As such, the empowerment and motivation of employees requires management to implement appropriate measures based on an accurate understanding of the circumstances surrounding employees and organizations. Based on this recognition, the Asahi Kasei Group launched its KSA engagement surveys, which look to gauge metrics pertaining to employee empowerment and growth. Work engagement is born out of synergies between the capacities of individual employees, exemplified in their feelings of self-efficacy and confidence and positivity toward work, and the capacities of organizations, demonstrated through support from supervisors and coworkers, workplace discretion, and evaluations and feedback. To measure work engagement, we track conditions pertaining to the empowerment of individual employees, relationships between supervisors and subordinates, and workplace environments. This information is shared within the organizations to facilitate

discussion among employees and therefore spur the autonomous growth of both employees and organizations.

The KSA engagement surveys are based on the empowerment and growth cycle model proposed by Professor Hiroya Hirakimoto of Osaka University and use three indicators related to individual employees and organizations: (1) Relationships between supervisors and subordinates,

workplace environments; (2) Employee empowerment; and (3) Action driving growth.

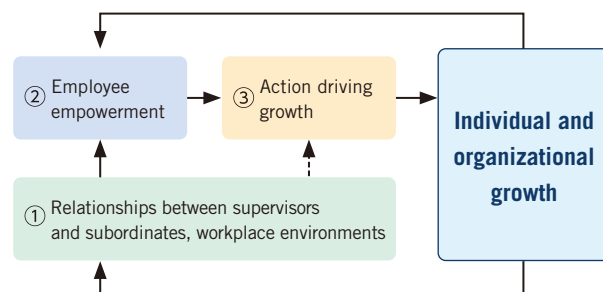
The gauging of these three indicators and their degree of impact provides the following benefits:

- Ability to visualize the success or failure of past measures
- Accurate information on the current status of the organization that can be used to guide future action

### Items Gauged through KSA Engagement Surveys

<p><b>① Relationships between supervisors and subordinates, workplace environments</b></p> <ul style="list-style-type: none"> <li>• Support from supervisors</li> <li>• Interpersonal relationships supporting work</li> <li>• Encouragement of ingenuity</li> <li>• Respect for diversity</li> <li>• Workplace openness</li> </ul>	<p><b>② Employee empowerment</b></p> <ul style="list-style-type: none"> <li>• Ability to maintain positive stance (individual capabilities)                             <ul style="list-style-type: none"> <li>- Confidence, feeling of self-efficacy</li> <li>- Strength to overcome adversity</li> <li>- Capacity for plotting course toward achieving goals</li> <li>- Optimism</li> </ul> </li> <li>• Motivation toward work (work engagement)</li> </ul>	<p><b>③ Action driving growth</b></p> <ul style="list-style-type: none"> <li>• Experience-based learning</li> <li>• Contributions to organization</li> <li>• Problem-solving/improvement efforts</li> <li>• Job crafting</li> </ul>
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### Framework of KSA Engagement Surveys



### Comments from Managers Following the Implementation of KSA Engagement Surveys

(questionnaire responses of managers directly overseeing subordinates)

“It was very beneficial to use the results of the KSA survey in discussions with division members to involve everyone in thinking about ways to drive employee empowerment and growth in the workplace.”

“The KSA survey results helped me share the strengths and weaknesses of our organization with everyone.”

“The results of the KSA survey cast light on aspects of organizations that I was unaware of as a department head. The weaknesses indicated by the survey report gave me a newfound understanding of our organization.”

“We gained a deeper understanding of our organization through the KSA survey, fostering a greater sense of solidarity in our efforts to maintain our strong corporate culture.”

## Group Masters Program

In implementing human resource strategies, the heightening of the specialized skills of individual employees is as important as the enhancement of human resource management capacities. For this purpose, the Asahi Kasei Group has established the Group Masters program to appoint, nurture, and reward individuals who are contributing or are expected to contribute to the creation of new businesses or the reinforcement of established businesses as Group Masters. This program thus helps develop a robust pool of human resources with high-level specialist expertise and skills who are competitive inside and outside the organization. The program defines five ranks of Group Masters. The roles of each rank are clearly defined, and compensation

increases in line with rank, to promote the growth of human resources while enabling us to recruit external talent. Moreover, succession plans are put in place for Group Masters to link the development of human resources with the cultivation of businesses in order to raise competitiveness.

### Group Masters Human Resource Portfolio

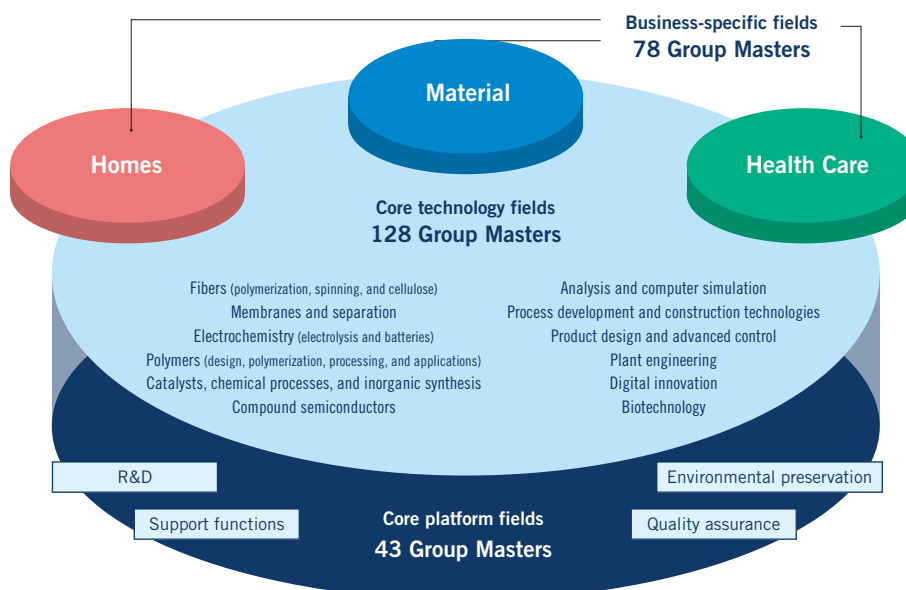
Under the Group Masters program, technology fields to be strengthened from a cross-business perspective are defined as core technology fields, and engineers that drive the enhancement of technologies in these fields are appointed as Group Masters. For the pursuit of ongoing business growth and new

business creation over the next five to ten years, we examined the core technologies, production technologies, expertise, business platforms, and diverse market channels and business models that have been developed as the source of our competitiveness thus far. This examination led to the identification of the 12 core technology fields shown below including biotechnology which was added in fiscal 2021. In addition, we have defined the jobs and occupational fields in which specialists should be cultivated for both specific business fields and core company-wide functions as core platforms fields, and we are assigning the title of Group Master to individuals capable of driving efforts in these areas.

### Group Master Ranks and Roles

Ranks		Roles
<p><b>Executive Fellow</b> (status equivalent to Executive Officer) Person who newly developed or considerably expanded a field of technology</p>	<p><b>Senior Fellow</b> (status equivalent to Managing Executive, Senior Managing Executive, or Executive Officer) Person whose term as Executive Fellow or Principal Expert expires after retirement age but who is expected to continue the roles shown at right</p>	<ol style="list-style-type: none"> <li>1. Actively participating in and contributing to new business creation and strengthening operations by cultivating and enhancing their skills and abilities as a leading specialist</li> <li>2. Fostering younger personnel in the relevant areas</li> </ol>
<p><b>Principal Expert</b> (status equivalent to Managing Executive or Senior Managing Executive) Person who takes the lead in a field of technology</p>		
<p><b>Lead Expert</b> Person ranked below Principal Expert (candidate to be Principal Expert)</p>		<p>Actively participating in and contributing to new business creation and strengthening operations by cultivating and enhancing their skills and abilities</p>
<p><b>Expert</b> Person ranked below Lead Expert (candidate to be Lead Expert)</p>		

### Group Masters Fields



## Health and Productivity Management

### Health and Productivity Management System

In April 2020, we appointed a Chief Health Officer (CHO) and established the Corporate Health Care Promotion Center as an organization tasked with promoting health and productivity management on a group-wide basis under the direct authority of the CHO.

Furthermore, the Statement on Management for Health was issued in October 2020 to add a new dimension to prior health promotion initiatives. To continue raising corporate value, it is imperative to establish workplace environments in which employees can succeed while maintaining good physical and mental health. Accordingly, we are actively promoting health and productivity management based on the Group Health and Productivity Management Vision described in the Statement on Management for Health.

Frameworks for advancing health and productivity management initiatives on an integrated, group-wide basis were installed in April 2021, when the health and productivity management functions of major domestic sites were placed under the direct supervision of the Corporate Health Care Promotion Center.

### Overview of Health and Productivity Management Initiatives

Efforts to maintain and promote the physical and mental health of

our employees and their families are at the heart of the Asahi Kasei Group's health and productivity management activities.

In recent years, the total number of leave days taken by employees has been increasing, causing losses in terms of both labor and healthcare costs. Factors behind the increase in leave days include mental health issues, metabolic syndrome, cancer, and smoking. For this reason, steps to address these factors and help employees achieve better physical and mental health are absolutely essential to achieving sustainable increases to corporate value.

At the same time, we are advancing initiatives focused on supporting the success and growth of each individual, encouraging greater working satisfaction and fulfillment, and creating a vibrant and strong organizational climate with the aim of improving productivity. We thereby hope to achieve the virtuous cycle of contributing to sustainable society and sustainable growth of corporate value described in our medium-term management initiative "Cs+ for Tomorrow 2021."

### Medium- to Long-Term Stance toward Health and Productivity Management

The Asahi Kasei Group is moving forward with measures for

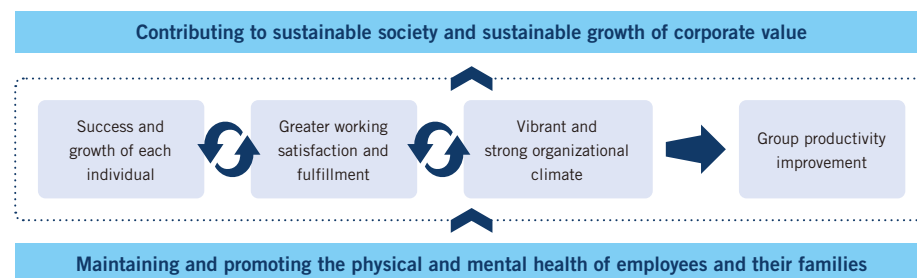
raising health and productivity awareness among employees. At the same time, we are developing health and productivity management frameworks. We hope to complete these awareness-raising and framework development measures by March 31, 2022, and to begin full-fledged health and productivity management activities thereafter.

Our focus over the period spanning from fiscal 2022 to fiscal 2024 will be to work to generate concrete benefits through the efforts of major domestic sites and to ensure that these benefits are tangible for as many employees as possible. Meanwhile, we will look to expand the efforts of major domestic sites to smaller independent plants in Japan as well as to overseas sites.

From fiscal 2025 forward, efforts will be directed toward enhancing initiatives by evaluating and inspecting prior activities. At the same time, we will tackle new challenges as we seek to disseminate and entrench health and productivity management practices on a group-wide and global basis and to evolve these practices to undertake well-being management.\*

\* A management approach that goes beyond promoting physical and mental health to emphasize the development of organizations in which employees are happy, able to feel tangible growth, and go about their work with a high degree of autonomy and motivation

#### Overview of Health and Productivity Management Initiatives



#### Medium- to Long-Term Stance toward Health and Productivity Management



## Financial and Capital Policy



**Koshiro Kudo, CFO**

Director, Senior Executive Officer

### Achieving the Current Medium-Term Management Initiative

In 2022, we will celebrate the 100th anniversary of Asahi Kasei's founding. Looking back on our history, we have constantly grown by always providing value through our businesses to meet ever-changing social needs based on the strengths inherent in the "diversity" and "capability to change" of our human resources, technologies, and businesses. Under "Cs+ for Tomorrow 2021," our medium-term management initiative, we aim to achieve two mutually reinforcing aspects of sustainability: contributing to sustainable society and the sustainable growth of corporate value. In our efforts to contribute to sustainable society, we will provide greater value by concentrating management resources, including human resources and technologies, in fields where we can provide value to society. For the sustainable growth of corporate value, we will seek to continuously realize capital efficiency (ROE) exceeding the cost of shareholders' equity by accelerating

the transformation of our business portfolio and steadily advancing our financial and capital policy and other measures.

### Enhancing Cash Generation, Reinforcing Financial Foundations

The Asahi Kasei Group achieves steady earnings by operating businesses in the three sectors of Material, Homes, and Health Care. In fiscal 2020, compared with the outlook at the time of formulating "Cs+ for Tomorrow 2021," earnings in Material were lackluster, though on a recovery trend as the year progressed, due to impacts of United States–China tensions and the COVID-19 pandemic, while operating income in Homes lagged one year behind, and performance in Health Care was strong. Meanwhile, we endeavored to maintain and fortify our financial foundations through measures such as greater financial discipline in light of changes in our business environment, carefully selecting capital expenditure and investment projects, and thoroughly

#### Primary Financial Metrics

	FY2016	FY2017	FY2018	FY2019	FY2020
Net sales (¥ billion)	1,883.0	2,042.2	2,170.4	2,151.6	2,106.1
Operating income (¥ billion)	159.2	198.5	209.6	177.3	171.8
Operating margin	8.5%	9.7%	9.7%	8.2%	8.2%
EBITDA <sup>1</sup> (¥ billion)	268.4	311.9	313.6	295.6	305.1
Net income per share (EPS)	¥82.34	¥121.93	¥105.66	¥74.85	¥57.49
Net income per shareholders' equity (ROE)	10.5%	14.0%	11.1%	7.6%	5.6%
Net income per net sales (ROS)	6.1%	8.3%	6.8%	4.8%	3.8%
Total asset turnover ratio	0.84	0.89	0.89	0.80	0.73
Financial leverage	2.0	1.9	1.8	2.0	2.0
Net income per shareholders' equity and interest-bearing debt (ROIC) <sup>2</sup>	7.8%	9.7%	8.8%	6.6%	4.9%
D/E ratio	0.35	0.23	0.31	0.52	0.45

<sup>1</sup> Operating income, depreciation, and amortization (tangible, intangible, and goodwill)

<sup>2</sup> (Operating income – income taxes) / average annual invested capital

implementing appropriate control of inventories and expenses. As a result, we were able to achieve performance that puts us on track to achieve operating cash flow in the range of ¥600 billion to ¥700 billion, the three-year target set when formulating the medium-term management initiative. We will continue striving to enhance our cash generation capabilities by maximizing returns on past capital expenditure and investments and by raising productivity, in addition to continuously improving profitability and capital efficiency through the transformation of our business portfolio.

We expect an increase in interest-bearing debt of ¥200 billion to ¥400 billion, within the range anticipated in “Cs+ for Tomorrow 2021.” Accordingly, we will continue to undertake financing while targeting a D/E ratio of around 0.5.

### Capital Expenditure and Investments Tailored to Changes in the Business Environment

Amid an increasingly uncertain and obscure business environment, we intend to concentrate the allocation of resources to capital expenditure and investments that have greater potential for sustainable growth while remaining conscious of the cost of capital. As a result of the more careful selection of investments from the initial formulation of “Cs+ for Tomorrow 2021,” we plan to make decisions on capital expenditure and investments at the level of ¥700 billion to ¥800 billion over the three-year period. Going forward, we will proactively invest in M&A in the Health Care sector, in increasing the production capacity of businesses in priority fields for provision of value in the Material sector, and in areas related to digital transformation and sustainability.

### Shareholder Returns

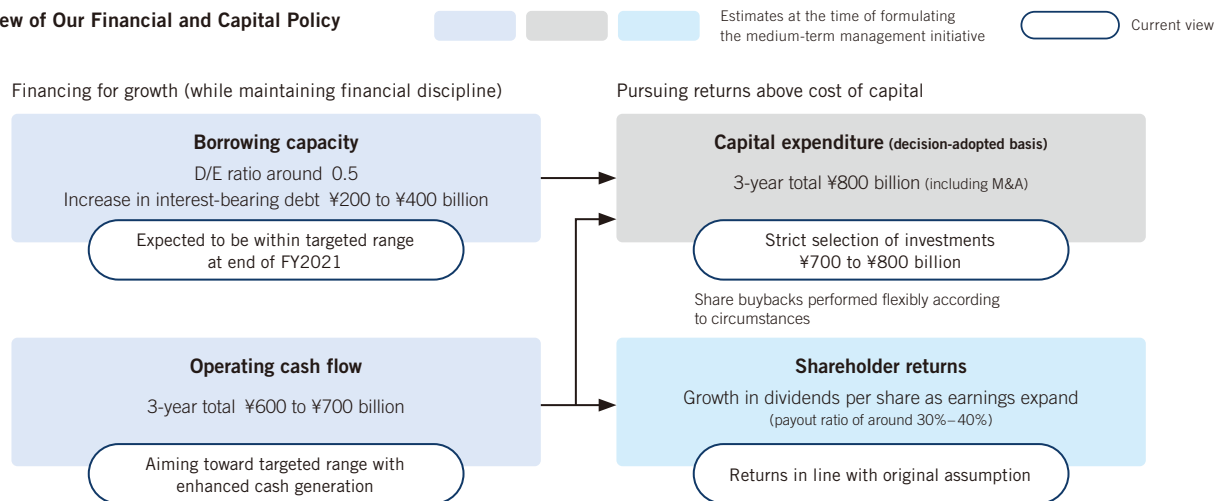
Our basic policy on shareholder returns is to aim for stable

dividends and continuous dividend increases from a medium- to long-term perspective through the sustained generation of cash flow while paying close attention to the balance between investments for growth and our financial position. Specifically, we aim to steadily raise dividends while maintaining a payout ratio of

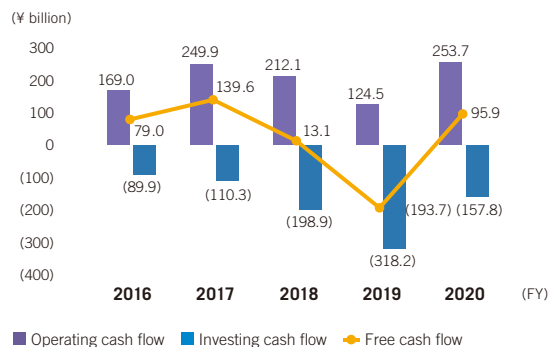
around 30% to 40% and considering the ratio of dividends to shareholders’ equity. We plan to maintain dividends per share at ¥34 for fiscal 2021\* and expect the dividend payout ratio over the three years of “Cs+ for Tomorrow 2021” to be 40% or higher.

\* Forecast in May 2021

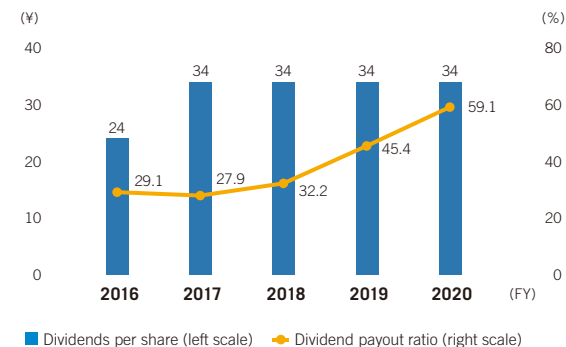
### Overview of Our Financial and Capital Policy



### Cash flows



### Dividends per share and dividend payout ratio



# Business Overview

## Asahi Kasei Sustainability Photo Contest

Name	Lenny Gutierrez
Company	Asahi Kasei Asaclean Americas Inc.
Country/region	United States

Care for People, Care for Earth



## Review of Operations

### Material



#### Hiroshi Yoshida

Executive Officer for Material Business Sector  
Director,  
Vice-Presidential Executive Officer,  
Asahi Kasei Corp.

#### ■ Standing Firm, Striding Forward

Operations in the Material sector got off to a tough start in fiscal 2020 due to the impacts of the COVID-19 pandemic. We advanced our business activities with a focus on the creation of value by capturing opportunities associated with new workstyles and social needs. In the first half of the fiscal year, we leveraged our robust supply systems to increase output of lithium-ion battery separators, electronic materials, consumables, textiles, and hygiene-related materials, demand for which was elevated by people increasingly staying at home. In the second half of the fiscal year we reaped the benefits of recovery in the markets for automotive and petrochemical products.

As we move toward the 100th anniversary of the founding of Asahi Kasei in 2022, we will reinforce our foundations for

growth through new business creation, accelerated portfolio transformation, and business model innovation utilizing digital technologies. These efforts will be focused on the Environment & Energy, Mobility, and Life Material among our priority fields for the provision of value. At the same time, amid rising demand for contributions to sustainability, we will pursue sustainable growth of corporate value through initiatives such as developing decarbonization technologies and engaging in co-creation with other companies toward the achievement of circular economies.

#### ■ Main Products

##### Basic Materials

- Acrylonitrile
- Methyl methacrylate
- Polystyrene

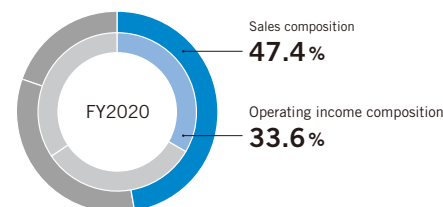
##### Performance Products

- Bemberg™ cupro fiber
- Lamous™ artificial suede
- Dinamica™ automotive interior material
- Engineering plastics
- Synthetic rubber/elastomer
- Saran Wrap™ cling film

##### Specialty Solutions

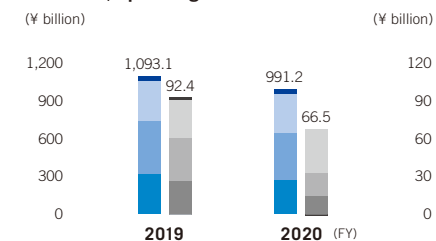
- Ion-exchange membranes
- Sunfort™ photosensitive dry film
- Battery separators (Li-ion and lead-acid)
- Mixed-signal LSIs
- Hall elements

#### Ratio of total consolidated net sales and operating income



Note: Not including "Others" category and corporate expenses and eliminations

#### Net sales, operating income



Net sales (left scale) Operating income (right scale)  
 ■ Basic Materials ■ Performance Products  
 ■ Specialty Solutions ■ Others in Material

#### ■ Business Strengths

##### Diverse core technologies

With diverse core technologies that include catalysts, polymers, fibers, membranes, and compound semiconductors, we are creating new value by developing applications that anticipate the changing needs of society. We are also applying these technologies to products that benefit the global environment, such as lithium-ion battery (LIB) separators and acrylonitrile, which we produce using technology that reduces CO<sub>2</sub> emissions.

##### Wide-ranging marketing channels

By operating in a variety of businesses, we have built relationships with a wide range of customers in industries such as automobiles, electronics, telecommunications, clothing, food packaging, and healthcare, and we leverage these relationships to further develop businesses. In the automotive market, we are effectively expanding sales activities with our AKXY concept electric vehicle, which is equipped with a broad range of Asahi Kasei materials and products.

##### Stable supply of high-quality products




With a diverse range of production technologies and know-how honed over nearly a century, as well as an industry-leading commitment to Responsible Care, we are able to provide a stable supply of high-quality products, which earns the trust of customers.

Material

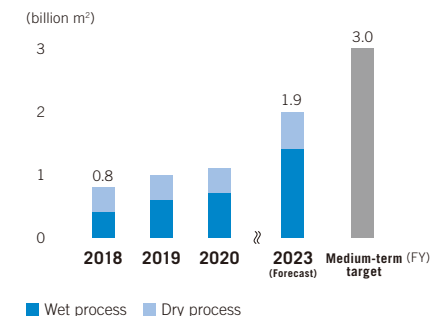
**Basic Strategy** Flexible allocation of management resources to priority fields

**Responding to Operating Environment Changes** Raising profitability/capital efficiency with new value provision models based on changed operating environment

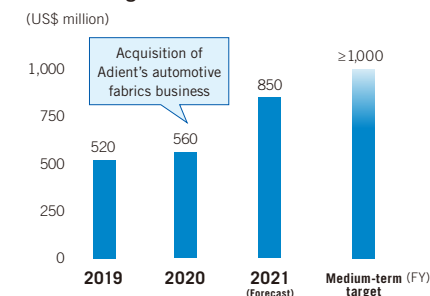
**Business Strategy**

Priority Fields for Provision of Value	Perceived Change	Business Strategy / Way to Provide Value	FY2020 Highlights
<p><b>Environment &amp; Energy</b></p> <ul style="list-style-type: none"> <li>Carbon neutral movement accelerates worldwide</li> <li>Rapidly growing need for technologies and solutions that contribute to decarbonization</li> </ul>		<p><b>System/Solution Provider</b></p> <ul style="list-style-type: none"> <li>Provide systems/solutions that combine core technologies, processes, and operational know-how of materials</li> <li>Accelerate development of technologies and products that contribute to the environment</li> </ul>	<p><b>Increased Production Capacity for Hipore™ LIB Separator</b></p> <p>Proactively expanding businesses focused on lithium-ion batteries for electric drive vehicles.</p> <p>▶ <a href="#">Click here</a> for details.</p> 
<p><b>Mobility</b></p> <ul style="list-style-type: none"> <li>Temporary market slow-down, but changes related to CASE continue to present opportunities to provide value with materials</li> </ul>		<p><b>Material with Proposal of Usage</b></p> <ul style="list-style-type: none"> <li>Propose lightweighting, modularization, and environmentally friendly materials to meet sustainability requirements for EDVs</li> <li>Strengthen marketing to key customers</li> </ul>	<p><b>Completion of Acquisition of Adient's Automotive Fabrics Business</b></p> <p>U.S. subsidiary Sage Automotive Interiors acquired the automotive fabrics business of Adient plc to strengthen its business foundation in Europe, the largest market.</p> <p>▶ <a href="#">Click here</a> for details.</p> 
<p><b>Life Material</b></p> <ul style="list-style-type: none"> <li>Firm demand for electronic materials and healthcare materials even amid the COVID-19 pandemic</li> <li>New needs arising from advances in next-generation communications, changes in hygiene awareness, and new lifestyles</li> </ul>		<p><b>Materials Differentiated by High Performance/Function</b></p> <ul style="list-style-type: none"> <li>Provide differentiated materials required by advancing digital society</li> <li>Provide value to meet new needs in healthcare and other fields with distinctive materials and devices</li> </ul>	<p><b>Decision to Construct Second Plant for Ceolus™ Microcrystalline Cellulose</b></p> <p>The second plant will raise production capacity for Ceolus™ microcrystalline cellulose, which is primarily used as an excipient for pharmaceutical tablets, in response to growing demand.</p> <p>▶ <a href="#">Click here</a> for details.</p> 

**Production capacity for Asahi Kasei LIB separator**



**Sales at Sage Automotive Interiors**





## Homes



### Fumitoshi Kawabata

Executive Officer for Homes Business Sector  
Director, Primary Executive Officer, Asahi Kasei Corp.  
President & Representative Director, Asahi Kasei Homes Corp.  
Director, Asahi Kasei Construction Materials Corp.

### Adapting and Evolving

Our ability to attract customers in order-built homes operations was greatly limited in fiscal 2020 as the COVID-19 pandemic forced us to close or restrict entry to model homes.

This provided an opportunity for us to transform our business model, which allowed us to enhance customer engagement through various digital channels, leading to significant recovery in orders. At the same time, we moved forward with industry-leading initiatives related to sustainability and resilience, taking part in Japan's first project in this area and winning several awards. As the domestic housing market contracts over the medium to long term, the changes in social structures and values brought about by the COVID-19 pandemic will make it more important than ever for us to flexibly adapt to changes in our operating environment. In our core business of order-built homes, we will seek to promote digital

transformation to enhance our home-building process and transform our business model to earn greater appreciation from customers.

In addition, we will proactively develop new businesses with growth potential, such as homes for seniors and medium-rise homes. Overseas, we will leverage the consolidation of Australia's McDonald Jones Homes to continue growing our business.

### Main Products

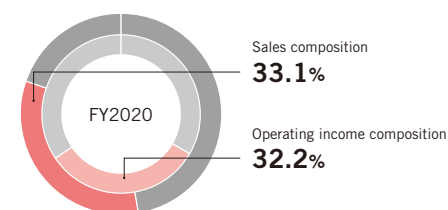
#### Homes

- Hebel Haus™ unit homes
- Hebel Maison™ apartment buildings
- Atlas™ condominiums
- Hebel Maison™ apartment rental network
- Remodeling

#### Construction Materials

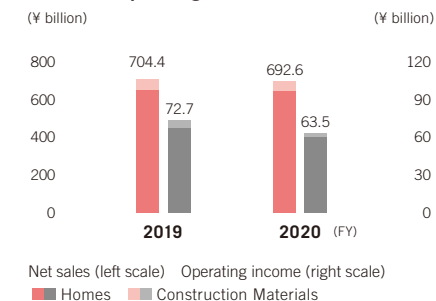
- Hebel™ AAC panels
- Neoma Foam™ and Neoma Zeus™ phenolic foam insulation panels

### Ratio of total consolidated net sales and operating income



Note: Not including "Others" category and corporate expenses and eliminations

### Net sales, operating income



### Business Strengths

#### Technology for robust homes

Hebel Haus™ has earned a reputation for resilience against disasters, achieved through a combination of high-performance earthquake resistance technology, Hebel™ autoclaved aerated concrete (AAC), and Neoma Foam™ insulation with world-leading performance.

#### Comprehensive system to support people's lives

One of our strengths is having a comprehensive system based on our "Long Life Home" concept to address the era of 100-year lifespans. We value our relationships with customers and endeavor to stay close to them at various stages of their lives. We provide long-term warranties and inspection systems, and offer renovation and remodeling services according to changes in customers' lifestyles.

#### Knowledge, expertise, and assets related to urban housing

By focusing on urban areas, we have gained the ability to propose sites and spaces based on "optimal urban living" and provide consulting services accordingly. We are also expanding rental management and other businesses related to previously built homes and using our expertise to develop new businesses such as homes for seniors, medium-rise homes, and overseas business.

Homes

**Basic Strategy** Reinforcing and extending value chain management

**Responding to Operating Environment Changes** Maintaining existing growth strategy while using digital technology to meet changing lifestyle needs; strengthening resilience to disasters and adapting to carbon-free by leveraging our know-how for sustainable urban living

**Business Strategy**

Priority Fields for Provision of Value	Perceived Change	Business Strategy / Way to Provide Value	FY2020 Highlights
<p><b>Home &amp; Living</b></p> <ul style="list-style-type: none"> <li>Decrease in new housing starts in Japan</li> <li>Rising need for energy-efficient housing that contributes to carbon-free society and highly resilient housing in response to increasing severity of natural disasters</li> <li>Diversification of lifestyle and housing needs in era of 100-year lifespans</li> <li>Restrictions on sales activities amid COVID-19 pandemic</li> </ul>		<p><b>Superior Social Infrastructure</b></p> <ul style="list-style-type: none"> <li>Promote sustainability and strengthen resilience</li> <li>Improve customer satisfaction and provide value through value chain reinforcement across the sector</li> </ul>	<p><b>Increase in Hebel Haus™ Ratio of Net Zero-Energy Houses</b> Net zero-energy houses using Neoma Foam™ high-performance insulation reached 66% of Hebel Haus™ unit homes delivered in fiscal 2020.</p> <p><b>Use of Non-Fossil Fuel Power Excluded from Feed-In Tariff</b> Environmental value from solar power systems installed on Hebel Maison™ apartment buildings utilized at Asahi Kasei's Kawasaki Works.</p> <p><b>Support for Swift Recovery from Disasters</b> Atlas™ Kamikumamoto was completed, replacing a condominium that was damaged during the 2016 Kumamoto earthquakes. A system was developed to estimate earthquake damage using seismometers installed in Hebel Haus™ unit homes.</p>
		<p><b>Leveraging Know-how to Develop New Businesses</b></p> <ul style="list-style-type: none"> <li>Accelerate development of overseas, homes for seniors, and medium-rise buildings businesses</li> </ul>	<p><b>Acquisition of the Austin Companies</b> The Austin Companies, a premier Arizona residential electrical, concrete, and HVAC group, were acquired in the U.S., joining Erickson Framing Operations LLC, a prefabricated building component supplier acquired in 2018. ▶ <a href="#">Click here</a> for details.</p>
		<p><b>Management Foundation Reinforcement</b></p> <ul style="list-style-type: none"> <li>Reform workstyles and improve productivity</li> </ul>	<p><b>IT Investments for Utilizing Digital Technologies</b> Adoption of tools for non-face-to-face meetings with customers and other steps to reform work processes.</p>

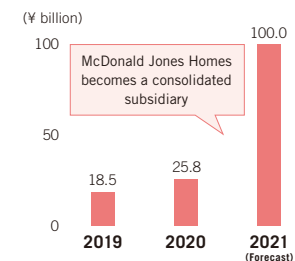


Hebel Maison™



Atlas™ Kamikumamoto

**Net sales of overseas business**



## Health Care



### Shuichi Sakamoto

Executive Officer for Health Care Business Sector (joint)  
Director, Primary Executive Officer, Asahi Kasei Corp.  
Chairman & Director, Asahi Kasei Pharma Corp.  
Chairman & Director, Asahi Kasei Medical Co., Ltd.  
Board Director, ZOLL Medical Corporation  
Board Director, Veloxis Pharmaceuticals, Inc.



### Richard A. Packer

Executive Officer for Health Care Business Sector (joint)  
Primary Executive Officer, Asahi Kasei Corp.  
Chairman & Board Director, ZOLL Medical Corporation  
Board Director, Veloxis Pharmaceuticals, Inc.

### ■ Growing Globally

In fiscal 2020, we implemented measures to advance our evolution into a global health care enterprise, while the COVID-19 pandemic reminded us of the importance of health care. Notable steps for the pharmaceutical business in Japan included the growth of an osteoporosis treatment and the advancement of a disease awareness campaign. We strengthened our pharmaceutical business foundations in the United States through the post-merger integration of Veloxis, which we acquired in March 2020. In medical care, we expanded our virus removal filter business serving manufacturers of biotherapeutics, including COVID-19 treatments. Growth in our acute critical care business centered on ventilators, other resuscitation products, and wearable defibrillators. Our mission is to deploy our unique technological innovations to deliver the best products, services, and solutions to health care professionals around the world, with the aim of saving the lives of patients and improving their quality of life (QOL). We will accurately address the needs of the medical community with both pharmaceuticals and medical devices in order to make the Health Care sector a major growth-driving pillar of the Asahi Kasei Group.

### ■ Main Products

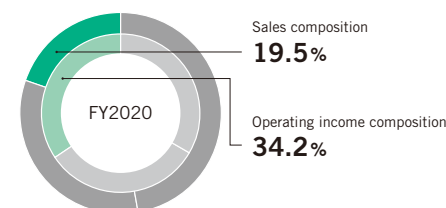
#### Pharmaceuticals/Medical Care

- Teribone™ osteoporosis drug
- Recomodulin™ anticoagulant
- Kevzara™ rheumatoid arthritis drug
- Envarsus XR™ immunosuppressive drug
- APS™ polysulfone-membrane dialyzers
- Therapeutic apheresis devices
- Planova™ virus removal filters

#### Acute Critical Care

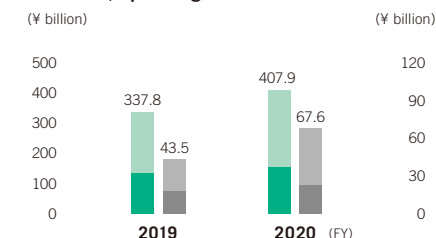
- Defibrillators for professional use
- LifeVest™ wearable defibrillator
- Automated external defibrillators (AEDs)
- Thermogard System™ temperature management system

### Ratio of total consolidated net sales and operating income



Note: Not including "Others" category and corporate expenses and eliminations

### Net sales, operating income



Net sales (left scale) Operating income (right scale)  
■ Pharmaceuticals/Medical Care  
■ Acute Critical Care

### ■ Business Strengths

#### Providing optimal treatments with both pharmaceuticals and medical devices

Being engaged in both pharmaceutical and medical device businesses, we are able to provide a wide range of treatments for patients. By increasing opportunities for innovation in both businesses, especially in the United States, we are able to provide even more value to support a society of healthy longevity.

#### Business platforms in orthopedics, immunology, and acute critical and cardiac care

We have business platforms focused on three fields: orthopedics, where demand for osteoporosis treatments is increasing as the population ages; immunology, including immunosuppressive drugs; and acute critical and cardiac care, including our market-leading defibrillators. Accordingly, we are able to create unique products that contribute to a society of healthy longevity.

#### World-leading position in virus removal filters



Planova™ is the world's first virus removal filter to be developed for use during the manufacture of biotherapeutics such as biopharmaceuticals and plasma derivatives. The reliable high performance and consistent quality of these filters are trusted by pharmaceutical manufacturers around the world, earning us the top share of the global market.

Health Care

**Basic Strategy** Further accelerating transformation to a global health care enterprise

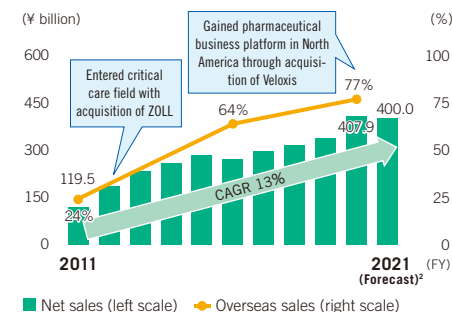
**Responding to Operating Environment Changes** Continue priority allocation of management resources; global expansion of both pharmaceuticals and medical devices, to be the third major pillar and driver of growth

**Business Strategy**

Priority Fields for Provision of Value	Perceived Change	Business Strategy / Way to Provide Value	FY2020 Highlights
<p><b>Health Care</b></p> <ul style="list-style-type: none"> <li>Need for COVID-19 response measures</li> <li>Rising demand for high-quality medical care and improved QOL centered on developed countries</li> <li>Population aging and government policies to streamline healthcare expenditure</li> <li>Technological innovations for next-generation therapies</li> </ul>		<p><b>Acute Critical Care</b></p> <ul style="list-style-type: none"> <li>Continue growing resuscitation products and other existing businesses and expand into peripheral fields</li> </ul>	<p><b>Increased Ventilator Production in Response to COVID-19</b></p> <p>Production of ventilators was increased substantially to meet rapid growth in demand due to the COVID-19 pandemic.</p> <p><a href="#">Click here</a> for details.</p> 
		<p><b>Pharmaceuticals</b></p> <ul style="list-style-type: none"> <li>Business growth in areas of strength—orthopedics, immunology, and neurology—in Japan and overseas</li> </ul>	<p><b>Post-Merger Integration of Veloxis</b></p> <p>Progress advanced in post-merger integration of Veloxis, acquired in March 2020; sales of Envarsus XR™ immunosuppressive drug expanded.</p> <p><b>Out-Licensing Agreement for AK1780 Chronic Pain Drug Candidate</b></p> <p>AK1780, a drug candidate for chronic pain caused by neuroinflammation developed by Asahi Kasei Pharma, was licensed to Eli Lilly and Company.</p> <p><a href="#">Click here</a> for details.</p>
		<p><b>Medical Care</b></p> <ul style="list-style-type: none"> <li>Reinforce bioprocess business in line with growth of biotherapeutics market</li> </ul>	<p><b>Expansion of Sales for Planova™ Virus Removal Filters</b></p> <p>While needs for viral safety in biotherapeutics continue to rise, inquiries for Planova™ virus removal filters increased in relation to development of COVID-19 treatments and vaccines.</p> <p><a href="#">Click here</a> for details.</p> 

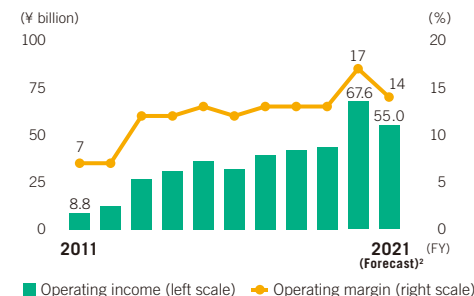
**Net sales, overseas sales**

- 13% CAGR<sup>1</sup> over past 10 years
- Driven by overseas business (reaching nearly 80%)



**Operating income, operating margin**

- More than six-fold growth over past 10 years
- Both amount and margin rising



<sup>1</sup> Compound Annual Growth Rate

<sup>2</sup> Forecast in May 2021

# Corporate Governance and Risk Management

## Asahi Kasei Sustainability Photo Contest

Name Yuya Taketani

Company Asahi Kasei Corp.

Country/region Japan

Care for People, Care for Earth



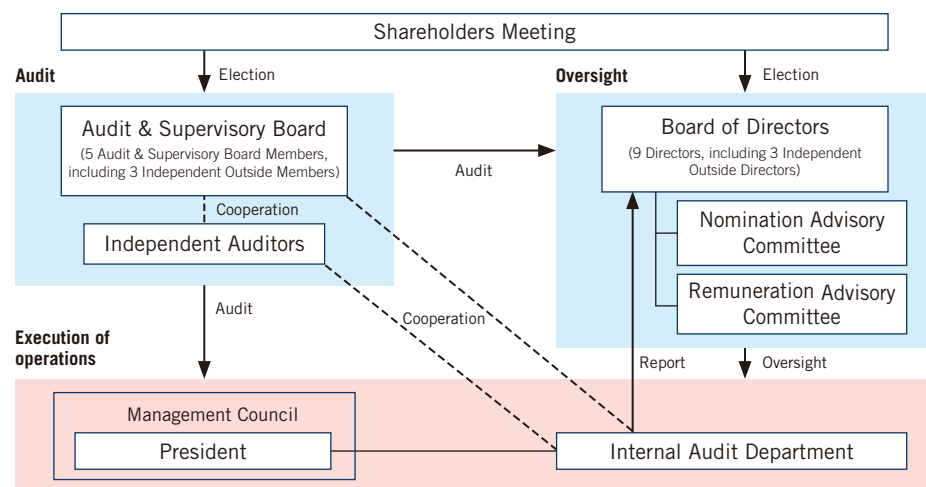
# Corporate Governance

## Basic Approach

Guided by the Group Mission of contributing to life and living for people around the world, the Group Vision for Asahi Kasei is to provide new value to people throughout the world and help resolve social issues by enabling “living in health and comfort” and “harmony with the natural environment.” Based on this approach, we aim to contribute to society while achieving sustainable growth and improving corporate value over the medium to long term, by spurring innovation and creating synergies through the integration of our diverse range of businesses.

To that end, we will continuously pursue the optimal corporate governance framework for ensuring transparent, fair, timely, and resolute decision-making in accordance with changes in the business environment.

## Corporate Governance Configuration



### Key points

- 1/3 of Directors are independent
- 1 female Director
- Directors have diverse backgrounds
- 3/5 of Audit & Supervisory Board Members are independent
- Audit & Supervisory Board Members Office to support Audit & Supervisory Board Members
- Internal Audit Department reports to both the President and the Board of Directors

## Meetings of the Board of Directors, Advisory Committees, and Audit & Supervisory Board (fiscal 2020)

	No. of Meetings Held	Average Attendance	Main Subjects of Agenda
Board of Directors	14	98% (Directors and Audit & Supervisory Board Members)	<ul style="list-style-type: none"> <li>• Business investment</li> <li>• Medium-term management initiative</li> <li>• Risk management and compliance</li> </ul>
Nomination Advisory Committee	3	100% (All members)	<ul style="list-style-type: none"> <li>• Optimum composition and size of Board of Directors</li> <li>• Policy for nomination of candidates to be Directors and Audit &amp; Supervisory Board Members</li> <li>• Standards for judging independence of Outside Directors and Audit &amp; Supervisory Board Members</li> </ul>
Remuneration Advisory Committee	4	100% (All members)	<ul style="list-style-type: none"> <li>• Policy and system for remuneration of Directors</li> <li>• Deciding on performance-linked remuneration of individual Directors</li> </ul>
Audit & Supervisory Board	18	96% (Audit & Supervisory Board Members)	<ul style="list-style-type: none"> <li>• Auditing state of performance of Directors' duties</li> <li>• Auditing state of operations and financial affairs</li> <li>• Evaluation of Independent Auditors</li> </ul>

## Diversity of Expertise and Experience of Outside Directors and Audit & Supervisory Board Members

In order to achieve sustainable growth and improve corporate value over the medium to long term, we consider the makeup of the Board of Directors, paying attention to the diversity of knowledge, experience, and abilities, so that it can supervise and audit the execution of operations at the Asahi Kasei Group, which runs a wide variety of businesses. In particular, in order to realize multifaceted deliberation at meetings of the Board of Directors by reflecting the high sensitivity that swiftly tracks changes in the social environment and the perspectives of external stakeholders, as well as the knowledge cultivated through the practice of corporate management, we believe that it is essential that there be diversity in the fields of expertise and experience of Outside Directors and Outside Audit & Supervisory Board Members, who have standpoints that are independent of the Asahi Kasei Group.

The distribution of the fields of expertise and experience among Outside Directors and Outside Audit & Supervisory Board Members is as follows:

	Corporate Management	Finance & Accounting	Legal Affairs & Intellectual Property	Environment & Society
Outside Directors	Tsuneyoshi Tatsuoka		★	★
	Tsuyoshi Okamoto	★	★	★
	Yuko Maeda		★	★
Outside Audit & Supervisory Board Members	Akio Makabe		★	★
	Tetsuo Ito		★	★
	Akemi Mochizuki		★	★

## Results of Evaluation of Effectiveness of the Board of Directors (fiscal 2020)

The Board of Directors conducts regular evaluations of its own effectiveness through discussions at meetings of the Board of Directors, having collected questionnaires from Directors and Audit & Supervisory Board Members after the end of each fiscal year.

The main measures implemented in fiscal 2020 and issues recognized for the future are as follows:

### Main measures implemented in fiscal 2020

The Board of Directors implemented the following measures in fiscal 2020 based on the evaluation of the previous fiscal year.

#### 1) Enhanced agenda items

The Board of Directors more frequently discussed agenda items relating to medium- to long-term management issues, such as the management of the business portfolio, initiatives for promoting sustainability, and support for digital transformation, in an effort to ensure effective supervision of these issues by the Board of Directors.

#### 2) Enhanced provision of information to Outside Directors and Outside Audit & Supervisory Board Members

The Board of Directors secured opportunities for visits to the Group's sites, which had been conducted regularly, while taking measures to prevent the spread of COVID-19. Meanwhile, preliminary briefings for the Board of Directors were expanded in order to facilitate deeper discussion on the days of Board meetings by utilizing online meetings.

#### 3) Improved committee operations

The Board of Directors decided that Outside Directors shall chair the Nomination Advisory Committee and the Remuneration Advisory Committee. Furthermore, the Board of Directors entrusted the Remuneration Advisory Committee with deciding the individual performance-linked remuneration portion of remuneration for Directors. These changes have improved the independence, objectivity, and transparency of the decision-making process for the nomination and remuneration of Directors and Audit & Supervisory Board Members.

### Issues recognized for the future

Based on measures implemented in fiscal 2020, the Board of Directors has confirmed a common awareness of the following issues for the future.

#### 1) Enhancing agenda items

Further expanding discussions on medium- to long-term management issues at meetings of the Board of Directors and reviewing the criteria for bringing agenda items as necessary

#### 2) Reviewing corporate governance in line with the next medium-term management initiative

Reassessing the makeup, size, and skill requirements of the Board of Directors in line with the next medium-term management initiative

#### 3) Miscellaneous

Implementing methods for evaluating the effectiveness of the Board of Directors and expanding cooperation among Outside Directors and Outside Audit & Supervisory Board Members, etc.

## Overview of Executive Remuneration

### Remuneration for Directors

#### (1) Decision-making policy

As one of the corporate governance mechanisms to ensure that the Asahi Kasei Group can achieve sustainable growth and enhance corporate value over the medium to long term, we have 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, which includes the following basic policy. (An outline of the Decision-making Policy is as stated in (2) Basic design and (3) Decision-making process below.)

#### Basic policy

Remuneration of Outside Directors, who have a position of independence with respect to management of the company, comprises solely 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 system for Executive Directors, who are members of senior management, combines performance-linked remuneration together with stock-based remuneration as nonmonetary remuneration, in addition to fixed basic remuneration, which serves as the basis for their livelihoods, in order to provide incentives tied to earnings and management strategy, 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 continuously confirm appropriateness and make improvements.

**(2) Basic design**

1) Performance-linked remuneration

- Designed by combining both the achievement of financial targets, such as asset efficiency, to provide incentives tied to earnings and management strategy as management leaders together with the achievement of nonfinancial targets including individual targets, one of which is progress on sustainability
- Calculated by making a comprehensive judgment based on achievement of financial targets such as consolidated net sales, operating income, ROA, etc., together with achievement of individually set targets, including progress on sustainability
- Standards for financial incentives selected from the perspectives of appropriateness as clear and objective evaluation criteria based on earnings results as well as awareness for increased asset efficiency
- The formula required to calculate individual performance-linked remuneration is outlined as follows:

$$\begin{array}{|c|} \hline \text{Index calculated by} \\ \text{evaluation}^1 \\ \hline \end{array} \times \begin{array}{|c|} \hline \text{Basic amount by rank} \\ \hline \end{array} = \begin{array}{|c|} \hline \text{Individual performance-linked} \\ \text{remuneration amount} \\ \hline \end{array}$$

<sup>1</sup> Coefficient comprehensively considering achievement of financial targets and nonfinancial targets

- Target figures / standard figures and actual figures of management indicators to be used for the calculation of performance-linked remuneration in the most recent fiscal year

	Fiscal 2020 target figure / standard figure	Fiscal 2020 actual figure
Consolidated net sales	¥2,034.0 billion	¥2,106.1 billion
Consolidated operating income	¥140.0 billion	¥171.8 billion
Consolidated ROA <sup>2</sup>	5.5%	5.9%

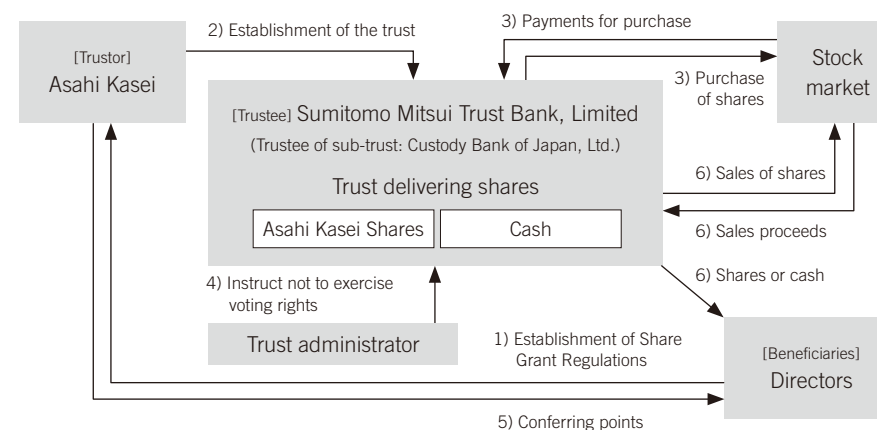
<sup>2</sup> Consolidated operating income / consolidated total assets as of the fiscal year-end

2) Stock-based remuneration

- To reinforce a common perspective with shareholders including both the benefits of share price increases and the risk of share price decreases, a stock-based remuneration system was adopted at the 126th Ordinary General Meeting of Shareholders held on June 28, 2017.
- 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 conferred points in accordance with their rank (maximum of 100,000 points per

fiscal year) and the 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 (one share of stock per point).

**Outline of Stock-based Remuneration System (Share Grant Trust)**



**(3) Decision-making process**

- Entrusted to the Remuneration Advisory Committee based on a resolution of the Board of Directors
- The Remuneration Advisory Committee is authorized to confirm the reasonableness and appropriateness of the evaluation of the achievement of targets by Executive Directors, as proposed by the President & Director, and to determine remuneration amounts for individual Directors by applying this evaluation to the framework formula determined by the Board of Directors.
- Fixed basic remuneration by rank is paid upon determination of the amount by the Board of Directors.
- Stock-based remuneration is granted when certain conditions are met, corresponding to points conferred based on the Share Grant Regulations adopted by the Board of Directors.
- The reason for entrusting the aforementioned authority to the Remuneration Advisory Committee is because doing so is the most appropriate means of determining the remuneration for individual Directors from a highly independent, objective, and transparent standpoint while overseeing the business results of the entire Group.



- To ensure the appropriate use of this authorization to the Remuneration Advisory Committee, this committee comprises a majority of Outside Directors and it regularly reports to the Board of Directors on the process of the above confirmation and determination.

#### Composition of the Members of the Remuneration Advisory Committee (fiscal 2020)

Name	Position and responsibilities
Tsuyoshi Okamoto	Outside Director Chairperson of the Remuneration Advisory Committee
Masumi Shiraishi	Outside Director
Tsuneyoshi Tatsuoka	Outside Director
Hideki Kobori	President and Representative Director Presidential Executive Officer
Shigeki Takayama	Representative Director Vice-Presidential Executive Officer

#### (4) Reasons upon which the Board of Directors determined the contents of remuneration, etc., for individual Directors pertaining to fiscal 2020 are in line with the Decision-making Policy

- The contents of basic remuneration and stock-based remuneration are determined upon taking into account the results of deliberations by the Remuneration Advisory Committee, which comprises a majority of Outside Directors, with objectivity and transparency of the decision-making process ensured.
- The decision on performance-linked remuneration has been made through a highly independent, objective, and transparent process carried out by the Remuneration Advisory Committee.

#### Percentages Shown for Directors Who Have Executive Responsibilities



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

Note: Outside Directors receive fixed base remuneration only.

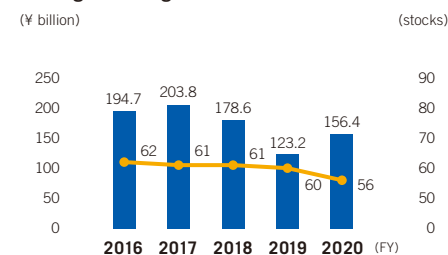
#### Remuneration for Audit & Supervisory Board Members

- The performance-linked remuneration system is not applied with regard to the remuneration for Audit & Supervisory Board Members, and their remuneration consists of fixed remuneration. Individual remuneration amounts are determined through discussions with Audit & Supervisory Board Members.

#### Strategic Shareholdings

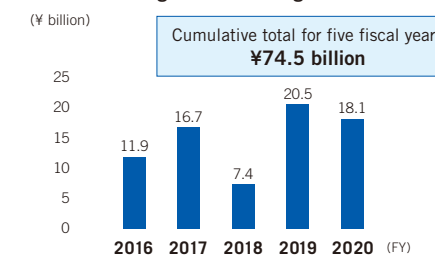
- With the aim of achieving sustainable growth and improving corporate value over the medium to long term, Asahi Kasei holds shares in companies as it deems necessary as part of management strategies including forming business alliances, raising funds, securing supply chains, and maintaining and strengthening relationships with business partners. However, we will continuously work to reduce the amount of strategic shareholdings giving due consideration to factors including risks and costs as well as the capital efficiency of holding such shares.
- The Board of Directors examines the purpose and economic rationale of maintaining individual strategic shareholdings on an annual basis from the perspective of their contribution to the company's sustainable growth and corporate value improvement over the medium to long term. In verifying the economic rationale, we comprehensively assess returns in terms of medium- to long-term business earnings and dividends with reference to the cost of capital and other considerations. As a result of the verification, we reduce, 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 (in the five years from fiscal 2016 to fiscal 2020, sales of strategic shareholdings totaled ¥74.5 billion).
- Voting rights associated with strategic shareholdings are exercised after comprehensively determining whether a proposal contributes to the sustainable growth and corporate value improvement over the medium to long term of both Asahi Kasei and the investee company.

#### Strategic holdings of listed shares



- Fiscal year-end amounts of strategic shareholdings on the balance sheets (left scale)
- Number of stocks (right scale)

#### Sales of strategic shareholdings



## Directors and Audit & Supervisory Board Members (as of June 25, 2021)

### Directors



#### Hideki Kobori

President & Representative Director  
Presidential Executive Officer

April 1978	Joined Asahi Kasei
April 2008	Asahi Kasei Microdevices Director, Senior Executive Officer
April 2009	Asahi Kasei Microdevices Director, Primary Executive Officer
April 2010	Asahi Kasei Microdevices President & Representative Director, Presidential Executive Officer
April 2012	Asahi Kasei Senior Executive Officer
June 2012	Asahi Kasei Director (position held at present)
April 2014	Asahi Kasei Representative Director (position held at present), Primary Executive Officer
April 2016	Asahi Kasei President and Director (position held at present), Presidential Executive Officer (position held at present)



#### Shigeki Takayama

Representative Director  
Vice-Presidential Executive Officer

April 1980	Joined Asahi Kasei
April 2009	Asahi Kasei E-materials Executive Officer
April 2010	Asahi Kasei E-materials Director
April 2012	Asahi Kasei E-materials Director, Senior Executive Officer
April 2013	Asahi Kasei E-materials President & Representative Director, Presidential Executive Officer
August 2015	Polypore International, LP, President & CEO
April 2016	Asahi Kasei Senior Executive Officer, President of Separators SBU
April 2018	Asahi Kasei Primary Executive Officer
April 2019	Asahi Kasei Vice-Presidential Executive Officer (position held at present)
June 2019	Asahi Kasei Director (position held at present), Representative Director (position held at present)



#### Hiroshi Yoshida

Director  
Vice-Presidential Executive Officer

April 1979	Joined Asahi Kasei
April 2012	Asahi Kasei Chemicals Executive Officer
April 2014	Asahi Kasei Chemicals Director, Senior Executive Officer
April 2016	Asahi Kasei Lead Executive Officer, President of Performance Polymers SBU
April 2017	Asahi Kasei Senior Executive Officer
April 2018	Asahi Kasei Primary Executive Officer
April 2019	Asahi Kasei Vice-Presidential Executive Officer (position held at present)
June 2019	Asahi Kasei Director (position held at present)



#### Shuichi Sakamoto

Director  
Primary Executive Officer

April 1981	Joined Asahi Kasei
April 2011	Asahi Kasei Chemicals Executive Officer
April 2014	Asahi Kasei Chemicals Director, Senior Executive Officer
November 2014	Asahi Kasei Lead Executive Officer, Corporate Strategy General Manager
April 2016	Asahi Kasei Senior Executive Officer
June 2016	Asahi Kasei Director (position held at present)
April 2018	Asahi Kasei Pharma Chairman & Director (position held at present) Asahi Kasei Medical Chairman & Director (position held at present)
April 2019	Asahi Kasei Primary Executive Officer (position held at present)



#### Fumitoshi Kawabata

Director  
Primary Executive Officer

April 1982	Joined Asahi Kasei
April 2012	Asahi Kasei Homes Executive Officer
April 2013	Asahi Kasei Homes Director (position held at present), Senior Executive Officer
April 2014	Asahi Kasei Homes Marketing Division General Manager
February 2016	Asahi Kasei Homes Chubu Sales Division General Manager
April 2017	Asahi Kasei Senior Executive Officer Asahi Kasei Homes President & Representative Director (position held at present), Presidential Executive Officer (position held at present)
April 2019	Asahi Kasei Primary Executive Officer (position held at present)
June 2019	Asahi Kasei Director (position held at present)

## Directors

**Koshiro Kudo**

Director  
Senior Executive Officer

April 1982	Joined Asahi Kasei
April 2013	Asahi Kasei Fibers Executive Officer
April 2016	Asahi Kasei Lead Executive Officer
April 2017	Asahi Kasei President of Fibers & Textiles SBU, Senior General Manager, Osaka Office
April 2019	Asahi Kasei Senior Executive Officer (position held at present), President of Performance Products SBU
June 2021	Asahi Kasei Director (position held at present)

**Tsuneyoshi Tatsuoka**

Outside Director

April 1980	Joined Ministry of International Trade and Industry
January 2010	Councilor, Cabinet Secretariat
August 2011	Deputy Vice-Minister of Economy, Trade and Industry
June 2013	Vice-Minister of Economy, Trade and Industry
July 2015	Retired from Ministry of Economy, Trade and Industry
June 2016	Asahi Kasei Director (position held at present)

**Tsuyoshi Okamoto**

Outside Director

April 1970	Joined Tokyo Gas Co., Ltd.
June 2002	Tokyo Gas Co., Ltd. Executive Officer
April 2004	Tokyo Gas Co., Ltd. Senior Executive Officer
June 2004	Tokyo Gas Co., Ltd. Director
April 2007	Tokyo Gas Co., Ltd. Representative Director, Executive Vice President
April 2010	Tokyo Gas Co., Ltd. Representative Director, President
April 2014	Tokyo Gas Co., Ltd. Director, Chairman
April 2018	Tokyo Gas Co., Ltd. Director, Senior Corporate Advisor
June 2018	Asahi Kasei Director (position held at present)
July 2018	Tokyo Gas Co., Ltd. Senior Corporate Advisor (position held at present)

**Yuko Maeda**

Outside Director

April 1984	Joined Bridgestone Corporation
September 2003	Tokyo Medical and Dental University Director of Technology Transfer Center and Intellectual Property Manager of Intellectual Property Right Department
October 2009	Tokyo Medical and Dental University Visiting Professor
October 2011	Kyoto Prefectural University of Medicine Specially Appointed Professor
May 2013	Bridgestone Corporation Executive Officer
April 2014	Japan Agency for Marine-Earth Science and Technology Auditor (position held at present)
January 2017	CellBank Corp. Director (position held at present)
October 2020	Kyushu University Executive Vice President (position held at present)
June 2021	Asahi Kasei Director (position held at present)

## Audit &amp; Supervisory Board Members

**Masafumi Nakao**

Audit &amp; Supervisory Board Member

April 1978 Joined Asahi Kasei  
 April 2009 Asahi Kasei Microdevices Director,  
 Executive Officer  
 April 2012 Asahi Kasei Lead Executive Officer,  
 New Business Development General  
 Manager  
 June 2012 Asahi Kasei Director  
 April 2014 Asahi Kasei Corporate Research &  
 Development General Manager  
 June 2014 Retired as Asahi Kasei Director  
 April 2015 Asahi Kasei Senior Executive Officer  
 April 2016 Asahi Kasei Primary Executive  
 Officer  
 June 2016 Asahi Kasei Director  
 April 2017 Asahi Kasei Representative Director,  
 Vice-Presidential Executive Officer  
 June 2019 Asahi Kasei Audit & Supervisory  
 Board Member  
 (position held at present)

**Yutaka Shibata**

Audit &amp; Supervisory Board Member

April 1979 Joined Asahi Kasei  
 April 2008 Asahi Kasei Executive Officer  
 April 2009 Asahi Kasei Lead Executive Officer  
 April 2011 Asahi Kasei Kuraray Medical  
 President & Representative Director,  
 Presidential Executive Officer  
 Asahi Kasei Medical President &  
 Representative Director, Presidential  
 Executive Officer  
 April 2016 Asahi Kasei Primary Executive  
 Officer  
 April 2017 Asahi Kasei Pharma President &  
 Representative Director, Presidential  
 Executive Officer  
 June 2018 Asahi Kasei Director  
 April 2019 Asahi Kasei Vice-Presidential  
 Executive Officer  
 June 2021 Asahi Kasei Audit & Supervisory  
 Board Member  
 (position held at present)

**Akio Makabe**

Outside Audit &amp; Supervisory Board Member

April 1976 Joined Dai-Ichi Kangyo Bank  
 February 1998 General Manager, Market Research  
 Dept., DKB Research Institute  
 April 1999 Graduate School Lecturer, Faculty of  
 Economics, Shinshu University  
 September 1999 Lecturer, Faculty of Science and  
 Technology, Keio University  
 October 1999 Chief Researcher, DKB Research  
 Institute  
 April 2002 Chief Researcher, Research  
 Division, Mizuho Research Institute  
 Ltd.  
 April 2003 Project Professor, Graduate School  
 of Management, Shinshu University  
 October 2003 Counsellor, Internal Audit Division,  
 Mizuho Corporate Bank, Ltd.  
 June 2005 Retired from Mizuho Corporate  
 Bank, Ltd.  
 July 2005 Professor, Faculty of Economics,  
 Shinshu University  
 June 2014 Asahi Kasei Audit & Supervisory  
 Board Member  
 (position held at present)  
 April 2016 Visiting Professor, Department of  
 Management and Information  
 Sciences Tama Graduate School of  
 Business (position held at present)  
 April 2017 Professor, Hosei Graduate School of  
 Regional Policy Design (position  
 held at present)

**Tetsuo Ito**

Outside Audit &amp; Supervisory Board Member

April 1975 Joined Public Prosecutors Office  
 June 2001 Director, Special Investigation Dept.,  
 Tokyo District Public Prosecutors  
 Office  
 July 2007 Chief Prosecutor, Tokyo District  
 Public Prosecutors Office  
 July 2008 Superintending Prosecutor,  
 Takamatsu High Public Prosecutors  
 Office  
 January 2009 Deputy Prosecutor-General,  
 Supreme Public Prosecutors Office  
 December 2010 Retired from Public Prosecutors  
 Office  
 April 2011 Certified as an attorney  
 Of Counsel, Nishimura & Asahi law  
 firm (position held at present)  
 June 2015 Asahi Kasei Audit & Supervisory  
 Board Member  
 (position held at present)

**Akemi Mochizuki**

Outside Audit &amp; Supervisory Board Member

October 1984 Joined Aoyama Audit Corporation  
 March 1988 Certified as a Certified Public  
 Accountant  
 August 1996 Joined Tohmatsu Audit Corporation  
 (currently Deloitte Touche Tohmatsu  
 LLC)  
 June 2001 Tohmatsu Audit Corporation Partner  
 July 2018 Akahoshi Audit Corporation Partner  
 (position held at present)  
 June 2021 Asahi Kasei Audit & Supervisory  
 Board Member  
 (position held at present)

## Interview with an Outside Director

### Innovation Fully Leveraging the Strength of Diverse Businesses

**Q Based on your experience in industry-academia-government collaboration, how do you view Asahi Kasei's businesses and technologies?**

I studied polymer chemistry, so I naturally feel some affinity with Asahi Kasei. The company has numerous products such as Saran Wrap™ which are closely associated with people's lives. I also became interested in Asahi Kasei years ago as a rechargeable lithium battery researcher. I was really thrilled when Akira Yoshino was named for the Nobel Prize in Chemistry. It shows just how much Asahi Kasei values its researchers.

I believe the Asahi Kasei Group is well positioned to generate innovation as its portfolio of diverse businesses in three sectors gives it an overarching view of different industries. This may seem ordinary to people inside the company, but as an outsider I see it as a remarkable advantage. As an engineer as well, I envy the environment that Asahi Kasei researchers enjoy. There's a favorable environment for employees to innovate and take challenges.

**Q What is your opinion of Asahi Kasei's corporate governance structure? How do you view your role as an Outside Director?**

I believe the governance structure is appropriate as a company with an Audit & Supervisory Board. The Board of Directors is well balanced, with Directors overseeing each of the three business sectors. Discussions at Board of Directors meetings are lively, with Outside Directors assessing management from an external perspective while raising questions and offering advice as necessary, leveraging their respective areas of expertise.

The most important thing an Outside Director has to offer is objectivity. Asahi Kasei operates a diverse range of businesses, with management leaders who are well versed in each respective area. I can provide objective assessments and advice based on my expertise in technology, industry-academia-government collaboration, and intellectual property strategy. Having also been involved in regenerative medicine, I feel that quality assurance and control can no longer be seen as some thankless task in the background; these days it's truly the lifeline of a company. No company can survive for long without reliable quality. By leveraging my experience, I hope to be able to help enhance Asahi Kasei's reputation not only among shareholders and investors but also among customers and consumers.

#### Yuko Maeda

Ms. Yuko Maeda joined Bridgestone Corporation in 1984, where she was appointed to a position developing rechargeable lithium batteries. She was later placed in a principal position for promoting industry-academia-government collaboration in the fields of intellectual property and technology transfer before becoming an Executive Officer of Bridgestone charged with overseeing environmental activities, innovation, and intellectual property in 2013. Ms. Maeda then became a Director at regenerative medicine company CellBank Corp. in 2017 before coming to serve concurrently as an Outside Audit & Supervisory Board Member of Chugai Pharmaceutical Co., Ltd., and an Outside Director of Kosé Corporation. She was installed as an Outside Director of Asahi Kasei in June 2021.

## Exerting Combined Strengths for Sustainability

### Q What do you think Asahi Kasei needs in order to keep growing and raising corporate value as a global company?

I have held various positions in private-sector, academic, and public institutions. This experience has led me to believe that diversity is the key to new business creation and innovation. A while back, a university arranged a discussion between an art professor and a corporate executive on the general subject of new businesses. It made me realize that innovation is sparked at the intersection of completely different fields. Private-sector companies need to earn profits, so they hesitate to do anything that might seem reckless. But there is value to be gained by collaborating with the academia, where research is conducted more freely. Such collaboration can provide different perspectives and flexible ideas. Innovation is unlikely to arise from collaboration between two leading experts in the same field. It's important to actively look to different fields and consider different concepts. I feel that this is just what Asahi Kasei is seeking through its initiative to build connections.

Looking ahead, it will be crucial for Asahi Kasei to develop its health care business, which is currently in the stage of global growth. At the same time, the company should look to increase the diversity of its management team over the medium to long term, such as by increasing the number of non-Japanese and

female Directors and Executive Officers. This will be vital to generating the types of diverse and innovative ideas needed for globalizing operations.

### Q The COVID-19 pandemic has greatly altered the social climate and the operating environment. What will be required of management going forward?

The pandemic has dramatically changed the operating environment for companies as the advance of digitalization has entrenched remote work and given rise to new workstyles and values. Such changes, however, make us realize that sometimes face-to-face communication is still necessary. This new era will test management's ability to navigate companies through various risks. Companies need to be able to communicate effectively both internally and with customers, and develop a framework for resilience in the post-pandemic world. Only then can a company truly be a provider of solutions that meet the changing needs of society.

### Q How do you evaluate Asahi Kasei's sustainability initiatives, and what are your thoughts regarding the governance structure to underpin future sustainability?

Even before sustainability became vogue, Asahi Kasei had defined its Group Mission as "contributing to life and living for people around the world." This mission has been embraced by all employees, and is embodied in a wide variety of businesses.

As indicated in Asahi Kasei's medium-term management initiative, it's essential to have a virtuous cycle of contributing to a sustainable society, exemplified by the United Nations Sustainable Development Goals, and sustainable growth of corporate value. This is no easy matter, requiring the whole company to exert its combined strengths, but society expects no less. Asahi Kasei is advancing the development of business contributing to the advent of a hydrogen society, and has long utilized renewable energy such as hydroelectric power. And yet, these efforts are not widely recognized. The company should do more to explain these efforts and make them easily understood. I look forward to offering advice in this regard.

## Risk Management

The Asahi Kasei Group recognizes that risk management and compliance are matters of utmost importance for continuing to provide social value and gaining the trust of stakeholders. Given our diverse range of businesses, we must respond to differing market, investment, and other risks based on the characteristics of each business.

For this reason, we recognize that it is important to practice risk management and promote compliance in an integrated, group-wide manner. We have established the Asahi Kasei Group Basic Regulation for Risk Management & Compliance and are reinforcing systems related to the implementation of this regulation while fostering compliance awareness among all employees.

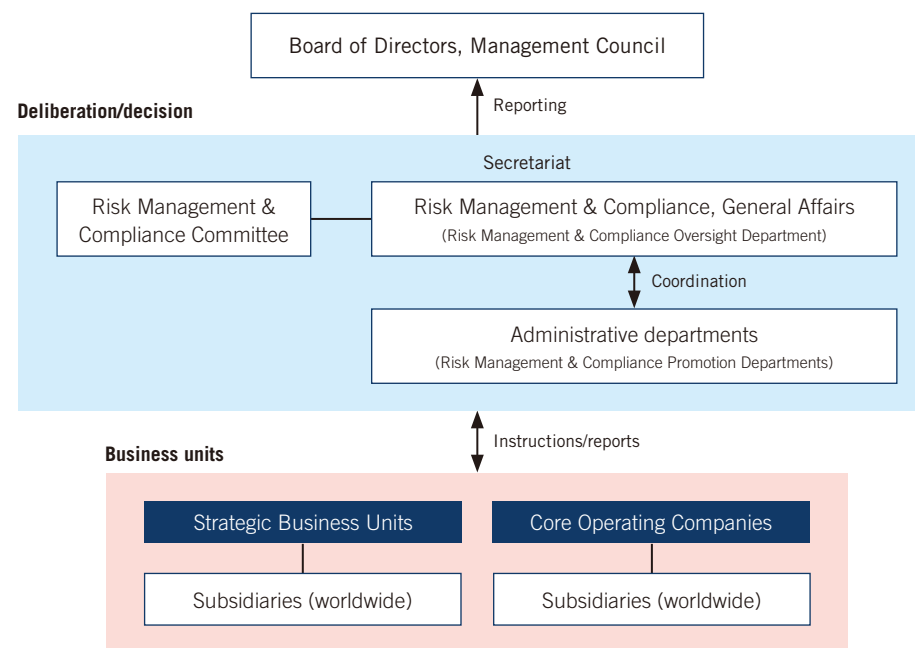
### Outline of Asahi Kasei Group Basic Regulation for Risk Management & Compliance

1. Purpose of the regulation
2. Definition of terms for risk management & compliance
3. Scope of application of the regulation
4. Framework for risk management & compliance
  - 1) Designation of Executive Officer for Risk Management & Compliance
  - 2) Establishment and composition of Risk Management & Compliance Committee
  - 3) Establishment of Risk Management & Compliance Oversight Department and Risk Management & Compliance Promotion Departments
  - 4) Role of Presidents of SBUs and core operating companies
  - 5) Designation and role of Risk Management & Compliance Supervisors and Risk Management & Compliance Managers
5. The Asahi Kasei Group Code of Conduct
6. Crisis response
7. Compliance hotline (internal reporting system)

### Risk Management & Compliance Framework

Asahi Kasei has established the Risk Management & Compliance Committee, which is chaired by the President of the Company and comprised of the Presidents of the Strategic Business Units and the Core Operating Companies as committee members. This committee is tasked with formulating policies and discussing matters related to group-wide risk management and compliance as well as with monitoring the progress of risk countermeasures and the status of compliance. The results of discussions by the Risk Management & Compliance Committee are reported to the Board of Directors twice a year. Managers responsible for risk management and compliance are designated in each SBU, core operating company, and subsidiary. These managers work to identify, assess, and analyze the risks of each business and to plan measures for mitigating serious risks.

### Framework for Risk Management & Compliance



## Business Risks for the Asahi Kasei Group

The major business risks with the potential to impact the performance of the Asahi Kasei Group include the following. Countermeasures are implemented to mitigate risks based on their characteristics and the potential extent of their damage.

### Group-wide Risks

Performance-Related Risks	Principal Attributes	Primary Countermeasures
<b>Risks Related to Climate Change</b> Information regarding disclosure based on the recommendations of the TCFD ▶ P27-28	The risk of production being impacted by global climate change and of increased costs being incurred due to stricter regulations or government policy changes as described by the TCFD	Tracking and responding to risks based on annual, individual business-level analyses and examinations of risks and opportunities
<b>Risks Related to the COVID-19 Pandemic</b>	The risk of restrictions on business activity and the risk of volatility in demand for products amid uncertainty over the outlook with respect to the extent and duration of the COVID-19 pandemic's effect on economic activity	<ul style="list-style-type: none"> <li>Utilizing IT tools and other methods for performing tasks online</li> <li>Monitoring of demand trends and effective inventory management to ensure stable supplies of products</li> </ul>
<b>Risks Related to Global Supply Chains</b>	The risk of supply chains being disrupted in any business due to a need to avoid transactions with given suppliers or incapacitation of suppliers as a result of natural disasters, industrial accidents, human rights violations, conflicts, or business failures occurring anywhere in the world	<ul style="list-style-type: none"> <li>Assessing and auditing risks when selecting suppliers and monitoring suppliers and buyers</li> <li>Diversifying raw material procurement routes for major businesses and products and securing appropriate inventory levels</li> </ul>
<b>Risks Related to Trade and Economic Sanctions</b>	Trade: <ul style="list-style-type: none"> <li>The risk of inability to collect payments, delay or suspension of business activity, or deterioration of business performance due to increased tariffs, delay in or noncompletion of customs clearance, or delay in or noncompletion of fund settlement as a result of binational or multinational agreements, changes in frameworks, or new regulations regarding international trade or fund settlement</li> <li>The risk of the prices of internal transactions between Group companies being judged to be inappropriate by tax authorities and the risk of double or additional taxation due to unfavorable progress in discussions with tax authorities</li> </ul> Economic sanctions and other regulations: The risk of transactions with or investments in overseas companies or other business activity being impacted by changes in binational or multinational trade conditions as a result of economic sanctions, export control regulations, or stricter regulations on direct overseas investments implemented from an economic security perspective in Japan or another country	<ul style="list-style-type: none"> <li>Engaging in prior discussions with authorities and implementing appropriate measures based on up-to-date understanding of regulatory environment</li> <li>Setting independent prices for highly material inter-company transactions between Group companies based on international transfer-price tax regulations by using pre-confirmation systems and opinions of external experts</li> <li>Carefully screening transactions using external customer screening systems to respond to sanctions</li> </ul>
<b>Risks Related to Business Competitiveness</b>	The risk of businesses losing competitiveness as a result of other companies using similar products or technologies to eliminate differentiation; intensified competition due to the entry of new competitors; changes in industrial structures due to rapid progress in digital technologies, decarbonization technologies, or other technologies; or sudden changes in demand structures or market structures	Examining the competitiveness of competing products and examining timely, accurate forecasts of changes in industrial structures, and then continuously differentiating products and services, establishing business models that are difficult to imitate, and using intellectual property to build high barriers to entry
<b>Risks Related to M&amp;A</b>	The risk of incurring impairment of goodwill or other intangible assets if initially expected investment benefits are not realized, if the performance of a joint venture deteriorates, or if business integration with an acquired company is delayed	Exercising due diligence with respect to companies being considered for acquisition and carefully verifying business integration plans after acquisitions



Performance-Related Risks	Principal Attributes	Primary Countermeasures
Risks Related to Market Conditions	Crude oil and naphtha prices: The risk of volatility in the raw material procurement prices paid by businesses or in the market prices of feedstocks that affect products' selling prices	<ul style="list-style-type: none"> <li>Stabilizing earnings by revising the method of determining selling prices (acrylonitrile business)</li> </ul>
	Exchange rate risk: The risk of volatility in exchange rates between the yen and foreign currencies accompanying foreign currency-denominated settlements of import and export trading transactions and trading transactions between third-party countries	<ul style="list-style-type: none"> <li>Stable and efficient utilization of capital with a cash management system and by hedging through forward exchange contracts</li> </ul>
Other Risks	In addition to the aforementioned risks, business risks stemming from large-scale natural disasters, industrial accidents, accidents caused by defective products, intellectual property rights, and new laws	<ul style="list-style-type: none"> <li>Implementing measures in response through respective responsible divisions</li> <li>Implementing risk financing by acquiring property and casualty insurance with the aim of covering restoration costs if risks actualize</li> <li>Evaluating and monitoring risks through periodic discussions at meetings of the Risk Management &amp; Compliance Committee</li> </ul>

#### Risks Related to Business Segments

Performance-Related Risks	Principal Attributes	Primary Countermeasures
Material	<b>Environment &amp; Energy:</b> The risk of sales volumes or selling prices being lower than forecasted due to fluctuations in worldwide demand for lithium-ion battery separators or due to the sales policies of competitors, as well as the risk of drastic changes to the operating environment as a result of changes to technologies or changes to supply chains stemming from regulations or environmental issues in countries of operation	<b>Environment &amp; Energy:</b> Responding to diverse customer needs by augmenting production capacity with a focus on electric vehicles, other eco-friendly vehicles, and electricity storage systems, for which demand is projected to increase over the medium to long term, and leveraging strength of consistently high levels of quality
	<b>Mobility:</b> The risk of volatility in demand due to trends in the global automotive industry as well as the risk of progress in CASE (connected, autonomous, shared & service, and electric) technologies or other industry changes	<b>Mobility:</b> Monitoring worldwide automotive markets to maintain appropriate inventory levels and flexibly respond to changes in demand; bolstering lineup of materials matched to industry changes, including electric vehicle materials and eco-friendly materials; expanding regional scope of operations; and developing business model for sustainable growth
Homes	<ul style="list-style-type: none"> <li>The risk of volatility in demand due to consumer spending trends in Japan; policies related to interest rates, land prices, and homes; or taxation system trends</li> <li>The risk of changes in methods of communication with customers or of changes in needs with respect to homes due to an increase in working from home as a result of the COVID-19 pandemic</li> <li>The risk of changes in trends in the housing markets of the United States and Australia</li> <li>The risk of fluctuations in timber prices due to a tight supply-demand balance for lumber</li> <li>The risk of damage to trust due to the leakage of the personal information of a customer</li> </ul>	<ul style="list-style-type: none"> <li>Monitoring and swiftly responding to housing market trends in Japan, the United States, and Australia</li> <li>Attracting customers and acquiring orders through means such as marketing approaches utilizing digital technologies</li> <li>Monitoring lumber market trends and limiting impacts of price increases</li> <li>Thoroughly protecting personal information</li> </ul>
Health Care	<ul style="list-style-type: none"> <li>The risk of a decrease in the sales volumes or selling prices of drugs or medical devices due to periodic revision of National Health Insurance (NHI) reimbursement prices</li> <li>The risk of new drugs under development not receiving approval and not becoming commercial products as planned</li> <li>The risk of development and launches of products that compete with ours, reports detailing adverse drug effects associated with our products, or launches of generic versions of our products</li> <li>The risk of reduced domestic demand for pharmaceuticals or critical care products due to limitation of patients receiving examinations as an effect of the COVID-19 pandemic</li> </ul>	<ul style="list-style-type: none"> <li>Realizing diverse growth potential and competitive strength by having both a pharmaceutical business and a medical device business, increasing opportunities to acquire innovation, and enhancing the ability to adapt given the uncertainty of future medical regulations</li> <li>Enhancing pipeline, out- and in-licensing products, engaging in joint development, and accelerating global expansion to achieve consistent ongoing growth</li> <li>Monitoring demand trends carefully and implementing flexible production measures in response to fluctuations in demand</li> </ul>

# Corporate Information

## Asahi Kasei Sustainability Photo Contest

Name	Inthira Mahamad
Company	Asahikasei Plastics (Thailand) Co., Ltd.
Country/region	Thailand

Care for People, Care for Earth



# Consolidated Financial Statements

## Consolidated Balance Sheets

Asahi Kasei Corporation and Consolidated Subsidiaries

March 31, 2021 and 2020

Detailed Consolidated Financial Statements are available at the following link:  
[https://www.asahi-kasei.com/ir/library/financial\\_briefing/pdf/2103statements.pdf](https://www.asahi-kasei.com/ir/library/financial_briefing/pdf/2103statements.pdf)

ASSETS	Millions of yen		Thousands of U.S. dollars*
	2021	2020	2021
<b>Current assets:</b>			
Cash and deposits	¥ 221,779	¥ 207,957	\$ 2,003,243
Notes and accounts receivable—trade	338,640	330,999	3,058,802
Merchandise and finished goods	203,159	216,463	1,835,056
Work in process	166,494	160,064	1,503,875
Raw materials and supplies	111,798	101,313	1,009,827
Other	97,131	92,153	877,346
Allowance for doubtful accounts	(2,225)	(1,519)	(20,098)
Total current assets	1,136,776	1,107,430	10,268,052
<b>Noncurrent assets:</b>			
Property, plant and equipment			
Buildings and structures	598,675	563,110	5,407,596
Accumulated depreciation	(319,144)	(305,259)	(2,882,703)
Buildings and structures, net	279,531	257,851	2,524,894
Machinery, equipment and vehicles	1,535,326	1,466,958	13,867,997
Accumulated depreciation	(1,286,057)	(1,243,780)	(11,616,448)
Machinery, equipment and vehicles, net	249,269	223,179	2,251,549
Land	70,577	67,024	637,494
Lease assets	8,615	9,645	77,816
Accumulated depreciation	(7,687)	(8,964)	(69,434)
Lease assets, net	928	681	8,382
Construction in progress	84,463	75,487	762,921
Other	182,414	172,674	1,647,674
Accumulated depreciation	(149,920)	(143,210)	(1,354,169)
Other, net	32,495	29,464	293,515
Subtotal	717,262	653,686	6,478,746
Intangible assets			
Goodwill	351,921	365,680	3,178,764
Other	342,454	349,566	3,093,253
Subtotal	694,374	715,246	6,272,008
Investments and other assets			
Investment securities	286,517	244,581	2,587,996
Long-term loans receivable	1,241	7,951	11,209
Long-term advance payments—trade	29,390	20,467	265,468
Deferred tax assets	21,116	44,466	190,733
Other	32,709	28,883	295,448
Allowance for doubtful accounts	(445)	(435)	(4,020)
Subtotal	370,529	345,914	3,346,843
Total noncurrent assets	1,782,165	1,714,846	16,097,597
<b>Total assets</b>	<b>¥ 2,918,941</b>	<b>¥ 2,822,277</b>	<b>\$26,365,649</b>

\* As the amounts shown in U.S. dollars are for convenience only, and are not intended to be computed in accordance with generally accepted translation procedures, the approximate current exchange rate of ¥110.71 = US\$1 prevailing on March 31, 2021, has been used.

LIABILITIES AND NET ASSETS	Millions of yen		Thousands of U.S. dollars*
	2021	2020	2021
<b>Liabilities:</b>			
Current liabilities:			
Notes and accounts payable—trade	¥ 142,087	¥ 131,207	\$1,283,416
Short-term loans payable	144,571	275,671	1,305,853
Commercial paper	84,000	139,000	758,739
Lease obligations	880	1,006	7,949
Accrued expenses	126,705	121,520	1,144,477
Income taxes payable	21,268	18,145	192,106
Advances received	78,601	73,623	709,972
Provision for grant of shares	124	78	1,120
Provision for periodic repairs	7,222	4,043	65,233
Provision for product warranties	3,522	3,738	31,813
Provision for removal cost of property, plant and equipment	5,651	2,640	51,043
Other	88,533	71,863	799,684
Total current liabilities	703,163	842,531	6,351,396
Noncurrent liabilities:			
Bonds payable	110,000	60,000	993,587
Long-term loans payable	320,404	229,172	2,894,084
Lease obligations	3,921	3,506	35,417
Deferred tax liabilities	58,669	70,600	529,934
Provision for grant of shares	513	412	4,634
Provision for periodic repairs	3,415	4,560	30,846
Provision for removal cost of property, plant and equipment	12,652	5,771	114,281
Net defined benefit liability	158,832	174,365	1,434,667
Long-term guarantee deposits	21,939	21,613	198,166
Other	30,899	26,287	279,099
Total noncurrent liabilities	721,243	596,286	6,514,705
Total liabilities	1,424,406	1,438,817	12,866,101
<b>Net assets:</b>			
Shareholders' equity			
Capital stock			
Authorized—4,000,000,000 shares			
Issued and outstanding—1,393,932,032 shares	103,389	103,389	933,872
Capital surplus	79,641	79,641	719,366
Retained earnings	1,158,792	1,125,738	10,466,914
Treasury stock (2021—6,396,867 shares, 2020—6,440,327 shares)	(5,932)	(5,990)	(53,581)
Total shareholders' equity	1,335,890	1,302,777	12,066,570
Accumulated other comprehensive income			
Net unrealized gain on other securities	91,887	67,027	829,979
Deferred gains or losses on hedges	(347)	(241)	(3,134)
Foreign currency translation adjustment	50,462	13,027	455,803
Remeasurements of defined benefit plans	(10,416)	(23,275)	(94,084)
Total accumulated other comprehensive income	131,586	56,538	1,188,565
Non-controlling interests	27,058	24,145	244,404
Total net assets	1,494,535	1,383,460	13,499,548
Commitments and contingent liabilities			
<b>Total liabilities and net assets</b>	<b>¥2,918,941</b>	<b>¥2,822,277</b>	<b>\$26,365,649</b>

\* As the amounts shown in U.S. dollars are for convenience only, and are not intended to be computed in accordance with generally accepted translation procedures, the approximate current exchange rate of ¥110.71 = US\$1 prevailing on March 31, 2021, has been used.

## Consolidated Statements of Income

Asahi Kasei Corporation and Consolidated Subsidiaries  
Years Ended March 31, 2021 and 2020

	Millions of yen		Thousands of U.S. dollars*
	2021	2020	2021
<b>Net sales</b>	¥2,106,051	¥2,151,646	\$19,023,133
Cost of sales	1,425,342	1,476,606	12,874,555
<b>Gross profit</b>	680,709	675,040	6,148,577
Selling, general and administrative expenses	508,901	497,776	4,596,703
<b>Operating income</b>	171,808	177,264	1,551,874
Non-operating income:			
Interest income	1,895	2,769	17,117
Dividends income	4,308	5,251	38,912
Equity in earnings of affiliates	3,451	7,138	31,172
Insurance income	2,618	1,724	23,647
Other	5,059	3,596	45,696
Total non-operating income	17,331	20,479	156,544
Non-operating expenses:			
Interest expense	3,209	4,016	28,986
Other	7,893	9,720	71,294
Total non-operating expenses	11,102	13,735	100,280
<b>Ordinary income</b>	178,036	184,008	1,608,129
Extraordinary income:			
Gain on sales of investment securities	17,312	13,679	156,373
Gain on sales of noncurrent assets	353	4,268	3,189
Total extraordinary income	17,665	17,948	159,561
Extraordinary loss:			
Loss on valuation of investment securities	66	1,953	596
Loss on disposal of noncurrent assets	10,637	9,668	96,080
Impairment loss	1,937	21,949	17,496
Loss on disaster	—	2,437	—
Loss on fire at plant facilities	22,287	—	201,310
Loss on product compensation	2,118	5,173	19,131
Business structure improvement expenses	7,750	4,840	70,003
Total extraordinary loss	44,795	46,022	404,616
<b>Income before income taxes</b>	150,906	155,934	1,363,075
Income taxes — current	73,273	54,173	661,846
— deferred	(4,465)	(3,967)	(40,331)
Total income taxes	68,808	50,206	621,516
<b>Net income</b>	82,098	105,728	741,559
Net income attributable to non-controlling interests	2,330	1,797	21,046
<b>Net income attributable to owners of the parent</b>	¥ 79,768	¥ 103,931	\$ 720,513

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## Consolidated Statements of Comprehensive Income

Asahi Kasei Corporation and Consolidated Subsidiaries  
Years Ended March 31, 2021 and 2020

	Millions of yen		Thousands of U.S. dollars*
	2021	2020	2021
<b>Net income</b>	¥ 82,098	¥105,728	\$ 741,559
Other comprehensive income			
Net (decrease) increase in unrealized gain on other securities	24,806	(34,895)	224,063
Deferred gains or losses on hedges	(106)	(201)	(957)
Foreign currency translation adjustment	35,491	(26,115)	320,576
Remeasurements of defined benefit plans	12,631	(3,867)	114,091
Share of other comprehensive income of affiliates accounted for using equity method	3,020	(3,482)	27,278
Total other comprehensive income	75,842	(68,561)	685,051
<b>Comprehensive income</b>	¥157,941	¥ 37,167	\$1,426,619
Comprehensive income attributable to:			
Owners of the parent	¥154,817	¥ 35,730	\$1,398,401
Non-controlling interests	3,124	1,437	28,218

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## Consolidated Statements of Changes in Net Assets

Asahi Kasei Corporation and Consolidated Subsidiaries

Years Ended March 31, 2021 and 2020

	Millions of yen												
	Shareholders' equity					Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gain on other securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at March 31, 2020	¥103,389	¥79,641	¥1,125,738	¥(5,990)	¥1,302,777	¥67,027	¥(241)	¥13,027	¥(23,275)	¥ 56,538	¥24,145	¥1,383,460	
Changes during the fiscal year													
Dividends from surplus			(45,800)		(45,800)							(45,800)	
Net income attributable to owners of the parent			79,768		79,768							79,768	
Purchase of treasury stock				(10)	(10)							(10)	
Disposal of treasury stock		(0)		69	69							69	
Cancellation of treasury stock													
Transfer from retained earnings to capital surplus		0	(0)										
Change of scope of consolidation			(914)		(914)							(914)	
Capital increase of consolidated subsidiaries		0			0							0	
Net changes of items other than shareholders' equity						24,860	(106)	37,434	12,859	75,049	2,913	77,962	
Total changes of items during the period	–	0	33,054	59	33,113	24,860	(106)	37,434	12,859	75,049	2,913	111,075	
Balance at March 31, 2021	¥103,389	¥79,641	¥1,158,792	¥(5,932)	¥1,335,890	¥91,887	¥(347)	¥50,462	¥(10,416)	¥131,586	¥27,058	¥1,494,535	
	Millions of yen												
	Shareholders' equity					Accumulated other comprehensive income							
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gain on other securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets	
Balance at March 31, 2019	¥103,389	¥79,708	¥1,077,586	¥ (3,936)	¥1,256,747	¥101,971	¥ (40)	¥ 42,020	¥(19,213)	¥124,738	¥21,225	¥1,402,710	
Changes during the fiscal year													
Dividends from surplus			(48,723)		(48,723)							(48,723)	
Net income attributable to owners of the parent			103,931		103,931							103,931	
Purchase of treasury stock				(10,016)	(10,016)							(10,016)	
Disposal of treasury stock		0		83	84							84	
Cancellation of treasury stock		(7,878)		7,878									
Transfer from retained earnings to capital surplus		7,856	(7,856)										
Change of scope of consolidation			801		801							801	
Capital increase of consolidated subsidiaries		(46)			(46)							(46)	
Net changes of items other than shareholders' equity						(34,945)	(201)	(28,993)	(4,062)	(68,200)	2,920	(65,280)	
Total changes of items during the period	–	(67)	48,152	(2,055)	46,030	(34,945)	(201)	(28,993)	(4,062)	(68,200)	2,920	(19,250)	
Balance at March 31, 2020	¥103,389	¥79,641	¥1,125,738	¥ (5,990)	¥1,302,777	¥ 67,027	¥(241)	¥ 13,027	¥(23,275)	¥ 56,538	¥24,145	¥1,383,460	

## Consolidated Statements of Changes in Net Assets

Asahi Kasei Corporation and Consolidated Subsidiaries

Years Ended March 31, 2021 and 2020

Thousands of U.S. dollars\*

	Shareholders' equity				Accumulated other comprehensive income							Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gain on other securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	
Balance at March 31, 2020	\$933,872	\$719,366	\$10,168,350	\$(54,105)	\$11,767,474	\$605,429	\$(2,177)	\$117,668	\$(210,234)	\$510,686	\$218,092	\$12,496,251
Changes during the fiscal year												
Dividends from surplus			(413,693)		(413,693)							(413,693)
Net income attributable to owners of the parent			720,513		720,513							720,513
Purchase of treasury stock				(90)	(90)							(90)
Disposal of treasury stock		(0)		623	623							623
Cancellation of treasury stock												
Transfer from retained earnings to capital surplus		0	(0)									
Change of scope of consolidation			(8,256)		(8,256)							(8,256)
Capital increase of consolidated subsidiaries		0			0							0
Net changes of items other than shareholders' equity						224,551	(957)	338,127	116,150	677,888	26,312	704,200
Total changes of items during the period	–	0	298,564	533	299,097	224,551	(957)	338,127	116,150	677,888	26,312	1,003,297
Balance at March 31, 2021	\$933,872	\$719,366	\$10,466,914	\$(53,581)	\$12,066,570	\$829,979	\$(3,134)	\$455,803	\$(94,084)	\$1,188,565	\$244,404	\$13,499,548

\* As the amounts shown in U.S. dollars are for convenience only, and are not intended to be computed in accordance with generally accepted translation procedures, the approximate current exchange rate of ¥110.71 = US\$1 prevailing on March 31, 2021, has been used.

## Consolidated Statements of Cash Flows

Asahi Kasei Corporation and Consolidated Subsidiaries

Years Ended March 31, 2021 and 2020

	Millions of yen		Thousands of U.S. dollars*		Millions of yen		Thousands of U.S. dollars*
	2021	2020	2021		2021	2020	2021
<b>Cash flows from operating activities:</b>							
Income before income taxes	¥ 150,906	¥ 155,934	\$1,363,075				
Depreciation and amortization	108,369	96,016	978,855				
Impairment loss	1,937	21,949	17,496				
Amortization of goodwill	24,903	22,288	224,939				
Amortization of negative goodwill	–	(79)	–				
Increase in provision for grant of shares	148	119	1,337				
Increase in provision for periodic repairs	2,033	332	18,363				
(Decrease) increase in provision for product warranties	(221)	640	(1,996)				
Increase in provision for removal cost of property, plant and equipment	9,891	3,141	89,342				
Decrease in net defined benefit liability	(4,303)	(4,069)	(38,867)				
Interest and dividend income	(6,202)	(8,021)	(56,020)				
Interest expense	3,209	4,016	28,986				
Equity in earnings of affiliates	(3,451)	(7,138)	(31,172)				
Gain on sales of investment securities	(17,312)	(13,679)	(156,373)				
Loss on valuation of investment securities	66	1,953	596				
Gain on sale of property, plant and equipment	(353)	(4,268)	(3,189)				
Loss on disposal of noncurrent assets	10,637	9,668	96,080				
Decrease in notes and accounts receivable–trade	5,214	16,919	47,096				
Decrease (increase) in inventories	6,110	(51,950)	55,189				
Increase (decrease) in notes and accounts payable–trade	1,706	(45,562)	15,410				
Increase in accrued expenses	1,371	2,624	12,384				
Increase (decrease) in advances received	8,190	(1,925)	73,977				
Other, net	15,896	(20,688)	143,582				
Subtotal	318,744	178,218	2,879,090				
Interest and dividend income, received	8,690	10,834	78,493				
Interest expense paid	(3,086)	(4,203)	(27,875)				
Income taxes paid	(70,672)	(60,388)	(638,352)				
Net cash provided by operating activities	253,676	124,460	2,291,356				
<b>Cash flows from investing activities:</b>							
Payments into time deposits	(6,262)	(4,195)	(56,562)				
Proceeds from withdrawal of time deposits	4,333	13,343	39,138				
Purchase of property, plant and equipment	(133,347)	(138,354)	(1,204,471)				
Proceeds from sales of property, plant and equipment	656	5,693	5,925				
Purchase of intangible assets	(16,945)	(16,096)	(153,058)				
Purchase of investment securities	(8,061)	(10,820)	(72,812)				
Proceeds from sales of investment securities	20,264	23,543	183,037				
Purchase of shares in subsidiaries resulting in change in scope of consolidation	(4,811)	(175,759)	(43,456)				
Payments for transfer of business	(17,566)	(1,964)	(158,667)				
Payments of loans receivable	(6,144)	(23,170)	(55,496)				
Collection of loans receivable	10,428	9,253	94,192				
Other, net	(297)	369	(2,683)				
Net cash used in investing activities	(157,751)	(318,156)	(1,424,903)				
<b>Cash flows from financing activities:</b>							
Net (decrease) increase in short-term loans payable	¥(168,641)	¥ 172,022	\$(1,523,268)				
(Decrease) increase in commercial paper	(55,000)	62,000	(496,793)				
Proceeds from long-term loans payable	143,467	45,816	1,295,881				
Repayment of long-term loans payable	(16,936)	(17,586)	(152,976)				
Proceeds from issuance of bonds payable	50,000	40,000	451,630				
Redemption of bonds	–	(20,000)	–				
Repayments of lease obligations	(1,226)	(1,276)	(11,074)				
Purchase of treasury stock	(10)	(10,016)	(90)				
Proceeds from disposal of treasury stock	69	84	623				
Proceeds from share issuance to non-controlling interests	–	849	–				
Cash dividends paid	(45,800)	(48,723)	(413,693)				
Cash dividends paid to non-controlling interests	(1,198)	(1,052)	(10,821)				
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(307)	–	(2,773)				
Other, net	(287)	(194)	(2,592)				
Net cash (used in) provided by financing activities	(95,869)	221,923	(865,947)				
<b>Effect of exchange rate change on cash and cash equivalents</b>	9,639	(4,060)	87,065				
<b>Net Increase in cash and cash equivalents</b>	9,695	24,167	87,571				
<b>Cash and cash equivalents at beginning of year</b>	204,771	180,520	1,849,616				
<b>Increase in cash and cash equivalents resulting from changes in scope of consolidation</b>	1,769	85	15,979				
<b>Cash and cash equivalents at end of year</b>	¥ 216,235	¥ 204,771	\$1,953,166				

\* As the amounts shown in U.S. dollars are for convenience only, and are not intended to be computed in accordance with generally accepted translation procedures, the approximate current exchange rate of ¥110.71 = US\$1 prevailing on March 31, 2021, has been used.

## Corporate Profile / Stock Information (as of March 31, 2021)

### Corporate Profile

Company Name	Asahi Kasei Corporation
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Founding	May 25, 1922
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Establishment	May 21, 1931
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Paid-in Capital	¥103,389 million
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Employees	44,497 (consolidated) 8,524 (non-consolidated)
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### Asahi Kasei Group Offices

#### Asahi Kasei Corporation

##### Tokyo Head Office

Hibiya Mitsui Tower  
1-1-2 Yurakucho, Chiyoda-ku, Tokyo 100-0006 Japan  
Tel: +81-(0)3-6699-3000 Fax: +81-(0)3-6699-3161

##### Asahi Kasei (China)

8/F, One ICC Shanghai International Commerce Centre  
No. 999 Huai Hai Zhong Road, Shanghai 200031 China  
Tel: +86-(0)21-6391-6111 Fax: +86-(0)21-6391-6686

##### Asahi Kasei America

800 Third Avenue, 30th Floor New York, NY 10022 U.S.A.  
Tel: +1-212-371-9900 Fax: +1-212-371-9050

##### Asahi Kasei Europe

Fringsstrasse 17, 40221 Düsseldorf, Germany  
Tel: +49-(0)211-33-99-2000 Fax: +49-(0)211-33-99-2200

##### Asahi Kasei India

The Capital 1502B, Plot C-70, G-Block, Bandra Kurla Complex,  
Bandra (East), Mumbai 400051 India  
Tel: +91-22-6710-3962 Fax: +91-22-6710-3979

##### Asahi Kasei Asia Pacific

1705-1706, 17th Floor Singha Complex Building,  
1788 New Petchaburi Road, Bang Kapi,  
Huai Khwang, Bangkok 10310 Thailand  
Tel: +66-(0)21-634-944

#### Core Operating Companies

##### Asahi Kasei Microdevices

Hibiya Mitsui Tower  
1-1-2 Yurakucho, Chiyoda-ku, Tokyo 100-0006 Japan  
Tel: +81-(0)3-6699-3933

##### Asahi Kasei Homes

1-105 Kanda Jinbocho, Chiyoda-ku, Tokyo 101-8101 Japan  
Tel: +81-(0)3-6899-3000

##### Asahi Kasei Construction Materials

1-105 Kanda Jinbocho, Chiyoda-ku, Tokyo 101-8101 Japan  
Tel: +81-(0)3-3296-3500

##### Asahi Kasei Pharma

Hibiya Mitsui Tower  
1-1-2 Yurakucho, Chiyoda-ku, Tokyo 100-0006 Japan  
Tel: +81-(0)3-6699-3600

##### Asahi Kasei Medical

Hibiya Mitsui Tower  
1-1-2 Yurakucho, Chiyoda-ku, Tokyo 100-0006 Japan  
Tel: +81-(0)3-6699-3750

##### ZOLL Medical

269 Mill Rd., Chelmsford, MA 01824-4105 U.S.A.  
Tel: +1-978-421-9655

##### Veloxis Pharmaceuticals

2000 Regency Parkway, Suite 500 Cary, NC 27518 U.S.A.  
Tel: +1-919-591-3090

### Stock Information

Stock Listing	Tokyo
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Stock Code	3407
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Authorized Shares	4,000,000,000
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Outstanding Shares	1,393,932,032
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Transfer Agent	Sumitomo Mitsui Trust Bank, Ltd.
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Independent Auditors	PricewaterhouseCoopers Aarata LLC
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Number of Shareholders	141,137
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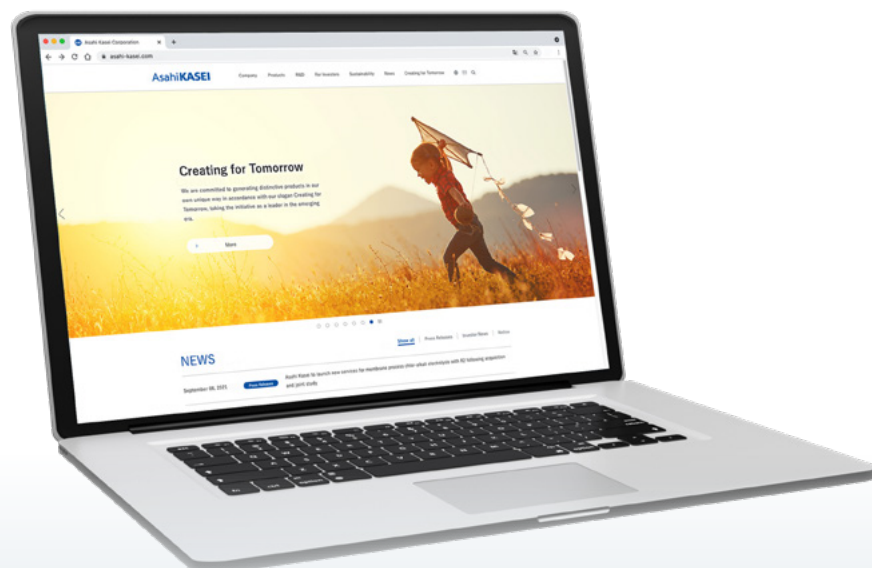
#### Largest Shareholders

	% of equity
The Master Trust Bank of Japan, Ltd. (trust account)	9.41
Custody Bank of Japan, Ltd. (trust account)	5.24
JP Morgan Chase Bank 385632	4.87
Nippon Life Insurance Company	4.21
Asahi Kasei Group Employee Stockholding Assn.	2.55
Custody Bank of Japan, Ltd. (trust account 7)	2.31
Government of Norway	2.00
Sumitomo Mitsui Banking Corp.	1.83
Custody Bank of Japan, Ltd. (trust account 5)	1.43
Mizuho Trust & Banking Co., Ltd. retirement benefit trust (Mizuho Bank account) Trustee of sub-trust: Custody Bank of Japan, Ltd.	1.43

Note: Percentage of equity ownership after exclusion of treasury stock.



## Information Disclosure



### Investor Relations

On our IR website, we present information on the Asahi Kasei Group's business performance and future policies, in addition to posting financial results materials and a wide variety of management briefing materials.

▶ <https://www.asahi-kasei.com/ir/>

### Sustainability

We disclose detailed information on Asahi Kasei's sustainability policies, systems, results, and data regarding ESG issues on our sustainability website (Sustainability Report).

▶ <https://www.asahi-kasei.com/sustainability/>

#### GRI Standards Content Index

▶ [https://www.asahi-kasei.com/sustainability/basic\\_information/guidelines/](https://www.asahi-kasei.com/sustainability/basic_information/guidelines/)

#### SASB Content Index

▶ [https://www.asahi-kasei.com/sustainability/basic\\_information/sasb/](https://www.asahi-kasei.com/sustainability/basic_information/sasb/)

### Inclusion in Socially Responsible Investment Indexes (As of 2021)

- FTSE4Good Index
- FTSE Blossom Japan Index
- MSCI ESG Leaders Indexes
- MSCI Japan Empowering Women Index (WIN)
- MSCI Japan ESG Select Leaders Index
- S&P/JPX Carbon Efficient Index



FTSE4Good



FTSE Blossom  
Japan



2021 CONSTITUENT MSCI JAPAN  
EMPOWERING WOMEN INDEX (WIN)

2021 CONSTITUENT MSCI JAPAN  
ESG SELECT LEADERS INDEX



S&P/JPX  
Carbon  
Efficient  
Index

### CDP Climate Change and Water Security A- Evaluation

Asahi Kasei received an A- evaluation in the categories of Climate Change and Water Security in the 2020 survey conducted by CDP. We received an A- in the Climate Change category for six consecutive years from 2015 to 2020, while 2020 was our second year to receive an A- in the Water Security category.

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

In November 2020, 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

Asahi Kasei has been selected as a Digital Transformation Stock (DX Stock), an initiative conducted jointly by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange.



DX銘柄2021  
Digital Transformation

Asahi**KASEI**

**ASAHI KASEI CORPORATION**

Hibiya Mitsui Tower

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