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(Securities Code: 3407)  
June 3, 2019

**To Shareholders with Voting Rights:**

Hideki Kobori  
President & Representative Director  
Asahi Kasei Corporation  
1-1-2 Yurakucho, Chiyoda-ku, Tokyo,  
Japan

**NOTICE OF  
THE 128TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

You are cordially invited to attend the 128th Ordinary General Meeting of Shareholders of Asahi Kasei Corporation (the “Company”). The meeting will be held for the purposes as described below.

If you are unable to attend the meeting, please exercise your voting rights via either postal mail or the Internet in accordance with the guidance on the following page. In order to be effective, forms to exercise voting rights sent via either postal mail or the Internet must be received no later than 5:00 p.m. JST, Monday, June 24, 2019.

- 1. Date and Time:** Tuesday, June 25, 2019, 10:00 a.m. (JST)
- 2. Place:** Banquet room “Rose” (3F), Marunouchi Main Building, Tokyo Kaikan  
3-2-1 Marunouchi, Chiyoda-ku, Tokyo, Japan  
The venue has been changed from last year. Please refer to the location guide attached at the end of the Japanese version of this document to confirm the meeting’s location.
- 3. Meeting Agenda:**
- Matters to be reported:**
1. Business Report, Consolidated Financial Statements and Non-Consolidated Financial Statements for the Company’s 128th Fiscal Period (April 1, 2018 - March 31, 2019)
  2. Results of Audits of the Consolidated Financial Statements by the Independent Auditors and the Board of Corporate Auditors
- Proposals to be resolved:**
- Proposal No. 1:** Election of Nine Directors
- Proposal No. 2:** Election of Two Corporate Auditors

**Disclosure on the Internet**

- Out of the documents to be provided at the time of the convocation of this notice, “System to ensure internal control and the status thereof” and the “Basic policy concerning control of the Company” in the Business Report, “Consolidated Statements of Changes in Net Assets” and “Notes to Consolidated Financial Statements” in the Consolidated Financial Statements, and “Non-Consolidated Statements of Changes in Net Assets” and “Notes to Non-Consolidated Financial Statements” in the Non-Consolidated Financial Statements are described on our website below. They are not stated or are abridged in the attachment in relation to matters to be reported, according to the provisions of the law and regulations, and Article 15 of our Articles of Incorporation.

Please note that the above documents are subject to audit by the Independent Auditors or the Board of Corporate Auditors together with the attachment in relation to the matters to be reported.

- Please be informed that, if circumstances arise after dispatch of this notice which require revision of this notice by the day before the Shareholders’ General Meeting, the Company will notify the change on the website below.

The Company’s website: <https://www.asahi-kasei.co.jp/asahi/jp/shoushu/128.html> (Japanese Only)

## Guidance on how to exercise your voting rights

There are the following three ways:

### 1. Attend the General Meeting of Shareholders

**Date and Time of the Meeting:** Tuesday, June 25, 2019, 10:00 a.m. (JST)  
<Reception begins at 8:50 a.m. (JST)>

Bring your voting rights paper as attached and submit it to the reception desk.

In addition, please bring this booklet as meeting material.

Note: The exercise of voting rights by proxy is limited to exercise by delegating said rights to another shareholder with voting rights. In addition, please note that it is necessary to submit a document certifying the right of proxy.

### 2. Exercise by postal mail

**Deadline of Exercise:** Must arrive no later than Monday, June 24, 2019, 5:00 p.m. (JST)

Indicate your approval or disapproval on the attached voting rights paper and return it to us by the deadline.

### 3. Exercise by the Internet

**Deadline of Exercise:** Must be entered no later than Monday, June 24, 2019, 5:00 p.m. (JST)

Please access our voting rights website and enter your approval or disapproval by the deadline.

[Voting rights exercise website URL] <https://www.web54.net> (Japanese Only)

Note: Voting rights exercise website is not compatible with some internet environments for personal computers, smartphones, and mobile phones.

#### ● Handling of voting rights exercise

- If you have exercised your voting rights in duplicate, both on paper and via the Internet, we will handle your Internet vote as the effective exercise of your voting rights.
- If you have exercised your voting rights more than once via the Internet, or concurrently via a computer, smartphone, or a mobile phone, only the latest exercise of your voting rights shall be handled as effective.

#### To Institutional Investors

The Company utilizes an online platform for institutional investors to exercise their voting rights operated by ICJ.

# Reference Documents for the General Meeting of Shareholders

## Proposals and References

### Proposal 1: Election of Nine Directors

The term of office of the following nine Directors will expire at the close of this Ordinary General Meeting of Shareholders: Messrs. Hideki Kobori, Masafumi Nakao, Yutaka Shibata, Shuichi Sakamoto, Nobuyuki Kakizawa, Soichiro Hashizume, Tsuneyoshi Tatsuoka, and Tsuyoshi Okamoto, and Ms. Masumi Shiraishi.


The Company therefore proposes that the following nine candidates be elected as Director.


Meanwhile, candidates Messrs. Tsuneyoshi Tatsuoka and Tsuyoshi Okamoto and Ms. Masumi Shiraishi are candidates for Outside Directors, and the Company judges that the said three candidates have sufficient independence with no conflict of interest with the general shareholders in light of the Company's criteria for independence. As the said three candidates meet the requirements for independent director stipulated by the Tokyo Stock Exchange, we have registered them with the Tokyo Stock Exchange as independent directors.


The candidates are as follows:



Candidate No.	Name	Date of birth	Position and responsibilities at the Company	Candidate attribute
1	Hideki Kobori	February 2, 1955	<ul style="list-style-type: none"> <li>• President &amp; Representative Director</li> <li>• Presidential Executive Officer</li> <li>• Shareholders Meeting, Board of Directors Meeting &amp; Management Council convener &amp; chairman</li> <li>• Executive Officer for Sustainability Strategy Planning</li> <li>• Nomination Advisory Committee member</li> <li>• Remuneration Advisory Committee member</li> </ul>	Re-appointed
2	Shigeki Takayama	January 14, 1956	<ul style="list-style-type: none"> <li>• Vice-Presidential Executive Officer</li> <li>• Oversight of Technology Functions (ESH, QA, Regional Offices, Production Technology, Manufacturing, R&amp;D, Energy Policy)</li> </ul>	Newly-appointed
3	Yutaka Shibata	December 4, 1955	<ul style="list-style-type: none"> <li>• Director, Vice-Presidential Executive Officer</li> <li>• Oversight of Business Management Functions (Strategy, Accounting/Finance, IT, General Affairs, Legal, HR, Risk Management &amp; Compliance)</li> <li>• Oversight of Asahi Kasei America, Inc., Asahi Kasei (China) Co., Ltd.</li> </ul>	Re-appointed
4	Hiroshi Yoshida	July 24, 1955	<ul style="list-style-type: none"> <li>• Vice-Presidential Executive Officer</li> <li>• Executive Officer for Material</li> <li>• Oversight of Asahi Kasei Advance Corp., Asahi Kasei Europe GmbH</li> </ul>	Newly-appointed
5	Shuichi Sakamoto	October 13, 1957	<ul style="list-style-type: none"> <li>• Director</li> <li>• Primary Executive Officer</li> <li>• Executive Officer for Health Care</li> </ul>	Re-appointed
6	Fumitoshi Kawabata	June 3, 1958	<ul style="list-style-type: none"> <li>• Primary Executive Officer</li> <li>• Executive Officer for Homes</li> </ul>	Newly-appointed
7	Masumi Shiraishi	November 6, 1958	<ul style="list-style-type: none"> <li>• Outside Director</li> <li>• Nomination Advisory Committee member</li> <li>• Remuneration Advisory Committee member</li> </ul>	Re-appointed Outside Director Independent
8	Tsuneyoshi Tatsuoka	January 29, 1958	<ul style="list-style-type: none"> <li>• Outside Director</li> <li>• Nomination Advisory Committee member</li> <li>• Remuneration Advisory Committee member</li> </ul>	Re-appointed Outside Director Independent
9	Tsuyoshi Okamoto	September 23, 1947	<ul style="list-style-type: none"> <li>• Outside Director</li> <li>• Nomination Advisory Committee member</li> <li>• Remuneration Advisory Committee member</li> </ul>	Re-appointed Outside Director Independent

Abbreviations: R = Re-appointed, N = Newly-appointed, O = Outside Director, I = Independent



Candidate No.	Name, Date of Birth	No. of Company's shares held/ Attendance at Board of Directors meetings	Career summary and position/responsibility as Director of the Company [Notable concurrent offices]
1	 <p data-bbox="296 745 483 846"> <span style="border: 1px solid black; padding: 0 2px;">R</span>            Hideki Kobori            February 2, 1955         </p>	<p data-bbox="555 636 635 669">45,800</p> <p data-bbox="555 696 635 730">15/15</p>	<p data-bbox="707 333 1412 1032">           April 1978: Joined the Company            April 2008: Asahi Kasei Microdevices Director            April 2008: Asahi Kasei Microdevices Senior Executive Officer            April 2009: Asahi Kasei Microdevices Primary Executive Officer            April 2010: Asahi Kasei Microdevices President &amp; Representative Director            April 2010: Asahi Kasei Microdevices Presidential Executive Officer            April 2012: Senior Executive Officer            June 2012: Director (position held at present)            April 2014: Representative Director (position held at present)            April 2014: Primary Executive Officer            April 2016: President and Director (position held at present)            April 2016: Presidential Executive Officer (position held at present)            ● Shareholders Meeting, Board of Directors Meeting, and Management Council convener &amp; chairman, Executive Officer for Sustainability Strategy Planning, Nomination Advisory Committee member, Remuneration Advisory Committee member         </p> <p data-bbox="296 1084 1412 1323">           [Reasons for us to propose him as a director candidate]            After many years of experience in the electronics business, including as Marketing and Sales Center General Manager, Corporate Strategy and Planning General Manager, and President and Representative Director of Asahi Kasei Microdevices, he assumed a role of executive officer responsible for Strategy, Accounting &amp; Finance, and Internal Control for the entire Group in April 2012. Since April 2016, he is President and Representative Director of the Company. His rich experience and wide knowledge on the operations and management of the Group's businesses will allow him to fulfil the functions of deciding on key matters and supervising business execution for the Group as a Director.         </p>


Candidate No.	Name, Date of Birth	No. of Company's shares held/ Attendance at Board of Directors meetings	Career summary and position/responsibility as Director of the Company [Notable concurrent offices]
2	 <p data-bbox="296 607 488 837">Shigeki Takayama January 14, 1956</p>	69,400	<p data-bbox="707 286 1404 741">           April 1980: Joined the Company            April 2009: Asahi Kasei E-materials Executive Officer            April 2010: Asahi Kasei E-materials Director            April 2012: Asahi Kasei E-materials Senior Executive Officer            April 2013: Asahi Kasei E-materials President &amp; Representative Director            April 2013: Asahi Kasei E-materials Presidential Executive Officer            August 2015: Polypore International, LP, President &amp; CEO            April 2016: Senior Executive Officer            April 2016: President of Separators SBU            April 2018: Primary Executive Officer            April 2019: Vice-Presidential Executive Officer (position held at present)         </p> <ul data-bbox="707 741 1404 837" style="list-style-type: none"> <li>● Oversight of Technology Functions ( ESH, QA, Regional Offices, Production Technology, Manufacturing, R&amp;D, Energy Policy)</li> </ul>
<p data-bbox="296 837 1412 1086">[Reasons for us to appoint him as a director candidate]            After many years of experience in R&amp;D for chemical products and the plastics business and the business of performance materials for electronics, including as President and Representative Director of Asahi Kasei E-materials and President of Separators SBU, in April 2019 he assumed oversight of overall Technology Functions, including ESH, QA, Regional Offices, Production Technology, Manufacturing, R&amp;D, and Energy Policy. His rich experience and wide knowledge in this field will allow him to fulfill his role as Director in deciding important matters and supervision of management execution of the Group as a Director.</p>			


Candidate No.	Name, Date of Birth	No. of Company's shares held/ Attendance at Board of Directors meetings	Career summary and position/responsibility as Director of the Company [Notable concurrent offices]
3	 <p data-bbox="304 768 475 857">Yutaka Shibata December 4, 1955</p>	<p data-bbox="555 633 635 667">12,000</p> <p data-bbox="563 701 627 734">11/11</p>	<p data-bbox="707 286 1406 925">           April 1979: Joined the Company            April 2008: Executive Officer            April 2009: Lead Executive Officer            April 2011: Asahi Kasei Kuraray Medical President &amp; Representative Director            April 2011: Asahi Kasei Kuraray Medical Presidential Executive Officer            April 2011: Asahi Kasei Medical President &amp; Representative Director            April 2011: Asahi Kasei Medical Presidential Executive Officer            April 2011: Asahi Kasei Pharma Director            April 2016: Primary Executive Officer            April 2017: Asahi Kasei Pharma President &amp; Representative Director            April 2017: Asahi Kasei Pharma Presidential Executive Officer            April 2017: Asahi Kasei Medical Director            June 2018: Director (position held at present)            April 2019: Vice-Presidential Executive Officer (position held at present)         </p> <p data-bbox="707 958 1406 1070">           ●Oversight of Business Management Functions (Strategy, Accounting/Finance, IT, General Affairs, Legal, HR, Risk Management &amp; Compliance), Asahi Kasei America, Inc., Asahi Kasei (China) Co., Ltd.         </p>
<p data-bbox="296 1093 882 1126">[Reasons for us to appoint him as a director candidate]</p> <p data-bbox="296 1126 1406 1350">After many years of experience in legal affairs and corporate planning roles, including as General Manager of Corporate Strategy, Asahi Kasei Medical President &amp; Representative Director, and Asahi Kasei Pharma President &amp; Representative Director, he became responsible for strategy, accounting, finance, and IT in April 2018, and in April 2019 he assumed oversight of Business Management Functions, additionally including General Affairs, Legal, HR, and Risk Management &amp; Compliance. His rich experience and wide knowledge on the operations and management of the Group's businesses will allow him to fulfill the functions of deciding on key matters and supervising business execution for the Group as a Director.</p>			

Candidate No.	Name, Date of Birth	No. of Company's shares held/ Attendance at Board of Directors meetings	Career summary and position/responsibility as Director of the Company [Notable concurrent offices]
4	 Hiroshi Yoshida July 24, 1955	25,446	April 1979: Joined the Company April 2012: Asahi Kasei Chemicals Executive Officer April 2014: Asahi Kasei Chemicals Director April 2014: Asahi Kasei Chemicals Senior Executive Officer April 2016: Lead Executive Officer April 2016: President of Performance Polymers SBU April 2017: Senior Executive Officer April 2018: Primary Executive Officer April 2019: Vice-Presidential Executive Officer (position held at present)  ● Executive officer for Material, Oversight of Asahi Kasei Advance Corp., Asahi Kasei Europe GmbH
[Reasons for us to appoint him as a director candidate] After many years of experience in synthetic rubber business, including as President of Performance Polymers SBU, he became responsible for the entire Material sector in April 2019. His rich experience and wide knowledge on the operations and management of the Group's businesses will allow him to fulfil the functions of deciding on key matters and supervising business execution for the Group as a Director.			
5	 Shuichi Sakamoto October 13, 1957	32,848 15/15	April 1981: Joined the Company April 2011: Asahi Kasei Chemicals Executive Officer April 2014: Asahi Kasei Chemicals Director April 2014: Asahi Kasei Chemicals Senior Executive Officer November 2014: Lead Executive Officer November 2014: Corporate Strategy General Manager April 2016: Senior Executive Officer June 2016: Director (position held at present) April 2018: Asahi Kasei Pharma Director and Chairman (position held at present) April 2018: Asahi Kasei Medical Director and Chairman (position held at present) April 2019: Primary Executive Officer (position held at present)  ● Executive officer for Health Care
[Reasons for us to propose him as a director candidate] After many years of experience in the petrochemicals business including as Senior General Manager, Performance Plastics Div., and Senior General Manager, Acrylonitrile Div. of Asahi Kasei Chemicals, he became responsible for the strategy, accounting, finance, and IT in April 2016. Since April 2018, he has overseen the Health Care sector. His rich experience and wide knowledge on the operations and management of the Group's businesses will allow him to fulfil the functions of deciding on key matters and supervising business execution for the Group as a Director.			



Candidate No.	Name, Date of Birth	No. of Company's shares held/ Attendance at Board of Directors meetings	Career summary and position/responsibility as Director of the Company [Notable concurrent offices]
6	 Fumitoshi Kawabata June 3, 1958	21,719	April 1982: Joined the Company April 2012: Asahi Kasei Homes Executive Officer April 2013: Asahi Kasei Homes Director (position held at present) April 2013: Asahi Kasei Homes Senior Executive Officer April 2014: Asahi Kasei Homes Marketing Division General Manager February 2016: Asahi Kasei Homes Chubu Sales Division General Manager April 2017: Senior Executive Officer April 2017: Asahi Kasei Homes President & Representative Director (position held at present) April 2017: Asahi Kasei Homes Presidential Executive Officer (position held at present) April 2017: Asahi Kasei Construction Materials Director (position held at present) April 2019: Primary Executive Officer (position held at present) ● Executive officer for Homes
[Reasons for us to appoint him as a director candidate] After many years of experience in the housing business, including Asahi Kasei Homes President & Representative Director, he became responsible for the entire Homes sector in April 2017. His rich experience and wide knowledge on risk management and compliance will allow him to fulfill the function of deciding on key matters and supervising business execution for the Group as a Director.			
7	[Outside Director Candidate]  Masumi Shiraishi November 6, 1958	21,500 15/15	May 1989: Joined NLI Research Institute April 2001: Head Researcher, NLI Research Institute April 2002: Assistant Professor, Department of Economics, Toyo University April 2006: Professor, Department of Economics, Toyo University April 2007: Professor, Faculty of Policy Studies, Kansai University (position held at present) June 2013: Director, the Company (position held at present) ● Nomination Advisory Committee member, Remuneration Advisory Committee member [Notable Concurrent Offices] Professor, Faculty of Policy Studies, Kansai University Outside Director, Ryoyo Electro Corporation
[Reasons for us to nominate her as an outside director candidate] <ul style="list-style-type: none"> <li>• The term of office of Masumi Shiraishi as an Outside Director will be six years at the close of this Ordinary General Meeting of Shareholders.</li> <li>• The reasons for us to propose her as an Outside Director candidate are because, although she has never been involved in corporate management other than through the positions of Outside Director or Outside Corporate Auditor in the past, we can expect her to play a full role as Outside Director in deciding important matters and the supervision of management execution of the Group making full use of her rich experience and wide knowledge regarding the economy and society as a university professor.</li> <li>• The Group has transactions with Kansai University for which she currently works, mainly concerning R&amp;D consignment. They are, however, transactions mainly concerning R&amp;D programs concerning scientific technology and the transaction amount is very small, not more than ¥5 million. Such situation does not have any influence on her independence as Professor, Faculty of Policy Studies. Under these circumstances, we have designated her as an independent director.</li> </ul>			

Candidate No.	Name, Date of Birth	No. of Company's shares held/ Attendance at Board of Directors meetings	Career summary and position/responsibility as Director of the Company [Notable concurrent offices]
8	<p data-bbox="295 353 491 421">[Outside Director Candidate]</p>  <p data-bbox="427 678 491 712">R O II</p> <p data-bbox="300 712 491 801">Tsuneyoshi Tatsuoka January 29, 1958</p>	<p data-bbox="571 533 635 566">4,100</p> <p data-bbox="571 600 635 633">14/15</p>	<p data-bbox="715 320 1409 633">           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: Director, the Company (position held at present)         </p> <p data-bbox="715 656 1409 846">           ● Nomination Advisory Committee member, Remuneration Advisory Committee member            [Notable Concurrent Offices]            Outside Director (Audit and Supervisory Committee Member), Nitori Holdings Co., Ltd.            Outside Director, Mitsubishi Corporation         </p> <p data-bbox="295 857 1409 1294">           [Reasons for us to nominate him as an outside director candidate]           <ul style="list-style-type: none"> <li data-bbox="352 880 1409 947">• The term of office of Tsuneyoshi Tatsuoka as an Outside Director will be three years at the close of this Ordinary General Meeting of Shareholders.</li> <li data-bbox="352 947 1409 1126">• The reasons for us to propose him as Outside Director candidate are because, although he has never been involved in business other than through the positions of Outside Director or Outside Corporate Auditor in the past, we can expect him to play a full role as Outside Director in deciding important matters and the supervision of management execution of the Group making full use of his rich experience and wide knowledge regarding industry and economic policy.</li> <li data-bbox="352 1126 1409 1294">• The Group has transactions with the Ministry of Economy, Trade and Industry for which he has worked in the past. They are, however, transactions mainly concerning research consignment and subsidies, etc. The transaction amount is very small, not more than 0.1% of the consolidated sales of the Group. He has already retired from said Ministry and such situation does not have any influence on his independence. Under these circumstances, we have designated him as an independent director.</li> </ul> </p>

Candidate No.	Name, Date of Birth	No. of Company's shares held/ Attendance at Board of Directors meetings	Career summary and position/responsibility as Director of the Company [Notable concurrent offices]
9	<p>[Outside Director Candidate]</p>  <p>R O I Tsuyoshi Okamoto September 23, 1947</p>	<p>900 11/11</p>	<p>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 April 2007: Tokyo Gas Co., Ltd. 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: Director, the Company (position held at present) June 2018: Tokyo Gas Co., Ltd. Senior Corporate Advisor (position held at present)</p> <p>● Nomination Advisory Committee member, Remuneration Advisory Committee member</p> <p>[Notable Concurrent Offices] Tokyo Gas Co., Ltd. Senior Corporate Advisor Outside Director of Japan Post Bank Co., Ltd.</p>
	<p>[Reasons for us to nominate him as an outside director candidate]</p> <ul style="list-style-type: none"> <li>The term of office of Tsuyoshi Okamoto as an Outside Director will be one year at the close of this Ordinary General Meeting of Shareholders.</li> <li>The reasons for us to nominate him as an Outside Director candidate are because we can expect him to play a full role as Outside Director in deciding important matters and the supervision of management execution of the Group making full use of his rich experience and wide knowledge regarding management.</li> <li>The Group has transactions with Tokyo Gas Co., Ltd., where he was formerly involved in executive management, concerning gas supply, mainly to plants in the Kanto Area. Said transactions, however, are regular transactions with little room for discretion. The amount of said transactions is very small, not more than 0.1% of the consolidated sales of the Group, which does not have many main plants in the Kanto Area, and not more than 0.1% of the consolidated sales of Tokyo Gas Co., Ltd. In addition, he has not been involved in the business since 2014 and such situation does not have any influence on his independence. Under these circumstances, we have designated him as an independent director.</li> </ul>		

- (Notes)
- There is no conflict of interest between any candidate and the Company.
  - In accordance with Article 427, Paragraph 1, of the Companies Act, the Company has concluded agreements with Masumi Shiraishi, Tsuneyoshi Tatsuoka, and Tsuyoshi Okamoto which limits their liability as specified in Article 423, Paragraph 1, of the Companies Act, with the amount of their individual liability being either ¥10 million or the minimum amount stipulated by law or ordinance, whichever is higher.
  - Tokyo Gas Co., Ltd., a company where Mr. Tsuyoshi Okamoto served as a Director, received an order for action from the Consumer Affairs Agency in July 2017, for violation of the Act against Unjustifiable Premiums and Misleading Representations on the advertisement presentation for an event "Gas Fair" held in November 2016, during his term of office.

**Proposal 2: Election of Two Corporate Auditors**


The term of office of Corporate Auditors Shinsuke Kido and Tetsuo Ito will expire at the close of this Ordinary General Meeting of Shareholders. The Company therefore proposes that the following two candidates be elected as Corporate Auditors.


Prior agreement of the Board of Corporate Auditors has been obtained regarding the submission of this proposal.

Candidate Mr. Tetsuo Ito is a candidate for Outside Corporate Auditor, and the Company judges that the candidate has sufficient independence with no conflict of interest with the general shareholders in light of the Company’s criteria for independence for Outside Corporate Auditors. As Mr. Ito meets the requirements for independent corporate auditor stipulated by the Tokyo Stock Exchange, we registered him with the Tokyo Stock Exchange as independent corporate auditor.

The candidates are as follows:

Abbreviations: R = Re-appointed, N = Newly-appointed, O = Outside Director, I = Independent

Candidate No.	Name, Date of Birth	No. of Company’s shares held/ Attendance at Board of Directors meetings/ Attendance at Board of Corporate Auditors meetings	Career summary and position/responsibility as Corporate Auditor of the Company [Notable concurrent offices]
1	 Masafumi Nakao November 1, 1952	32,000	April 1978: Joined the Company April 2009: Asahi Kasei Microdevices Director April 2009: Asahi Kasei Microdevices Executive Officer April 2012: Lead Executive Officer April 2012: New Business Development General Manager June 2012: Director April 2014: Corporate Research & Development General Manager June 2014: Retired as Director April 2015: Senior Executive Officer April 2016: Primary Executive Officer June 2016: Director (position held at present) April 2017: Representative Director (position held at present) April 2017: Vice-Presidential Executive Officer
[Reasons for us to propose him as a Corporate Auditor candidate] After many years of experience in R&D and new business development in electronics business, he held several leadership roles including Asahi Kasei Electronics President and Representative Director, Asahi Kasei Microdevices R&D Center General Manager, and Executive Officer for quality assurance. In April 2012, he assumed oversight for R&D of the Group, and in April 2016 he assumed oversight of Technology Functions overall, including ESH, QA, Regional Offices, Production Technology, and Manufacturing. His rich experience and wide knowledge in this field will allow him to fulfill his role as Corporate Auditor in effective auditing of the Group as a Corporate Auditor.			

Candidate No.	Name, Date of Birth	No. of Company's shares held/ Attendance at Board of Directors meetings/ Attendance at Board of Corporate Auditors meetings	Career summary and position/responsibility as Corporate Auditor of the Company [Notable concurrent offices]
2	 <p data-bbox="416 779 488 813">ROII</p> <p data-bbox="304 817 480 875">Tetsuo Ito March 15, 1948</p>	<p data-bbox="563 638 627 667">2,000</p> <p data-bbox="563 701 627 730">14/15</p> <p data-bbox="563 763 627 792">17/17</p>	<p data-bbox="703 365 1406 819"> 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  April 2011: Of Counsel, Nishimura &amp; Asahi law firm (position held at present)  June 2015: Corporate Auditor, the Company (position held at present) </p> <p data-bbox="703 853 1366 1066"> [Notable Concurrent Offices]  Of Counsel, Nishimura &amp; Asahi law firm  Outside Corporate Auditor, Takasago Thermal Engineering Co., Ltd.  Outside Audit &amp; Supervisory Board Member, UNIZO Holdings Company, Limited  Outside Director, Japan Petroleum Exploration Co., Ltd. </p>
<p data-bbox="300 1077 1102 1106">[Reasons for us to propose him as an Outside Corporate Auditor candidate]</p> <ul data-bbox="355 1111 1406 1525" style="list-style-type: none"> <li data-bbox="355 1111 1406 1167">• The term of office of Tetsuo Ito as an Outside Corporate Auditor will be four years at the close of this Ordinary General Meeting of Shareholders.</li> <li data-bbox="355 1171 1406 1317">• The reasons for us to propose him as an Outside Corporate Auditor candidate are because, although he has never been involved in corporate management other than through the positions of Outside Corporate Auditor in the past, we can expect him to play a full role as Outside Corporate Auditor making a full use of his rich experience and wide knowledge in compliance as a public prosecutor and an attorney.</li> <li data-bbox="355 1321 1406 1525">• The Group has transactions with Nishimura &amp; Asahi law firm, where he currently works. However, the transaction amount is very small, not more than 0.1% of the consolidated net sales of the Company, and the transactions are not with Tetsuo Ito, but with other attorneys at the firm. In addition, his position at the firm is “Of Counsel”, of which role is similar to an advisor, and is not involved in any transactions with the Company, and therefore, such situation does not have any influence on his independence. Under these circumstances, we have designated him as an independent director.</li> </ul>			

- (Notes)
1. There is no special conflict of interest between the candidate and the Company.
  2. In accordance with Article 427, Paragraph 1, of the Companies Act, the Company has concluded an agreement with Tetsuo Ito which limits his liability as specified in Article 423, Paragraph 1, of the Companies Act, with the amount of his individual liability being either ¥10 million or the minimum amount stipulated by law or ordinance, whichever is higher. The Company also plans to conclude a similar agreement with Masafumi Nakao, if he is elected as Corporate Auditor.

**(For your reference)**

**1. Policy and Procedures to Nominate Candidates for Directors and Corporate Auditors**

In selecting candidates for Directors, the Company chooses persons with deep insight and excellent skills suitable for the position of Director. For Inside Directors, the Company chooses those with expertise, experience and skills in the required field as candidates. Meanwhile, for Outside Directors, the Company chooses as candidate corporate executives, academic experts, and former civil servants with abundant experience, expecting objective oversight of management based on their deep insight.

In selecting candidates for Corporate Auditors, the Company chooses persons with insight and skills suitable for the position of Corporate Auditor, and an appointment requires the approval of the Board of Corporate Auditors. In addition, the Company makes sure that at least one Corporate Auditor is familiar with finance and accounting.

In order to further improve objectivity and transparency of the appointment of candidates for Directors and Corporate Auditors, the Company has established a Nomination Advisory Committee which mainly consists of Outside Directors to participate in discussions about the makeup and size of the Board of Directors, and about policies for nomination of Directors/Corporate Auditors, and to provide advice to the Board of Directors.

**2. Independence Standards and Qualification for Outside Directors/Corporate Auditors**

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

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

The results of this resolution will be published on the following webpage. <https://www.asahi-kasei.co.jp/asahi/jp/shoushu/128.html>

(Appendix)

## **Business Report**

(From April 1, 2018 to March 31, 2019)

### **I. Business Summary**

#### **1. The Group's business progress and results**

- (1) The global economy was favorable during the first half of fiscal 2018 buoyed by a strong US economy, but the outlook became increasingly obscure during the second half as the Chinese economy slowed considerably due to US-China trade friction. Although firm economic growth continued in Japan despite the occurrence of natural disasters, concerns for an economic downturn spread during the second half due to such global economic trends.

Consolidated net sales of Asahi Kasei Corp. and its consolidated subsidiaries and equity method affiliates (the Asahi Kasei Group) increased by ¥128.2 billion from a year ago to ¥2,170.4 billion, operating income increased by ¥11.1 billion to ¥209.6 billion, and ordinary income increased by ¥7.4 billion to ¥220.0 billion with generally firm sales overall as well as improved terms of trade in chemical operations in the Material segment. However, though net income attributable to owners of the parent decreased by ¥22.7 billion to ¥147.5 billion with lower gain on sales of investment securities and absence of the previous year's one-time beneficial effect of the US tax reform, it remained high.

Operating income and net income attributable to owners of the parent exceeded the targets of the mid-term management plan, "Cs for Tomorrow 2018," and record highs were posted in net sales, operating income, and ordinary income.

Regarding non-consolidated performance, net sales were ¥665.8 billion, operating income was ¥51.1 billion, ordinary income was ¥106.7 billion, and net income was ¥89.3 billion.

The following tables show the Group-wide results.

- 1) The Group's consolidated results

2) Consolidated sales by segment

(In billions of yen)

Segment	FY2017 (a)	FY2018 (b)	Change (b) – (a)
Material	1,087.7	1,176.2	88.5
Homes	641.0	659.8	18.8
Health Care	296.3	316.2	19.9
Others	17.3	18.3	1.0
Total	2,042.2	2,170.4	128.2

3) Consolidated operating income or loss by segment

(In billions of yen)

Segment	FY2017 (a)	FY2018 (b)	Change (b) – (a)
Material	121.9	129.6	7.6
Homes	64.4	68.2	3.8
Health Care	39.5	41.8	2.4
Others	1.9	2.4	0.5
Corporate expenses and eliminations	(29.1)	(32.4)	(3.2)
Total	198.5	209.6	11.1

(2) The Group's business situation on a segment basis is as follows:

**Material**

Sales: ¥1,176.2 billion

Operating income: ¥129.6 billion

[Main businesses]

● Fibers operations

Cupro fibers, polyurethane filament, nonwoven fabric, and nylon 66 filament, etc.

● Chemicals operations

Petrochemicals: Styrene, acrylonitrile, polyethylene, polystyrene, etc.

Performance Polymers: Synthetic rubber, engineering plastics, etc.

Performance Materials/Consumables: Coating materials, pharmaceutical and food additives, explosives, processed metal products, hollow-fiber filtration membranes, ion-exchange membranes, electronic materials, food wrapping film, and various films and sheets, etc.

● Electronics operations

Lithium-ion battery separators, lead-acid battery separators, mixed-signal LSIs, Hall elements, etc.

Sales increased by ¥88.5 billion from a year ago to ¥1,176.2 billion, and operating income increased by ¥7.6 billion from a year ago to ¥129.6 billion.

Although fibers & textiles operations were impacted by higher feedstock costs, sales and operating income increased with greater shipments of nonwovens such as Lamous™ microfiber suede and Bemliese™ cupro nonwoven fabric as well as the improved profitability of Bemberg™ cupro fiber, and the consolidation of Sage Automotive Interiors, Inc.

Among chemical operations, in petrochemicals, sales and operating income increased with the improved terms of trade for acrylonitrile and absence of the previous year's impact from periodic maintenance at the naphtha cracker of Asahi Kasei Mitsubishi Chemical Ethylene Corp. In performance polymers, although terms of trade for engineering plastics improved, with terms of trade for synthetic rubber not as favorable as in the previous year, sales increased while operating income was flat. In performance materials and consumables, although sales of ion-exchange membranes and Saran Wrap™ cling film were firm, sales increased while operating income decreased as shipments of electronic materials



declined.

Among electronics operations, although shipments of Li-ion battery separator increased, the lead-acid battery separator business was impacted by lower shipments due to the slowdown of the global automobile market, and sales in separators increased while operating income decreased. Sales and operating income in electronic devices decreased as sales of devices for smartphones were lower than in the previous year.

In the fibers business, the Company acquired Sage Automotive Interiors, Inc., a US-based manufacturer of automotive interior materials in September 2018, and decided in March 2019 to expand production facilities for spunbond nonwovens in Thailand.

In the chemicals business, in September 2018 the Company decided to upgrade the No. 3 Coal-fired Power Plant in Nobeoka, Miyazaki Prefecture, Japan, to a natural gas-fired power plant. And in November 2018, the Company decided to perform large-scale renovations on the Gokasegawa Hydro Power Plant in Nishi-Usuki, Miyazaki Prefecture, Japan.

In the electronics business, in March 2019 the Company decided to expand production facilities for Li-ion rechargeable battery separator in Moriyama, Shiga Prefecture, Japan, and in North Carolina, the US.

## Homes

Sales: ¥659.8 billion

Operating income: ¥68.2 billion

[Main businesses]

- Homes operations

Order-built homes (unit homes and apartment buildings), real estate-related operations, peripheral businesses related to homes, etc.

- Construction materials operations

Autoclaved aerated concrete (AAC), thermal insulation, foundation systems, structural systems and components, etc.

Sales increased by ¥18.8 billion from a year ago to ¥659.8 billion, and operating income increased by ¥3.8 billion from a year ago to ¥68.2 billion.

Sales decreased in homes operations as the number of unit homes delivered decreased, but operating income was flat as an effect of cost reduction. The value of orders for order-built homes increased by 11.3% with firm orders for unit homes and some rush demand in apartment buildings ahead of the upcoming consumption tax increase. In real estate operations, rental management and condominiums performed well while remodeling operations were firm. As a result, sales and operating income increased for homes operations overall.

Sales and operating income increased in construction materials operations with greater shipments of each product.

Furthermore, the Company acquired Erickson Framing Operations LLC, a US-based supplier of prefabricated building products in November 2018.

## Health Care

Sales: ¥316.2 billion

Operating income: ¥41.8 billion

[Main businesses]

- Pharmaceuticals operations

Prescription drugs, diagnostic reagents, etc.

- Medical Devices operations

Hemodialysis and therapeutic apheresis devices, virus removal filters, etc.

- Critical Care operations

Defibrillators, temperature management system, etc.

Sales increased by ¥19.9 billion from a year ago to ¥316.2 billion, and operating income increased by ¥2.4 billion from a year ago to ¥41.8 billion. Shipments of Teribone™ osteoporosis drug and Kevzara™ agent for rheumatoid arthritis increased, but sales and operating income in pharmaceutical operations decreased

with reduced reimbursement prices and lower shipments of other products due to competition from generics. Although shipments of Planova™ virus removal filters increased, dialysis products were impacted by reduced reimbursement prices, and sales in medical devices operations increased while operating income decreased. Sales and operating income in critical care operations grew with considerably increased shipments of defibrillators for professional use.

In the pharmaceuticals business, an application for approval to manufacture and sell the osteoporosis drug “Teribone™ 28.2 µg subcutaneous autoinjector” in Japan was submitted in October 2018. In December of the same year, the Company launched the “Kevzara™ subcutaneous autoinjector” for treatment of rheumatoid arthritis.

## **Others**

[Main businesses]

- Engineering business, various research and information provision businesses, employment agency business, etc.

Sales increased by ¥1.0 billion from a year ago to ¥18.3 billion, and operating income increased by ¥0.5 billion from a year ago to ¥2.4 billion.

(3) The situation of the Group’s new business and R&D is as follows:

In fiscal 2018, the Group’s R&D expenses increased by ¥4.4 billion from a year ago to ¥90.1 billion. The Company is committed to creating a portfolio of highly profitable and high value-added businesses for the future, and for that purpose is promoting new business and R&D based on the three concepts of “Cultivating and Acquiring Core Technology,” “Pursuing High Added Value,” and “Using Market Channels.”

Regarding “Cultivating and Acquiring Core Technology,” we continued efforts from the previous fiscal year to build up our accumulated core technologies, know-how and business platforms, while also designating priority domains with the goal of creating new business. In order to enhance our competitiveness in these domains, we appointed highly specialized staff to play a central role as professional talent, and endeavored to strengthen our technological development capacity. In fiscal 2018, we significantly expanded our systems for the primary domains and administrative staff of each business unit that supports the business platforms, and appointed new highly specialized staff as personnel to drive those business domains forward. In this way, we engaged in and contributed to new businesses and business reinforcement.

In response to digital technologies like IoT, AI, Big Data, and other fields that have seen remarkable advances, from fiscal 2017 we launched new organizations in the research and development/intellectual property domain and the manufacturing and production technologies domain and further promoted their application. In fiscal 2018, we founded the Digital Innovation Center to strengthen and accelerate activities in those domains. Through the utilization of IoT, AI and Big Data analysis (digital transformation), we will strengthen production reform for production front-lines and affiliated companies in Japan and overseas. Specific examples of “Pursuing High Added Value” include “development of a new forward osmosis membrane system for high-level concentration of liquids” and “development of the world’s smallest high-precision low-power CO<sub>2</sub> sensors.”

The “development of a new forward osmosis membrane system for high-level concentration of liquids” utilizes membrane and separation technologies, a core technology of the Company that has generated a wide range of businesses. Through developing a new concentration technology that does not require a heating or pressurization process, we are aiming for its early adoption in the production of food and pharmaceutical applications, which requires the technology to maintain the quality of heat-sensitive active ingredients and concentrate such components at a high level.

The “development of the world’s smallest high-precision low-power CO<sub>2</sub> sensors” is based on combining the technology of Senseair AB’s optical path design technology acquired in fiscal 2018 and small IR light emitting elements and detectors that use compound semiconductors, one of the core technologies of the Company. This technology enables monitoring of not only the air quality of the interior of cars or living space environments such as buildings or homes, but also the air quality of the outdoor environment. In addition, development is also expected for the application of this technology to a variety of fields, such as alcohol sensors. Through these efforts, we believe that we can contribute to environmental energy initiatives and systems to support vehicle safety.

With regard to our effort for “Using Market Channels,” through our concept car “AKXY™,” we provide customers with comprehensive proposals on various key items that contribute to vehicle safety, comfort, and environmental performance. In fiscal 2018, under the theme of the “evolution” of the technologies of the Company, we have installed eight additional products on the “AKXY™,” including driver sensing technology and new structural materials for the car body that realize further weight reduction and better fuel efficiency and further improve safety and comfort, and redesigned our model to offer more solutions to an even wider selection of needs. Our concept is regarded highly in Europe, and was awarded the German Design Award, Special Mention Category 2019.

- (4) In FY2018, the Group made a total capital investment of ¥136.2 billion, and the following shows the main facilities which were under construction during the fiscal year.
- Additional production capacity for Lamous™ microfiber suede in Miyazaki, Japan (Fibers business)
  - Additional production capacity for synthetic rubber for fuel-efficient tires in Singapore (Chemical business)
  - Additional production capacity for Hipore™ and Celgard™ lithium-ion battery separator in Shiga, Japan, and the United States (Electronics business)
  - Additional production capacity for Planova™ virus removal filters at a new spinning plant in Miyazaki, Japan (Medical Devices operations)
- (5) In FY2018, the Group raised low-interest funds by bank loans and by issuing commercial paper. Outstanding interest-bearing debt at the year-end increased by ¥123.1 billion from a year ago to ¥424.9 billion.

## 2. Issues to be addressed by the Group

The Group has carried out the current management plan from FY2016 to FY2018, “Cs for Tomorrow 2018” (hereafter, “CT2018”). In “CT2018”, we seek to realize this vision through an optimized governance system that can realize the concepts of a “society of clean environmental energy” and a “society of healthy/comfortable longevity with peace of mind.” We are working to establish business platforms geared to sustainable growth through growth strategies for rapid growth, to evolve an aggregate of highly profitable and high value-added business.

As growth strategies, the Group has acquired Sage Automotive Interiors, Inc., a US-based manufacturer of automotive interior materials, provided additional production capacity for lithium-ion battery separators, and promoted full-scale development in the CO<sub>2</sub> gas sensor module business to expand business in the automotive field, which is changing in line with new trends. The Group has also been active in developing new business in the Homes segment through initiatives such as offering apartments for seniors. In creating business platforms for sustainable growth, we focused on strengthening production capacities, etc., through earthquake resistance renovations and updating facilities, strengthening human resource development through revision of personnel systems for highly specialized staff, risk management, thorough compliance, and strengthening the quality control system as well as responding to digital transformations. From a numerical standpoint, we succeeded in achieving performance results that surpassed our profit targets (operating profit ¥180.0 billion and net income attributable to owners of the parent ¥110.0 billion). In addition to steadily reaping the results from investments and other measures from “CT2018” in the next mid-term management plan, we will work on the following two points with the aim of further growth.

### (1) Sustainable improvement of corporate value

Responding to new changes in the external environmental such as rising awareness of global issues as represented by the topic of global warming and the SDGs (Sustainable Development Goals), and the remarkable progress in digitization will be ongoing topics moving forward. The Group will continue to address these topics by leveraging the ideas of “diversity” and “capability to change.” In the next mid-term management plan for the three years from FY2019, we will continue to achieve increased growth by examining the needs of society and reforming our business portfolio according to environmental changes, and will proceed to create new businesses and develop into new markets. Furthermore, by creating added value for business and products and improving productivity, as we seek sustainable improvement of our corporate value, we will contribute to the realization of a sustainable society by returning the results of our successes out into the world. In order to promote these initiatives in FY2019 and forward, we will establish a dedicated department that accelerates the promotion of operations from the perspective of non-financial aspects including SDGs/ESG, and strengthen marketing functions across the entire Company to promote a stronger connection than ever before both inside and outside the Company as a basic concept of “CT2018,” and will proceed to heighten business through the utilization of digital technologies in many different fields.

### (2) Strengthening business platforms

Our platforms to realize increased growth and to make the Group sustainable are our human resources, quality, risk management, thorough compliance, environmental protection, and safety and health, and in continuing “CT2018,” we will position each topic as a priority theme moving forward. Above all else, we will focus on continuing to strengthen efforts for risk management and thorough compliance, including the issue of manipulation of precast concrete pile installation data, which was disclosed in October 2015. With thorough commitment to the “three actuals” of the actual place, the actual thing, and the actual fact, the Company will aim to become a company that society can continue to trust.

The Group will treat these management issues with due gravity and act with integrity for all stakeholders, boldly take on challenges and create new value. In that connection, we plan to further heighten corporate value and ensure sustainable growth while also aiming to realize sustainability.

(Reference)

New mid-term management plan

The Group will complete the mid-term management plan “Cs for Tomorrow 2018” (hereafter, “CT2018”), and engage in a new mid-term management plan for the period from FY2019 to FY2021.

“CT2018” was a three-year plan that focused on the ideal situation of the Group in 2025 as “an aggregate of highly profitable and high value-added business,” and the new mid-term management plan will continue to build on the basic concept of “CT2018” and take it into a second stage.

While ensuring the business platform and results of active investments cultivated in “CT2018,” we aim to continue to grow by responding appropriately to the needs of society and coordinating various business and technologies within the Group under the concept of “resolving the issues of the world and pursuing a sustainable society through diversity and capability to change.” The Group is committed to implementing the new mid-term management plan around the pillars of sustainable improvement of our corporate value and strengthening business platforms.

The overview of the new mid-term management plan was published in late May this year, and posted on our website.

### 3. Trends in Group-wide results and assets

(In billions of yen\*)

Category	FY2014 (124th)	FY2015 (125th)	FY2016 (126th)	FY2017 (127th)	FY2018 (128th)
Net sales	1,986.4	1,940.9	1,883.0	2,042.2	2,170.4
Operating income	157.9	165.2	159.2	198.5	209.6
Ordinary income	166.5	161.4	160.6	212.5	220.0
Net income attributable to owners of the parent	105.7	91.8	115.0	170.2	147.5
Net income per share	¥75.62	¥65.69	¥82.34	¥121.93	¥105.66
Total assets	2,014.5	2,211.7	2,254.5	2,307.2	2,575.2
Net assets	1,097.7	1,057.4	1,168.1	1,305.2	1,402.7
Net assets per share	¥775.05	¥745.94	¥824.36	¥922.11	¥989.51

\* Except per-share amounts.

## II. Corporate Summary

(As of March 31, 2019)

### 1. Group's key offices, plants, and laboratories

Segment	Locations	
Material	Offices	Tokyo, Osaka
	Plants	Fibers: Shiga, Miyazaki, China, Taiwan, Thailand, Germany, US Chemicals: Kanagawa, Chiba, Shizuoka, Mie, Shiga, Wakayama, Okayama, Fukuoka, Oita, Miyazaki, China, South Korea, Taiwan, Singapore, Thailand, US Electronics: Shizuoka, Shiga, Miyazaki, South Korea, US
	Laboratories	Fibers: Shiga, Miyazaki Chemicals: Tokyo, Kanagawa, Chiba, Mie, Okayama, Miyazaki, Germany Electronics: Tokyo, Kanagawa, Shizuoka, Shiga, US
Homes	Offices	Tokyo, Osaka
	Plants	Construction Materials: Ibaraki, Gifu, Yamaguchi
	Laboratories	Homes: Tokyo, Shizuoka Construction Materials: Ibaraki
Health Care	Offices	Tokyo, US
	Plants	Pharmaceuticals/Medical Care: Shizuoka, Aichi, Oita, Miyazaki, China Critical Care: US
	Laboratories	Pharmaceuticals/Medical Care: Tokyo, Shizuoka, Oita, Miyazaki Critical Care: US
Administrative, etc.	Offices	Tokyo, Shizuoka, Osaka, Miyazaki, China, India, Germany, US
	Laboratories	Tokyo, Kanagawa, Shizuoka, Mie, Shiga, Okayama, Oita, Miyazaki, Germany

### 2. Group employees

Segment	Employees	Year-on-year change
Material	17,739	2,807
Homes	8,434	1,146
Health Care	9,005	206
Others	1,122	58
Administrative, etc.	2,983	396
<b>Total</b>	<b>39,283</b>	<b>4,613</b>

### 3. Main lenders and loans

(In millions of yen)

Lender	Loan
Mizuho Bank, Ltd.	79,773 *
Sumitomo Mitsui Banking Corporation	74,275 *
MUFG Bank, Ltd.	45,751 *
The Norinchukin Bank	37,774
Sumitomo Mitsui Trust Bank, Limited	20,684
Development Bank of Japan Inc.	20,000
Shinkin Central Bank	12,000
Nippon Life Insurance Company	4,000
Mizuho Trust & Banking Co., Ltd.	2,000
The Miyazaki Bank, Ltd.	1,485

\* The loan amounts of the lender include loans from lenders' overseas affiliates.

### 4. Status of Material Subsidiaries

#### (1) Status of material subsidiaries, etc.

Segment	Company name	Principal business
Material	Asahi Kasei Advance Corp.	Production, processing, sale, etc. of fibers, chemicals, resin products, and construction materials products
	Sage Automotive Interiors, Inc.	Development, manufacture, and sale of automotive interior material
	PS Japan Corp.	Production and sale of polystyrene
	Tongsoh Petrochemical Corp., Ltd.	Production and sale of acrylonitrile, sodium cyanide, etc.
	Asahi Kasei Mitsubishi Chemical Ethylene Corp.	Production of petrochemicals and sales to both parent companies
	PTT Asahi Chemical Co., Ltd.	Production and sale of acrylonitrile, methyl methacrylate, etc.
	Asahi Kasei Synthetic Rubber Singapore Pte. Ltd.	Production and sale of synthetic rubber
	Asahi Kasei Plastics (America) Inc.	Holding company of a company producing and selling compounded performance resin
	Asahi Kasei Plastics Singapore Pte. Ltd.	Production and sale of performance resin
	Asahi Kasei Plastics (Shanghai) Co., Ltd.	Sale of performance resin
	Asahi Kasei Europe GmbH	Business support services, sales of performance resin, etc. in Europe
	Asahi Kasei Electronics Materials (Suzhou) Co., Ltd.	Production and sale of electronic materials
	Asahi Kasei Home Products Corp.	Production and sale of Saran Wrap™ cling film, other household products
	Asahi Kasei Microdevices Corp.	Design, production and sale of electronic devices
	Polypore International, LP	Production and sale of battery separators
Asahi Kasei E-materials Korea Inc.	Production and sale of electronic materials	

Segment	Company name	Principal business
Homes	Asahi Kasei Homes Corp.	Housing design, construction, and sale
	Asahi Kasei Realty & Residence Corp.	Real estate development, brokerage, and related business
	Asahi Kasei Reform Co., Ltd.	Waterproofing, exterior remodeling, and renovation of homes
	Asahi Kasei Homes Financial Corp.	Home loan and management/recovery business, nonlife insurance agency business
	Erickson Framing Operations LLC	Manufacture, sales, and installation of panelized walls and trusses, along with doors and trim
	Mori-Gumi Co., Ltd.	Civil engineering and construction, real estate, stone crushing, etc.
	Chuo Build Industry Co., Ltd.	Temporary construction equipment, metal processing
	McDonald Jones Homes Pty Ltd	Contracted home construction and marketing of parceled home lots
	Asahi Kasei Construction Materials Corp.	Production and sale of construction and civil engineering materials
Health Care	Asahi Kasei Pharma Corp.	Production and sale of pharmaceuticals
	Asahi Kasei Medical Co., Ltd	Production and sale of medical devices, bioprocess products, etc.
	ZOLL Medical Corporation	Production and sale of acute critical care devices and systems
Administrative, etc.	Asahi Kasei (China) Co., Ltd.	Investment and business support services, etc. in China
	Asahi Kasei America, Inc.	Business support services in US
	Asahi Yukizai Corp.	Production, processing, and sale of synthetic resin and fabricated plastic products

The Company had 203 consolidated subsidiaries and 53 equity-method affiliates at the end of FY2018, including material subsidiaries, etc. stated in (1) above.

- (2) Integration and reorganization of material subsidiaries, etc.  
Not applicable.

## 5. Matters regarding Shares of a Stock Company

- (1) Total number of authorized shares: 4,000,000,000 shares
- (2) Total number of outstanding shares: 1,402,616,332 shares (including 6,048,933 shares of treasury stock)
- (3) Number of shareholders: 88,768 persons (increased by 3,466 persons compared to the end of previous fiscal year)



(4) Largest shareholders (top 10)

Name of shareholder	Number of shares owned (thousand shares)	Percentage of equity* (%)
JP Morgan Chase Bank 380055	144,167	10.32
The Master Trust Bank of Japan, Ltd. (trust account)	96,082	6.88
Japan Trustee Services Bank, Ltd. (trust account)	67,230	4.81
Nippon Life Insurance Company	58,400	4.18
Sumitomo Mitsui Banking Corp.	35,404	2.54
Asahi Kasei Group Employee Stockholding Assn.	32,452	2.32
SSBTC Client Omnibus Account	28,926	2.07
Japan Trustee Services Bank, Ltd. (trust account 5)	27,343	1.96
Japan Trustee Services Bank, Ltd. (trust account 7)	22,654	1.62
State Street Bank West Client – Treaty 505234	20,932	1.50

\* Percentage of equity ownership after exclusion of treasury stock

### III. Matters regarding Company Officers

#### 1. Situation of Directors and Corporate Auditors

(As of March 31, 2019)

Position	Name	Responsibilities	Situation of concurrent holding of important posts
President and Representative Director	Hideki Kobori	<ul style="list-style-type: none"> <li>• Presidential Executive Officer</li> <li>• Convener and chairman of the General Meetings of Shareholders, the Board of Directors and meetings of the Management Council</li> <li>• Nomination Advisory Committee Member</li> <li>• Remuneration Advisory Committee Member</li> </ul>	
Representative Director	Masafumi Nakao	<ul style="list-style-type: none"> <li>• Vice-Presidential Executive Officer</li> <li>• Corporate ESH, QA, Regional Offices, Corporate Production Technology, Manufacturing, R&amp;D</li> <li>• Nomination Advisory Committee Member</li> <li>• Remuneration Advisory Committee Member</li> </ul>	
Director	Yutaka Shibata	<ul style="list-style-type: none"> <li>• Primary Executive Officer</li> <li>• Executive Officer for Strategy, Accounting/Finance, IT</li> <li>• Oversight of Asahi Kasei America, Inc., Asahi Kasei (China) Co., Ltd.</li> </ul>	
Director	Shuichi Sakamoto	<ul style="list-style-type: none"> <li>• Senior Executive Officer</li> <li>• Health Care</li> </ul>	
Director	Nobuyuki Kakizawa	<ul style="list-style-type: none"> <li>• Senior Executive Officer</li> <li>• General Affairs, Legal, Risk Management &amp; Compliance</li> </ul>	
Director	Soichiro Hashizume	<ul style="list-style-type: none"> <li>• Lead Executive Officer</li> <li>• Human Resources</li> </ul>	
Outside Director	Masumi Shiraishi	<ul style="list-style-type: none"> <li>• Nomination Advisory Committee Member</li> <li>• Remuneration Advisory Committee Member</li> </ul>	Professor of Faculty of Policy Studies, Kansai University
Outside Director	Tsuneyoshi Tatsuoka	<ul style="list-style-type: none"> <li>• Nomination Advisory Committee Member</li> <li>• Remuneration Advisory Committee Member</li> </ul>	Outside Director of Nitori Holdings Co., Ltd. (member of audit committee) Outside Director of Mitsubishi Corporation
Outside Director	Tsuyoshi Okamoto	<ul style="list-style-type: none"> <li>• Nomination Advisory Committee Member</li> <li>• Remuneration Advisory Committee Member</li> </ul>	Senior Corporate Advisor of Tokyo Gas Co., Ltd. Outside Director of Japan Post Holdings Co., Ltd.
Corporate Auditor	Yuji Kobayashi		
Corporate Auditor	Shinsuke Kido		
Outside Corporate Auditor	Akio Makabe		Professor, Hosei Graduate School of Regional Policy Design
Outside Corporate Auditor	Tetsuo Ito		<ul style="list-style-type: none"> <li>• Attorney-at-Law, (Of Counsel, Nishimura &amp; Asahi)</li> <li>• Outside Corporate Auditor of Takasago Thermal Engineering Co., Ltd.</li> <li>• Outside Corporate Auditor of UNIZO Holdings Co., Ltd.</li> <li>• Outside Director of Japan Petroleum Exploration Co., Ltd.</li> </ul>

Position	Name	Responsibilities	Situation of concurrent holding of important posts
Outside Corporate Auditor	Hikoe Konishi		<ul style="list-style-type: none"> <li>• Certified Public Accountant, Certified Tax Accountant</li> <li>• Full-Time Corporate Auditor, Smart Resource Co., Ltd.</li> </ul>

- (Notes) 1. Directors Yutaka Shibata and Tsuyoshi Okamoto were newly elected as Director at the 127th Ordinary General Meeting of Shareholders held on June 27, 2018, and assumed office as of the same date.
2. Directors Masumi Shiraishi, Tsuneyoshi Tatsuoka, and Tsuyoshi Okamoto are Outside Directors as stipulated in Article 2, Item 15 of the Companies Act and are registered as Independent Directors as specified by the Tokyo Stock Exchange.
3. Corporate Auditors Akio Makabe, Tetsuo Ito, and Hikoe Konishi are Outside Corporate Auditors as stipulated in Article 2, Item 16 of the Companies Act and are registered as Independent Corporate Auditors as specified by the Tokyo Stock Exchange.
4. Corporate Auditor Akio Makabe has instructed and conducted research on economics and finance at universities, etc., while Corporate Auditor Hikoe Konishi is licensed as a certified public accountant and has vast experience of corporate auditing over the years. Both persons have considerable insight into finance and accounting.
5. The Company has executed contracts with three Directors: Masumi Shiraishi, Tsuneyoshi Tatsuoka, and Tsuyoshi Okamoto, as well as five Corporate Auditors: Yuji Kobayashi, Shinsuke Kido, Akio Makabe, Tetsuo Ito, and Hikoe Konishi to limit liability for damages as stipulated in Article 423, Paragraph 1 of the Companies Act, to the higher of either ¥10 million or the minimum liability limit amount for damages stipulated in laws and regulations.

## 2. Matters pertaining to Remuneration, etc. of Directors and Corporate Auditors

### (1) The amount of remuneration, etc. of Directors and Corporate Auditors in FY2018

Classification	Amount Paid (In millions of yen)	Breakdown by remuneration type (In millions of yen)			Number of Directors and Corporate Auditors Paid
		Basic remuneration	Performance-linked remuneration	Stock-based remuneration	
Directors	458	252	163	44	11
(of which Outside Directors)	45	45	–	–	4
Corporate Auditors	132	132	–	–	5
(of which Outside Corporate Auditors)	45	45	–	–	3

- (Notes) 1. The cash remuneration limit to be paid to Directors is set at ¥650 million per year, of which annual remuneration for Outside Directors is ¥50 million or less (the resolution was made on the 123rd Ordinary General Meeting of Shareholders held on June 27, 2014).
2. The cash remuneration limit to be paid to Corporate Auditors is set at ¥150 million per year (the resolution was made on the 115th Ordinary General Meeting of Shareholders held on June 29, 2006).
3. The above total remuneration includes in sums recorded as expenses for the period under review based on the stock-based remuneration system approved at the 126th Ordinary General Meeting of Shareholders held on June 28, 2017. The stock-based remuneration is intended only for Directors, excluding Outside Directors. An upper limit of ¥300 million applies for the three fiscal years from FY2017 to FY2019.
4. The number of Officers as of March 31, 2019 is nine Directors (of which three are Outside Directors) and \_\_\_ five Corporate Auditors (of which three are Outside Corporate Auditors).

### (2) Policy regarding the determination of remuneration amount for Officers and the procedures

#### 1) Remuneration for Directors

Directors' remuneration is composed of fixed basic remuneration, variable performance-linked remuneration reflecting financial results, and stock-based remuneration. This remuneration is set within the limits for remuneration and granting of stock approved by a General Meeting of Shareholders, and is determined based on a remuneration system approved in advance by the Board of Directors.

Fixed base remuneration is determined by the rank of each Director, and performance-linked remuneration determined based on consolidated financial results of the Group and individual performance evaluation. Performance is comprehensively evaluated in consideration of the degree of achievement of individually-established objectives, achievements, contributions to financial performance, and the degree of contributions, in addition to management benchmarks including, but not limited to, net sales, operating income, and ROA. Stock-based remuneration is granted to executives of the Group upon their retirement based on a number of shares granted according to the rank of each

Director, creating a framework wherein current management efforts are reflected in the future stock prices and received as consideration. Additionally, remuneration for Outside Directors is comprised solely of fixed basic remuneration.

The Company determines the level of remuneration based on research data provided by external specialized agencies, etc.

In order to further improve objectivity and transparency of Directors' remuneration, the Company has established a Remuneration Advisory Committee, which mainly consists of Outside Directors, to participate in discussions about the Directors' remuneration system and operation thereof, and to provide advice to the Board of Directors.

## 2) Remuneration for Corporate Auditors

The performance-linked remuneration system is not applied in the remuneration for Corporate Auditors, in consideration of their role of auditing the execution of duties of Directors in a position independent from Directors, and their remuneration consists of fixed remuneration. Individual remuneration amounts are determined through discussions with Corporate Auditors.

## 3. Matters regarding Outside Officers

### Situation of major activities of Outside Officers

Classification	Name	Situation of attendance to the Board of Directors (attendance rate)	Situation of attendance to the Board of Corporate Auditors (attendance rate)	Remarks
Directors	Masumi Shiraishi	15 out of 15 meetings (100%)	–	She appropriately made statements that were necessary to the Board's deliberation of agenda based on her high personal insight as a university professor.
	Tsuneoyoshi Tatsuoka	14 out of 15 meetings (93%)	–	He appropriately made statements that were necessary to the Board's deliberation of agenda based on his broad knowledge of industry.
	Tsuyoshi Okamoto	11 out of 11 meetings (100%)	–	He appropriately made statements that were necessary to the Board's deliberation of agenda based on his high personal insight as a management executive.
Corporate Auditors	Akio Makabe	15 out of 15 meetings (100%)	17 out of 17 meetings (100%)	He appropriately made statements that were necessary to the Board's deliberation of agenda based on his high personal insight as a university professor.
	Tetsuo Ito	14 out of 15 meetings (93%)	17 out of 17 meetings (100%)	He appropriately made statements that were necessary to the Board's deliberation of agenda based on his high personal insight as a prosecutor and attorney-at-law.
	Hikoe Konishi	14 out of 15 meetings (93%)	15 out of 17 meetings (88%)	He appropriately made statements that were necessary to the Board's deliberation of agenda based on his high personal insight as a certified public accountant.

(Note) No special relation exists between important posts held concurrently as stated in the "Situation of Directors and Corporate Auditors," and the Company.

#### **IV. Status of Independent Auditors**

- (1) Name of Independent Auditors  
PricewaterhouseCoopers Aarata LLC
- (2) The rationale for the Board of Corporate Auditors having agreed on the amount of remuneration, etc. to be paid to Independent Auditors pertaining to FY2018
  - 1) Remuneration for audit services as stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Act  
PricewaterhouseCoopers Aarata: ¥168 million
  - 2) Total amount of remuneration to be paid by the Company and its subsidiaries and other financial profit  
PricewaterhouseCoopers Aarata: ¥268 million

- (Notes) 1. In the audit contract between the Company and Independent Auditors, it is not practically possible to distinguish between the remuneration for the audit based on the Companies Act as Independent Auditors and that for the audit based on the Financial Instrument and Exchange Act. Therefore, the above amounts include both of these.
2. In addition to audit services as stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Act, the Company pays Independent Auditors the expenses for the preparation of a comfort letter related to the Company's issuance of bonds.
  3. The Company's significant overseas subsidiaries are audited by parties other than the Company's Independent Auditors (such as a chartered accountant or an entity that has the equivalent qualification to a chartered accountant overseas) - (only to the extent the provisions of overseas statutory laws and regulations equivalent to the Companies Act and the Financial Instruments and Exchange Act are applicable).

- 3) The rationale for the Board of Corporate Auditors having agreed on the remuneration, etc. of Independent Auditors

The Board of Corporate Auditors agreed on the amount of the remuneration, etc. of the Independent Auditors after conducting necessary verification to ascertain the appropriateness of descriptions in the audit plan prepared by the Independent Auditors, the status of execution of accounting audit duties, the basis for the calculation of the estimated amount of remuneration estimation, etc.

- (3) Policies of dismissal or denial of reappointment of Independent Auditors  
The Board of Corporate Auditors shall dismiss Independent Auditors subject to the agreement of all Corporate Auditors when it concludes that any item of Article 340, Paragraph 1 of the Companies Act is applicable to Independent Auditors.

In addition to the above case, if it is deemed difficult for Independent Auditors to perform their duties adequately, the Board of Corporate Auditors shall decide a proposal concerning dismissal or denial of reappointment of Independent Auditors, and the Board of Directors shall submit the relevant proposal to the General Meeting of Shareholders based on the relevant decision.

## V. The System and Policy of the Company

### 1. Corporate governance system

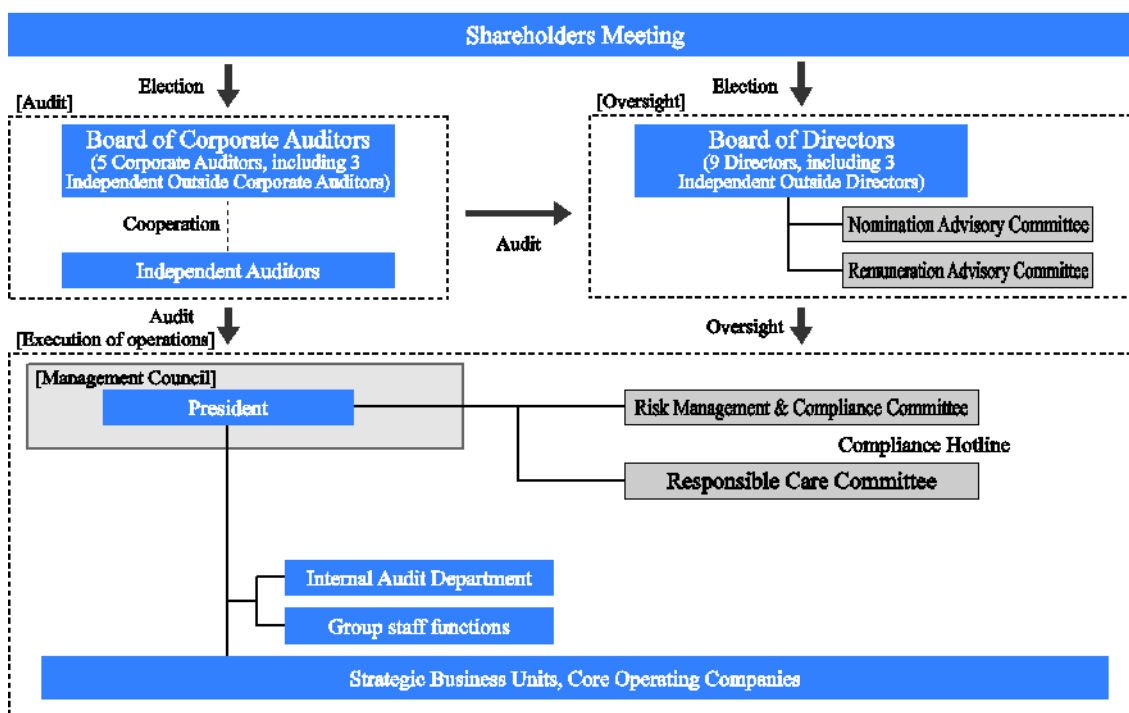
#### (1) Basic views for corporate governance

The Group Vision of the Company is to provide new value to society and solve social issues by enabling “Living in health and comfort” and “Harmony with the natural environment” under the Group Mission of “Contributing to life and living for people around the world.” With this as a base, the Company aims to contribute to society, achieve sustainable growth, and enhance corporate value over the medium to long term by promoting innovation and creating synergy through the integration of various businesses.

The Company continues to pursue optimal corporate governance as a framework to achieve transparent, fair, timely, and decisive decision-making in accordance with changes in the business environment.

#### (2) Diagram of corporate governance system of the Group

(As of March 31, 2018)



#### (3) Overviews of the Company’s corporate governance system

##### 1) Oversight and audit

The Board of Directors, which consists of nine Directors including three Independent Outside Directors (one-third), makes decisions on matters that are stipulated by laws/regulations and the Articles of Incorporation as requiring a Board of Directors resolution, as well as on important matters for the Company and the Group, and oversees execution of operations by Directors and Executive Officers.

Under the Board of Directors, the Company has established a Nomination Advisory Committee and a Remuneration Advisory Committee, which mainly consist of Outside Directors, so that Outside Directors actively participate in consideration of the optimal makeup and size of the Board of Directors of the Company, policies to nominate candidates for Directors/Corporate Auditors, independence standards and qualification for Outside Directors/Corporate Auditors, Directors’ remuneration policy/system, and evaluations of Directors for performance-based remuneration, and to provide relevant advice to the Board of Directors.

The Board of Corporate Auditors consists of five Corporate Auditors including three (majority) Independent Outside Corporate Auditors, and each Corporate Auditor, based on the audit policy stipulated by the Board of Corporate Auditors, oversees execution of duties by Directors by attending meetings of the Board of Directors and examining the status of execution of operations. Furthermore, in order to enhance the function of the Board of Corporate Auditors and to facilitate smooth cooperation and support with Outside Corporate Auditors, the Company has established a Corporate Auditors Office

staffed with dedicated employees.

PricewaterhouseCoopers Aarata performs audits based on the Companies Act and the Financial Instruments and Exchange Act.

The Company has established Internal Audit Department which conducts internal audits based on an audit plan. Results of internal audits performed by each staff function are aggregated in the Internal Audit Department and reported to the Board of Directors.

2) Execution of operation

The Company has adopted an Executive Officer system in order to expedite the execution of operations, as well as to clarify responsibilities and specify the roles of Directors in charge of decision-making and oversight, and of Executive Officers in charge of execution of operations.

The Company has established detailed standards for decision-making in its Decision-making and Approval Authority Rules of the Group with regard to matters concerning the management plan, investment and loans, financing and fund management, the organization and rules, research and development, and production technology, and delegates authority to the Management Council and the core operating companies from the Board of Directors.

3) Risk management and compliance

The Company has established the Risk Management & Compliance Committee which adopts policies and deliberates on matters in regard to risk management and compliance. Also, The Company has established the Responsible Care (RC) Committee which discusses preventive measures and recurrence prevention measures for accidents related to environmental protection, quality control, operational safety, and workplace safety/health.

**(4) Evaluation of the effectiveness of the Board of Directors**

The Company's Board of Directors reviews its effectiveness at the end of each fiscal year, and discloses its evaluation.

1. Measures implemented in FY2018

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

1) Enhanced provision of information to Outside Directors and Outside Corporate Auditors

As part of our efforts to expand the provision of information to Outside Directors and Outside Corporate Auditors, we continuously arrange visits to our manufacturing and R&D sites. We also arrange regular briefings by people responsible for each of our wide-ranging business units, to keep Outside Directors and Outside Corporate Auditors informed of the current business situation and issues, and to provide information through internal and external events to encourage a deeper understanding of the Company. We will continue to expand briefings to Outside Directors and Outside Corporate Auditors.

2) Sharing information: Investor relations activities and investor opinion feedback

The responsible Executive Officer regularly reports to the Board of Directors on the content of communication with investors through IR activities and trends in the investment environment. We shall continue to encourage discussion at the Board of Directors, promptly incorporating feedback from investors.

3) Enhancing deliberations in preparation for the next mid-term management plan

In preparation for the mid-term management plan beginning in FY2019, the Company has provided ample time for discussion of management strategy from a longer-term perspective, and proceeded with deliberations among members of the Board of Directors including Outside Directors.

2. Moving forward

Based on deliberations of the effectiveness of the Board of Directors during FY2018, the Company will continue and expand these efforts in the future. Furthermore, in order to enhance the deliberations of the Board of Directors, we will further improve the operations of the Board of Directors through efforts such

as reviewing the criteria for agenda items, improving the format of documents, ensuring ample time for deliberations, etc., and moving forward, we will continue to consider the subjects of further enhancing efficient operations by the Nomination Advisory Committee and Remuneration Advisory Committee and the optimal size and composition of the Board of Directors.

## **2. System to ensure internal control and the status thereof**

The Company, at the Board of Directors level, has made decisions on policy concerning the system to ensure the appropriateness of operations, based on Article 362 of the Companies Act and Article 100 of the Ordinance for Enforcement of the Companies Act, and operates the policy.

### **1) The status of Risk Management System**

The Company centrally control and operate risk management and promote compliance across the entire Group based on the Asahi Kasei Group Basic Regulation for Risk Management & Compliance.

The Company also has assigned a Risk Management and Compliance Supervisor at each strategic business unit, core operating company, and affiliate. The Company performs risk analysis and appraisal, plans and implements action plans for significant risks, and confirms and follows up progress in risk management measures through the Risk Management & Compliance Committee.

### **2) The status of Compliance System**

The Company established “Asahi Kasei Group Code of Conduct” as a standard of corporate conduct for compliance and applies it to the entire Group. The Group distributed a Code of Conduct booklet to all officers and employees in Japan, and implemented continual dissemination and education. Overseas dissemination is being performed in succession through e-learning, training sessions, etc.

Note: We disclose “System to ensure internal control and the status thereof” in detail on our website.

## **3. Policy regarding dividends from retained earnings**

The Group aims to consistently expand operating cash flow in two basic ways. One is by enhancing profitability through business expansion, greater cost competitiveness, enhanced performance of quality, functions, and services, and business structure improvement, and the other is by improving capital efficiency through appropriate control of receivables and inventory levels. Given our currently sound financial position, the Group also employs various fund-raising methods such as borrowing from banks, issuing bonds, and issuing commercial paper flexibly and dynamically in accordance with the financial circumstances of the Group, in order to obtain stable and low-cost financing through interest-bearing debt.

In addition, the Group makes investment for growth for further business expansion and shareholder returns as dividends based on cash flow generated. The basic financial strategy of the Company is to maintain an appropriate balance between the two. Specifically, as measures for growth, the Company allocates funds toward the expansion of production facilities, R&D, and business alliances including M&A. Thereby, the Company strives to continuously increase dividends for shareholder returns.



**Consolidated Balance Sheets**  
(As of March 31, 2019)

(In millions of yen)

Accounts	Consolidated Fiscal Year Under Review (As of March 31, 2019)	Previous Consolidated Fiscal Year (As of March 31, 2018)
<b>(Assets)</b>		
<b>Current assets</b>	<b>1,051,393</b>	<b>938,947</b>
Cash and deposits	193,893	156,318
Notes and accounts receivable–trade	350,716	341,396
Merchandise and finished goods	201,699	169,948
Work in process	131,686	109,486
Raw materials and supplies	93,961	80,253
Other	82,900	83,956
Allowance for doubtful accounts	(3,461)	(2,411)
<b>Noncurrent assets</b>	<b>1,523,810</b>	<b>1,368,207</b>
<b>Property, plant and equipment</b>	<b>621,366</b>	<b>562,048</b>
Buildings and structures	252,886	231,802
Machinery, equipment and vehicles	216,966	198,577
Land	63,889	62,938
Lease assets	736	798
Construction in progress	64,188	50,502
Other	22,701	17,431
<b>Intangible assets</b>	<b>529,978</b>	<b>414,621</b>
Goodwill	319,898	252,724
Other	210,080	161,898
<b>Investments and other assets</b>	<b>372,465</b>	<b>391,538</b>
Investment securities	296,330	314,830
Long-term loans receivable	19,993	27,793
Deferred tax assets	27,508	17,775
Other	29,052	31,406
Allowance for doubtful accounts	(418)	(266)
<b>Total assets</b>	<b>2,575,203</b>	<b>2,307,154</b>

Note: Amounts are rounded to the nearest million yen.

(In millions of yen)

Accounts	Consolidated Fiscal Year Under Review (As of March 31, 2019)	Previous Consolidated Fiscal Year (As of March 31, 2018)
<b>(Liabilities)</b>	<b>1,172,493</b>	<b>1,001,939</b>
<b>Current liabilities</b>	<b>681,853</b>	<b>589,146</b>
Notes and accounts payable–trade	180,429	171,413
Short-term loans payable	97,579	118,018
Commercial paper	77,000	20,000
Current portion of bonds payable	20,000	-
Lease obligations	164	199
Accrued expenses	113,221	105,787
Income taxes payable	24,971	29,714
Advances received	75,836	70,142
Provision for grant of shares	82	28
Provision for periodic repairs	5,342	3,185
Provision for product warranties	3,102	2,730
Provision for removal cost of property, plant and equipment	2,251	2,425
Other	81,877	65,505
<b>Noncurrent liabilities</b>	<b>490,639</b>	<b>412,793</b>
Bonds payable	20,000	20,000
Long-term loans payable	209,878	143,176
Lease obligations	253	352
Deferred tax liabilities	48,299	36,639
Provision for grant of shares	289	172
Provision for periodic repairs	2,929	3,263
Provision for removal cost of property, plant and equipment	3,018	2,699
Net defined benefit liability	168,685	170,634
Long-term guarantee deposits	21,143	20,658
Other	16,145	15,198
<b>Net assets</b>	<b>1,402,710</b>	<b>1,305,214</b>
<b>Shareholders' equity</b>	<b>1,256,747</b>	<b>1,160,833</b>
Capital stock	103,389	103,389
Capital surplus	79,708	79,440
Retained earnings	1,077,586	981,934
Treasury stock	(3,936)	(3,930)
<b>Accumulated other comprehensive income</b>	<b>124,738</b>	<b>126,553</b>
Net unrealized gain on other securities	101,971	121,128
Deferred gains or losses on hedges	(40)	92
Foreign currency translation adjustment	42,020	28,676
Remeasurements of defined benefit plans	(19,213)	(23,343)
<b>Non-controlling interests</b>	<b>21,225</b>	<b>17,827</b>
<b>Total liabilities and net assets</b>	<b>2,575,203</b>	<b>2,307,154</b>

Note: Amounts are rounded to the nearest million yen.

**Consolidated Statements of Income**  
(April 1, 2018 - March 31, 2019)

(In millions of yen)

Accounts	Consolidated Fiscal Year Under Review (April 1, 2018 - March 31, 2019)	Previous Consolidated Fiscal Year (April 1, 2017 - March 31, 2018)
Net sales	2,170,403	2,042,216
Cost of sales	1,481,855	1,393,111
<b>Gross profit</b>	<b>688,548</b>	<b>649,105</b>
Selling, general and administrative expenses	478,960	450,630
<b>Operating income</b>	<b>209,587</b>	<b>198,475</b>
Non-operating income	25,504	27,802
Interest income	3,094	2,078
Dividends income	6,060	6,626
Equity in earnings of affiliates	12,112	13,137
Other	4,238	5,961
Non-operating expenses	15,115	13,733
Interest expense	4,371	4,594
Foreign exchange loss	2,686	2,971
Other	8,058	6,169
<b>Ordinary income</b>	<b>219,976</b>	<b>212,544</b>
Extraordinary income	12,235	15,698
Gain on sales of investment securities	11,580	15,164
Gain on sales of noncurrent assets	655	534
Extraordinary loss	21,814	9,908
Loss on valuation of investment securities	173	31
Loss on disposal of noncurrent assets	6,630	6,261
Impairment loss	11,090	2,158
Business structure improvement expenses	3,921	1,460
<b>Income before income taxes</b>	<b>210,397</b>	<b>218,333</b>
Income taxes—current	63,730	63,239
Income taxes—deferred	(3,148)	(17,095)
<b>Net income</b>	<b>149,815</b>	<b>172,190</b>
Net income attributable to non-controlling interests	2,303	1,941
<b>Net income attributable to owners of the parent</b>	<b>147,512</b>	<b>170,248</b>

Note: Amounts are rounded to the nearest million yen.

**(Reference)**  
**Summary of Consolidated Statements of Cash Flows**  
(April 1, 2018 - March 31, 2019)

(In millions of yen)

Description	Amount
<b>Cash flows from operating activities</b>	<b>212,062</b>
Income before income taxes	210,397
Depreciation and amortization	84,556
Amortization of goodwill	19,490
Decrease in notes and accounts receivable–trade	3,942
Increase in inventories	(57,968)
Decrease in notes and accounts payable–trade	(776)
Increase in accrued expenses	5,859
Increase in advances received	5,266
Income taxes paid	(67,687)
Other	8,983
<b>Cash flows from investing activities</b>	<b>(198,917)</b>
Purchase of property, plant and equipment	(114,718)
Proceeds from sales of property, plant and equipment	652
Purchase of intangible assets	(10,136)
Purchase of investment securities	(2,624)
Proceeds from sales of investment securities	17,030
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(93,487)
Payments for acquisition of businesses	(2,764)
Other	7,130
<b>Cash flows from financing activities</b>	<b>17,388</b>
Net increase in loans payable and commercial papers	71,819
Cash dividends paid	(51,674)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(1,148)
Other	(1,609)
<b>Effect of exchange rate change on cash and cash equivalents</b>	<b>543</b>
<b>Net increase in cash and cash equivalents</b>	<b>31,077</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>148,596</b>
<b>Increase in cash and cash equivalents resulting from changes in scope of consolidation</b>	<b>846</b>
<b>Cash and cash equivalents at end of period</b>	<b>180,520</b>

Note: Amounts are rounded to the nearest million yen.

**Non-Consolidated Balance Sheets**  
(As of March 31, 2019)

(In millions of yen)

Accounts	Non-Consolidated Fiscal Year Under Review (As of March 31, 2019)	Previous Non- Consolidated Fiscal Year (As of March 31, 2018)
<b>(Assets)</b>		
<b>Current assets</b>	<b>458,798</b>	<b>437,073</b>
Cash and deposits	46,556	36,573
Notes receivable–trade	1,342	2,106
Electronically recorded monetary claims–operating	3,328	3,227
Accounts receivable–trade	150,639	154,087
Merchandise and finished goods	87,200	71,767
Work in process	25,571	22,528
Raw materials and supplies	41,946	38,944
Prepaid expenses	4,437	4,320
Accounts receivable–other	28,031	28,365
Short-term loans receivable	2	2
Short-term loans receivable from subsidiaries and affiliates	31,049	40,774
Advances paid	37,519	31,818
Other	6,334	3,711
Allowance for doubtful accounts	(5,157)	(1,150)
<b>Noncurrent assets</b>	<b>1,300,341</b>	<b>1,212,195</b>
<b>Property, plant and equipment</b>	<b>286,462</b>	<b>247,709</b>
Buildings	97,820	87,171
Structures	27,218	24,531
Machinery and equipment	81,360	68,169
Vehicles	281	286
Tools, furniture and fixtures	8,921	5,909
Land	45,743	45,460
Lease assets	18	37
Construction in progress	25,102	16,146
<b>Intangible assets</b>	<b>10,037</b>	<b>10,222</b>
Software	8,293	8,482
Other	1,745	1,740
<b>Investments and other assets</b>	<b>1,003,842</b>	<b>954,264</b>
Investment securities	186,801	211,600
Stocks of subsidiaries and affiliates	717,223	616,137
Investments in capital	11	11
Long-term loans receivable	9	10
Long-term loans receivable from subsidiaries and affiliates	92,865	116,519
Long-term prepaid expenses	1,073	1,343
Other	5,860	8,645
<b>Total assets</b>	<b>1,759,139</b>	<b>1,649,268</b>

(In millions of yen)

Accounts	Non-Consolidated Fiscal Year Under Review (As of March 31, 2019)	Previous Non- Consolidated Fiscal Year (As of March 31, 2018)
<b>(Liabilities)</b>	<b>980,916</b>	<b>891,015</b>
<b>Current liabilities</b>	<b>677,150</b>	<b>649,022</b>
Notes payable–trade	1,013	964
Accounts payable–trade	62,483	62,709
Short-term loans payable	62,000	46,631
Commercial paper	77,000	20,000
Current portion of bonds payable	20,000	-
Current portion of long-term loans payable	17,015	52,379
Short-term loans payable to subsidiaries and affiliates	293,475	339,085
Lease obligations	13	19
Accounts payable–other	45,681	38,535
Accrued expenses	34,812	32,641
Income taxes payable	11,737	18,549
Advances received	2,931	4,179
Deposits received	4,307	4,201
Provision for grant of shares	60	21
Provision for periodic repairs	5,342	3,185
Provision for removal costs of property, plant and equipment	2,051	2,210
Provision for loss on guarantees	1,402	-
Provision for warranties	223	223
Notes payable–alternative payment	3,642	2,523
Other	31,965	20,969
<b>Noncurrent liabilities</b>	<b>303,766</b>	<b>241,993</b>
Bonds payable	20,000	20,000
Long-term loans payable	194,850	126,117
Lease obligations	7	20
Deferred tax liabilities	21,176	27,852
Provision for retirement benefits	60,108	58,842
Provision for grant of shares	172	107
Provision for periodic repairs	306	1,104
Provision for removal costs of property, plant and equipment	2,580	2,363
Provision for warranties	211	421
Long-term guarantee deposits	3,243	3,273
Other	1,113	1,893

Accounts	Non-Consolidated Fiscal Year Under Review (As of March 31, 2019)	Previous Non- Consolidated Fiscal Year (As of March 31, 2018)
<b>(Net assets)</b>	<b>778,223</b>	<b>758,254</b>
<b>Shareholders' equity</b>	<b>681,229</b>	<b>643,623</b>
<b>Capital stock</b>	<b>103,389</b>	<b>103,389</b>
<b>Capital surplus</b>	<b>79,417</b>	<b>79,411</b>
Legal capital surplus	79,396	79,396
Other capital surplus	21	15
<b>Retained earnings</b>	<b>502,359</b>	<b>464,753</b>
Legal retained earnings	25,847	25,847
Other retained earnings	476,512	438,906
Reserve for special depreciation	75	115
Reserve for advanced depreciation of noncurrent assets	11,523	11,634
Reserve for special disaster	17	16
Reserve for dividend equalization	7,000	7,000
General reserve	82,000	82,000
Retained earnings brought forward	375,897	338,142
<b>Treasury stock</b>	<b>(3,936)</b>	<b>(3,930)</b>
<b>Valuation and translation adjustments</b>	<b>96,994</b>	<b>114,631</b>
<b>Net unrealized gain on other securities</b>	<b>97,036</b>	<b>114,510</b>
<b>Deferred gains or losses on hedges</b>	<b>(42)</b>	<b>120</b>
<b>Total liabilities and net assets</b>	<b>1,759,139</b>	<b>1,649,268</b>

Note: Amounts are rounded to the nearest million yen.

**Non-Consolidated Statements of Income**  
(April 1, 2018 - March 31, 2019)

(In millions of yen)

Accounts	Non-Consolidated Fiscal Year Under Review (April 1, 2018 - March 31, 2019)	Previous Non- Consolidated Fiscal Year (April 1, 2017 - March 31, 2018)
Net Sales	665,839	621,875
Cost of sales	516,005	484,991
<b>Gross profit</b>	<b>149,834</b>	<b>136,883</b>
Selling, general and administrative expenses	98,761	92,692
<b>Operating income</b>	<b>51,072</b>	<b>44,192</b>
Non-operating income	65,866	58,726
Interest and dividends income	63,884	55,622
Other income	1,982	3,104
Non-operating expenses	10,260	8,754
Interest expenses	3,639	3,577
Foreign exchange loss	1,480	1,883
Provision for loss on guarantees	1,402	-
Other	3,739	3,295
<b>Ordinary income</b>	<b>106,679</b>	<b>94,163</b>
Extraordinary income	7,427	17,322
Gain on sales of investment securities	6,830	15,093
Gain on liquidation of subsidiaries and affiliates	3	1,015
Gain on sales of noncurrent assets	593	1,000
Gain on extinguishment of tie-in shares	-	214
Extraordinary loss	11,539	12,441
Loss on valuation of investment securities	19	8
Loss on valuation of shares of subsidiaries and affiliates	426	5,942
Loss on disposal of noncurrent assets	4,842	4,305
Impairment loss	150	829
Business structure improvement expense	6,103	1,356
<b>Income before income taxes</b>	<b>102,566</b>	<b>99,045</b>
Income taxes—current	12,170	12,351
Income taxes—deferred	1,117	2,410
<b>Net income</b>	<b>89,279</b>	<b>84,284</b>

Note: Amounts are rounded to the nearest million yen.



## Independent Auditors' Report (consolidated)

May 8, 2019

The Board of Directors  
Asahi Kasei Corporation

### **PricewaterhouseCoopers Aarata LLC**

Designated Limited Liability Partner Engagement Partner	Certified Public Accountant	Koichiro Kimura
Designated Limited Liability Partner Engagement Partner	Certified Public Accountant	Taisuke Shiino
Designated Limited Liability Partner Engagement Partner	Certified Public Accountant	Yuichiro Amano

We have audited the consolidated financial statements, comprising the consolidated balance sheets, the consolidated statements of income, the consolidated statement of changes in shareholders' equity and the related notes of Asahi Kasei Corporation as at March 31, 2019, and for the fiscal year from April 1, 2018, to March 31, 2019, in accordance with Article 444, Paragraph 4, of the Companies Act.

#### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting standards generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit and from an independent perspective. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we develop an audit plan and perform the audit under the plan to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. Audit procedures are selected and applied based on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies adopted by management and methods of application thereof and the reasonableness of accounting estimates made by management as well as evaluating the overall presentation of the consolidated financial statements.

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

#### Opinion

In our opinion, the consolidated financial statements referred to above fairly present, in all material respects, the financial position and the results of operations of Asahi Kasei Corporation and its consolidated subsidiaries for the period for which the consolidated financial statements were prepared, in accordance with accounting standards generally accepted in Japan.

#### Conflicts of Interest

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Act.

Independent Auditors' Report (non-consolidated)

May 8, 2019

The Board of Directors  
Asahi Kasei Corporation

**PricewaterhouseCoopers Aarata LLC**

Designated Limited Liability Partner Engagement Partner	Certified Public Accountant	Koichiro Kimura
Designated Limited Liability Partner Engagement Partner	Certified Public Accountant	Taisuke Shiino
Designated Limited Liability Partner Engagement Partner	Certified Public Accountant	Yuichiro Amano

We have audited the financial statements, comprising the balance sheets, the statements of income, the statements of changes in shareholders' equity and the related notes, and the supplementary schedules of Asahi Kasei Corporation as at March 31, 2019 and for the 128th financial period from April 1, 2018, to March 31, 2019, in accordance with Article 436, Paragraph 2, Item 1, of the Companies Act.

**Management's Responsibility for the Financial Statements and Others**

Management is responsible for the preparation and fair presentation of the financial statements and the supplementary schedules in accordance with accounting standards generally accepted in Japan, and for designing and operating such internal controls as management determines is necessary to enable the preparation and fair presentation of financial statements and the supplementary schedules that are free from material misstatements, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the financial statements and the supplementary schedules based on our audit and from an independent perspective. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we develop an audit plan and perform the audit under the plan to obtain reasonable assurance about whether the financial statements and the supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the supplementary schedules. Audit procedures are selected and applied based on our judgment, including the assessment of the risks of material misstatement of the financial statements and the supplementary schedules, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements and the supplementary schedules in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies adopted by management and methods of application thereof and the reasonableness of accounting estimates made by management as well as evaluating the overall presentation of the financial statements and the supplementary schedules.

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

**Opinion**

In our opinion, the financial statements and the supplementary schedules referred to above fairly present, in all material respects, the financial position and the results of operations of Asahi Kasei Corporation for the period for which the financial statements and the supplementary schedules were prepared, in accordance with accounting standards generally accepted in Japan.

**Conflicts of Interest**

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Act.

## Audit Report

With respect to the directors' performance of their duties during the 128th financial period from April 1, 2018, to March 31, 2019, the Board of Corporate Auditors has prepared this audit report upon deliberations based on the audit reports prepared by each of the Corporate Auditors, and hereby reports as follows:

### 1. Method and Content of Audit Conducted by Corporate Auditors and the Board of Corporate Auditors

- (1) The Board of Corporate Auditors formulated audit policy, audit plans, etc. and set as priority audit items the status of corporate governance, the development and operation status of internal control systems, status of responsible care activities, the development and operation status of risk control, the results of the current med-term management plan and formulation status of the next mid-term management plan, etc. Furthermore, in addition to receiving reports from each of the Corporate Auditors regarding the status of implementation of their audits and results thereof, the Board of Corporate Auditors received reports from the Directors, etc. and the Independent Auditors regarding the status of performance of their duties and requested explanations when deemed necessary.
- (2) In conformity with standards of audit by Corporate Auditors set down by the Board of Corporate Auditors and in accordance with the audit policy and audit plans, we, Corporate Auditors, sought to facilitate mutual understanding with Directors, the internal audit division and other employees, endeavored to collect information and maintain and improve the audit environment, and conducted audits as follows:
  - 1) We attended Board of Directors meetings and other important meetings, received reports from Directors and other employees concerning performance of their duties, requested explanations as necessary, examined important approval documents and inspected the operations and financial affairs at the head office and other major business locations. With respect to subsidiaries (core operating companies, etc.), we facilitated a mutual understanding and exchanged information with Directors, Corporate Auditors, etc. of subsidiaries, and received from subsidiaries reports on their operations as necessary.
  - 2) We periodically received reports from Directors and other employees, sought explanations as necessary, and expressed our opinions regarding the contents of resolutions by the Board of Directors concerning the development of systems stipulated in Article 100, Paragraphs 1 and 3, of the Ordinance for Enforcement of the Companies Act, which are necessary to ensure that Directors' performance of their duties is in conformity with laws and regulations and the Articles of Incorporation of the Company, and to ensure the appropriateness of operations of the Company and its subsidiaries, as described in the business report, as well as the status of the building and management of the systems developed pursuant to such resolutions (internal control systems).

We also periodically received reports from Directors, other employees and PricewaterhouseCoopers Aarata LLC, sought explanations as necessary and expressed our opinions regarding assessment of internal control over financial reporting as well as the status of audit thereof.

As the Group adopts an "Operating Holding Company" structure, we held liaison meetings with the internal audit division and Corporate Auditors of subsidiaries on a routine basis, thereby examining the effectiveness of the Group's internal control systems.

- 3) We examined the contents of the basic policy on control of the Company presented in the business report and related measures in light of the status of discussions by the Board of Directors and others.
- 4) We monitored and examined whether the Independent Auditors maintained their independence and properly conducted audit, received reports from the Independent Auditors concerning the status of the performance of its duties, and requested explanations when deemed necessary. We were also notified by the Independent Auditors that they had in place "systems for ensuring proper execution of duties" (matters listed in each item of Article 131 of the Corporate Accounting Rules) in accordance with the "Standards on Quality Control for Audits" (Business Accounting Council, October 28, 2005), etc. and requested explanations as necessary.

Based on the above-described methods, the Corporate Auditors conducted examinations of the Company's business report and the supplementary schedules, the non-consolidated financial statements (non-consolidated balance sheets, non-consolidated statements of income, non-consolidated statements of changes in net assets and related notes) and the supplementary schedules, and the consolidated financial statements (consolidated balance sheets, consolidated statements of income, consolidated statements of changes in net assets and related notes) for the business year under review.

### 2. Results of Audit

- (1) Results of audit of the business report, etc.
- 1) We acknowledge that the business report and the supplementary schedules fairly present the status of the Company pursuant to laws and regulations and the Articles of Incorporation of the Company.
  - 2) We acknowledge that no misconduct or material fact constituting a violation of any laws or regulations or the Articles of Incorporation of the Company was found with respect to the Directors' performance of their duties.
  - 3) We acknowledge that the details of resolutions approved by the Board of Directors concerning the internal control systems are appropriate. No matters that necessitate comment were found regarding the details described in the business report and the Directors' performance of their duties both with respect to the internal control systems including internal control over financial reporting.  
 We have confirmed that as described in the business report, the Company has been reinforcing the Group risk management and compliance posture, in light of the issue of manipulation of precast concrete pile installation data, which was disclosed in October 2015.  
 Additionally, in terms of Responsible Care, we are reforming the organization so that the Quality Assurance Department becomes independent and it is directly controlled by the responsible director in order to further strengthen the quality assurance system. The Board of Corporate Auditors will keep close watch on the effectiveness of these measures.  
 Furthermore, regarding the damage compensation suit concerning piling work filed by Mitsui Fudosan Residential Co., Ltd. and two other companies against Asahi Kasei Construction Materials Corporation, a subsidiary of Asahi Kasei Corporation, the Board of Directors will keep close watch on any new developments.
  - 4) No matters that necessitate comment were found regarding the basic policy on control of the Company presented in the business report. We acknowledge that the related measures are in line with the basic policy and do not undermine common interests of the Company's shareholders or aim to maintain the positions of the Company's officers.
- (2) Results of audit of the non-consolidated financial statements and the supplementary schedules  
 We acknowledge that the methods of the audit used and results of audit reached by the Independent Auditors, PricewaterhouseCoopers Aarata LLC, are appropriate.
- (3) Results of audit of the consolidated financial statements  
 We acknowledge that the methods of the audit used and results of audit reached by the Independent Auditors, PricewaterhouseCoopers Aarata LLC, are appropriate.

May 9, 2019

The Board of Corporate Auditors  
 Asahi Kasei Corporation

Corporate Auditor	Yuji Kobayashi
Corporate Auditor	Shinsuke Kido
Outside Corporate Auditor	Akio Makabe
Outside Corporate Auditor	Tetsuo Ito
Outside Corporate Auditor	Hikoe Konishi