

# CSR Report 2010

Asahi Kasei Group

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## ASAHI KASEI CORPORATION

CSR Office

1-105 Kanda Jinbocho, Chiyoda-ku Tokyo 101-8101, Japan

Phone: +81-3-3296-3083, Fax: +81-3-3296-3164

[www.asahi-kasei.co.jp/asahi/en/csr/](http://www.asahi-kasei.co.jp/asahi/en/csr/)



# Asahi Kasei Group CSR Report 2010

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### Purview of report

#### Period under review

The primary focus of the report is fiscal 2009 (April 2009 – March 2010), and all data shown corresponds to this period unless otherwise indicated. Some information pertaining to events subsequent to the end of the fiscal has also been included.

#### Organizational scope

The scope of the report is Asahi Kasei Corp. and its consolidated subsidiaries, except with respect to Responsible Care, in which case the scope is operations in Japan which implement Asahi Kasei Group's Responsible Care program.

As shown at right, Asahi Kasei has six operating segments corresponding to its main fields of business and a seventh operating segment, Services, Engineering and Others, for the remainder of operations. Unless otherwise specified, the titles and positions of the corporate officers and other personnel shown in this report are current as of July 2010.

| Operating segment                | Consolidated subsidiaries   |
|----------------------------------|---|
| Chemicals                        | Asahi Kasei Chemicals Corp. and 23 others   |
| Homes                            | Asahi Kasei Homes Corp. and 11 others   |
| Health Care                      | Asahi Kasei Pharma Corp.,<br>Asahi Kasei Kuraray Medical Co., Ltd.,<br>Asahi Kasei Medical Co., Ltd. and 5 others |
| Fibers                           | Asahi Kasei Fibers Corp. and 19 others  |
| Electronics                      | Asahi Kasei Microdevices Corp.,<br>Asahi Kasei E-materials Corp. and 11 others                                    |
| Construction Materials           | Asahi Kasei Construction Materials Corp.<br>and 7 others  |
| Services, Engineering and Others | 13 consolidated subsidiaries  |

## Basic Credo of the Asahi Kasei Group

### Basic tenets

We the Asahi Kasei Group, through constant innovation and advances based in science and the human intellect, will contribute to human life and human livelihood.

### Guiding precepts

We will ...

- ... create new value, thinking and working in unison with the customer, from the perspective of the customer.
- ... respect the employee as an individual, and value teamwork and worthy endeavor.
- ... contribute to our shareholders, and to all whom we work with and serve, as an international, high earnings enterprise.
- ... strive for harmony with the natural environment and ensure the safety of our products, operations, and activities.
- ... progress in concert with society, and honor the laws and standards of society as a good corporate citizen.

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### Corporate citizenship

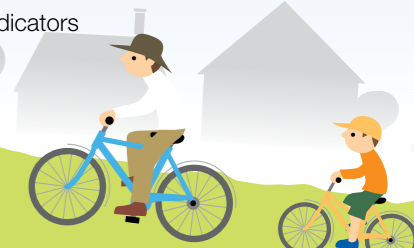
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### Publication

Published July 2010 in Japanese

### Guidelines consulted

The Global Reporting Initiative's *Sustainability Reporting Guidelines* were consulted during the preparation of this report.

## Our mission: Contributing to human life and human livelihood through business operations

The Asahi Kasei Group operates a broad array of businesses, including petrochemicals, housing and construction materials, fibers, pharmaceuticals and medical devices, and electronic materials and devices. As a corporate citizen, we constantly strive to ensure that our activities are performed in harmony with the global environment and society, in addition to maintaining an economic perspective. So how do we perceive and approach corporate social responsibility (CSR) as we complete the final year of our *Growth Action –2010* mid-term management initiative? President Taketsugu Fujiwara, who was installed in April 2010,

invited Ms. Hiroko Kiba, a prominent social commentator, to a discussion about Asahi Kasei Group's social responsibility.

**For a corporate citizen, CSR is a natural part of operations**

**Kiba:** You became president in April this year, about two months ago. Could you tell me your vision for the Asahi Kasei Group?

**Fujiwara:** We in the Asahi Kasei Group hold contribution to human life and human livelihood

through constant innovation and advances based in science and the human intellect as our basic tenets. In this context, I take "human life" to mean a society where each person is able to live in health and comfort, and "human livelihood" to mean a society that progresses in harmony with the natural environment. I believe that contributing to the development of these two aspects of society, with businesses compatible with the environment & energy and health & comfort, is both the proper path for the advancement of the Asahi Kasei Group and the essential responsibility that we must fulfill.

**Kiba:** It sounds like your corporate activities are directly linked to CSR. I think there is an increasing awareness of CSR, coupled with growing concerns about global environmental issues. What is your view of CSR?

**Fujiwara:** The Asahi Kasei Group believes that corporate activities themselves constitute CSR. In other words, a company must strive to ensure that it is compatible with the global environment as it offers products and services, makes profits, and contributes to the development of society. I believe we can contribute to a sustainable society by creating new products that are useful for the world and heightening our corporate value. At the

same time, we must manage our operations in a way that enables us to maintain the trust of our stakeholders, including consumers, our employees, and local communities, not to mention our shareholders. I think this is just a natural thing to do because a company is a member of society.

**Kiba:** Yes, if companies are not considered to be members of society, they would merely be passive entities which are forced to follow the rules of society. You mentioned that your company contributes to society through your business operations. But the Asahi Kasei Group operates such broad array of businesses, including chemicals, housing, and pharmaceuticals.

**Fujiwara:** Each business has its own characteristics, but they do share one basic aspect in common: they all contribute to human life and human livelihood. I believe that the mindset of our personnel is the most important part of achieving this objective, because it is our personnel who operate our businesses and perform our CSR activities. We can only create superior products and services and improve our corporate value when all personnel are proud to be part of an enterprise which helps make dreams come true.



### Ms. Hiroko Kiba

Ms. Kiba became a freelance commentator after working as a TV announcer. In addition to being an Adjunct Professor at the Faculty of Education of Chiba University since 2001, she is a member of the Advisory Committee for Natural Resources and Energy of the Ministry of Economy, Trade and Industry, the Council for Regulatory Reform under the Cabinet Office, and the Education Rebuilding Council of the Cabinet Secretariat. Ms. Kiba is also a presenter or commentator at lectures, symposiums, and a wide variety of other events. She is the mother of one.



### Taketsugu Fujiwara

President of Asahi Kasei Corporation

**Kiba:** So, employee job satisfaction and recognition in the community lead to increased corporate value. Companies also need to maintain compliance, transparent management, and open disclosure for stakeholders. What is your view on this?

**Fujiwara:** In 1998, we established our *Corporate Ethics – Basic Policy and Code of Conduct* to familiarize personnel with our corporate ethics policy. In the same year, we also established our Corporate Ethics Committee to oversee compliance education and monitor compliance while identifying shortcomings and formulating improvements. What is important, however, is to have good communication and trust. I believe it is vital that everybody communicates with each other beyond the boundaries of organizations and positions, and that includes me, too. Just having rules doesn't ensure compliance if there is an atmosphere of indifference among personnel.

**Manufacturing goods with consideration of harmony with the environment**



**Kiba:** I have the impression that Asahi Kasei is a leader in protecting the environment. We are today facing major challenges with respect to the environment, most notably in CO<sub>2</sub> emissions. Meanwhile, there are discussions about the depletion of fossil fuels and the introduction of alternative energy. What position does your

company take on these issues, given that you operate in industries with a heavy environmental footprint such as chemicals and housing?

**Fujiwara:** We believe that we have a natural obligation to consider the environment as we provide our products and services. While we have made real technological achievements, including significant reductions in CO<sub>2</sub> emissions, we have also established our Global Warming Response Committee in 2009 as a forum for discussing specific measures to address this issue.

<sup>1</sup> Life cycle assessment: A means to measure the environmental impact of a product over its entire life cycle, including the mining of natural resources and production of raw materials needed, use of the finished product by the consumer, and recycling of waste.

For some of our products, we have assessed life-cycle CO<sub>2</sub> emissions by LCA<sup>1</sup> and applied our in-house Sustainability Index to measure environmental, economic, and social value. Such methods will serve as valuable management tools as we consider our environmental and R&D strategies.

**Kiba:** Could you give me some examples of your specific environmental measures?

**Fujiwara:** Our environmental measures can be broadly divided into four categories: businesses that help improve the environment, businesses that conserve resources, businesses using renewable resources, and businesses based on environmentally friendly technology.

An example of a business that helps to improve the environment is our Microza™ hollow-fiber membrane. This product is playing a significant role in improving the water environment in many countries, including the United States and China, securing safe drinking water, and purifying and reusing wastewater and industrial water. A good example of a business that conserves resources would be our Hebel

Haus™ unit homes which combine solar power with geothermal heating or fuel-cell systems. Business that use renewable materials include Bemberg™ cupro regenerated cellulosic fiber made from cotton linter, and Green Promax™ cups made from plant-derived plastic. Among our businesses based on environmentally friendly technology, we have Hipore™ lithium-ion battery separator. The growing use of electric vehicles will be very effective in reducing CO<sub>2</sub> emissions. I believe that by producing an essential component of lithium-ion batteries which will power electric vehicles, we play an important role in protecting the environment. These are only some examples. We have so many other eco-friendly products and technologies that I could go on and on.



**Kiba:** I see. Although the chemical industry is considered to be energy intensive, you are contributing to the environment and society through production technologies, products, and materials. In addition, you are introducing these technologies throughout the world. I think that is wonderful. I have heard that you are also active in fellowship with local communities.

**Fujiwara:** The Asahi Kasei Group operates production sites in a number of places. So we place emphasis on harmony with local communities. We organize social events with local residents, hold plant tours, and engage in neighborhood cleanup and tree-planting activities. We also give science lectures and demonstrations at junior high schools and high schools to assist in the education and development of the next generation, which is the main focus of our social contribution.

**Kiba:** I hope you will continue these activities, because they are so important in educating the next generation, especially these days when children seem to be losing interest in the sciences.

Finally, can you tell me about the challenges and prospects that lie ahead for the Asahi

Kasei Group, in light of what you just described?

**Fujiwara:** I believe that the perspective of “environmental management” will take on even greater importance. I don't think it would be an exaggeration to say that companies that fail to care for the environment as a central issue will soon disappear. I believe our mission is to create new businesses with comfortable, eco-friendly products that respond appropriately to the changes and needs of the world by using our technological strengths, as well as to address environmental issues in a sensitive and serious manner as a manufacturer.

Economically, the world is becoming increasingly borderless. Our stakeholders are now more diverse. In my view, this means we must be more proactive



than before in describing our orientation and approach as well as providing information on our products and business results. In this way, we aim to reinforce our brand strength and heighten our corporate value.

**Asahi Kasei supports the UN's Global Compact and its ten universal principles**

**Human Rights**

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.
- Principle 2: Businesses should make sure that they are not complicit in human rights abuses.

**Labor Standards**

- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
- Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labor.
- Principle 5: Businesses should uphold the effective abolition of child labor.
- Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.

**Environment**

- Principle 7: Businesses should support a precautionary approach to environmental challenges.
- Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility.
- Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.

**Anti-Corruption**

- Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.



# For contribution to human life and human livelihood

## Operating configuration

Under the holding company configuration, the Asahi Kasei Group consists of nine core operating companies and Asahi Kasei Corp., which holds ownership of the core operating companies.

The nine core operating companies enjoy broad independence and autonomy to swiftly adapt and respond to changes in the operating environment. The holding company is focused on strategic planning & analysis, administration of resources, oversight of management execution, and development of new businesses which extend beyond the scope of any single operating segment.

### Holding company



### Core operating companies

|  |   |  |
|--|---|--|
| <b>Chemicals</b><br>Asahi Kasei Chemicals  |   | <b>Chemicals and derivative products</b><br>Ammonia, nitric acid, caustic soda, acrylonitrile (AN), styrene, adipic acid, methyl methacrylate (MMA), Suntec™ polyethylene (PE), synthetic rubber and elastomer.<br><b>Polymer products</b><br>Stylac™-AS styrene-acrylonitrile, Stylac™-ABS acrylonitrile-butadiene-styrene, Tenac™ polyacetal, Xyron™ modified polyphenylene ether (mPPE), Leona™ polyamide 66 polymer, Saran Wrap™ cling film, Ziploc™ storage bags, plastic film, sheet, and foam.<br><b>Specialty products</b><br>Coating materials, styrene-butadiene latex, Ceolus™ microcrystalline cellulose, explosives, Microza™ UF and MF membranes and systems, ion-exchange membranes and electrolysis systems. |
| <b>Homes</b><br>Asahi Kasei Homes  |  | Hebel Haus™ houses, Hebel Maison™ apartments, condominiums, remodeling, real estate, residential land development, home financing.   |
| <b>Health Care</b><br>Asahi Kasei Pharma<br>Asahi Kasei Kuraray Medical<br>Asahi Kasei Medical |  | Elcitonin™, Flivas™, Recomodulin™, and other pharmaceuticals, diagnostic enzymes and reagents, APS™ artificial kidneys, Cellsorba™ leukocytapheresis column, Planova™ virus removal filters, Sepacell™ leukocyte reduction filters.  |
| <b>Fibers</b><br>Asahi Kasei Fibers  |  | Roica™ elastic polyurethane filament, Eltas™ spunbond, Lamous™ artificial suede, Bemlese™ cupro cellulosic nonwoven, Bemberg™ cupro cellulosic fiber, Leona™ nylon 66 filament.  |
| <b>Electronics</b><br>Asahi Kasei Microdevices<br>Asahi Kasei E-materials                      |  | Hall elements, LSIs, Hipore™ microporous membrane, photomask pellicles, Luminous™ plastic optical fiber, light-diffusion panels, APR™ photosensitive resin, AFP™ photosensitive plates, printing plate-making systems, epoxy resin, Pimel™ photosensitive polyimide precursor, Sunfort™ dry film photoresist, glass fabric.  |
| <b>Construction Materials</b><br>Asahi Kasei Construction Materials                            |  | Hebel™ autoclaved aerated concrete (AAC) panels, Eazet™ and other piles and foundation systems, Neoma™ foam insulation panels, steel-frame structural components.  |
| <b>Services, Engineering &amp; Others</b>  |  | Plant engineering, environmental engineering, personnel staffing and placement, think tank services.   |

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## Growth Action – 2010 strategic management initiative

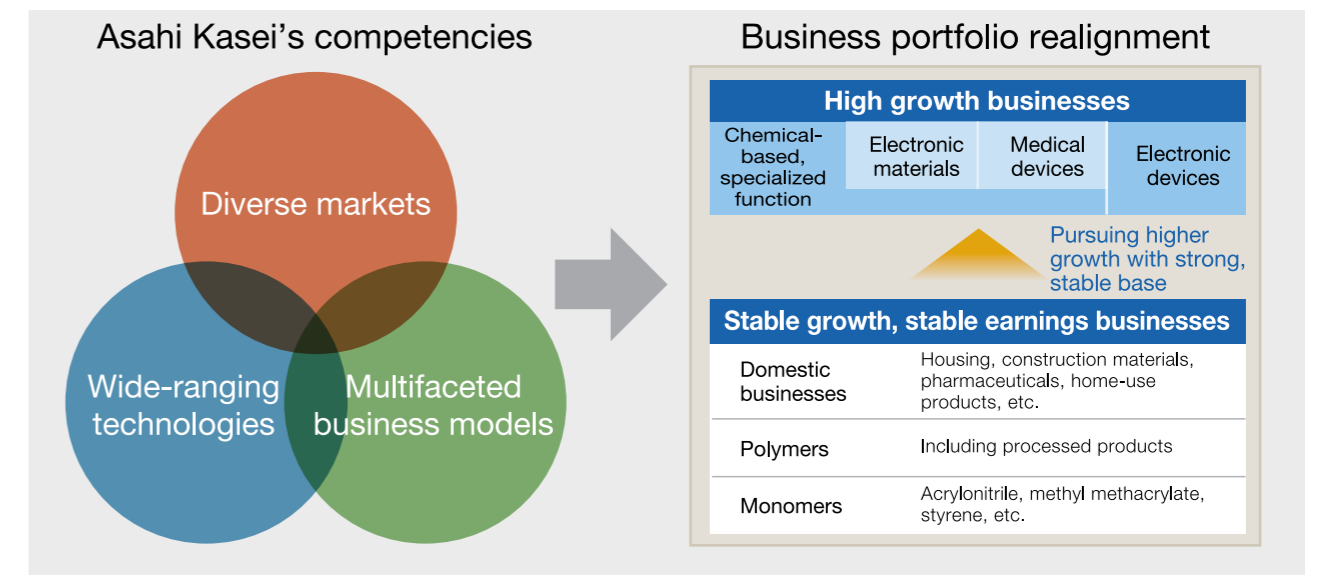


Fiscal 2010 is the final year of *Growth Action – 2010*, our mid-term management initiative for fiscal 2006–2010. We are also proceeding with the formulation of the subsequent management initiative which will begin in 2011.

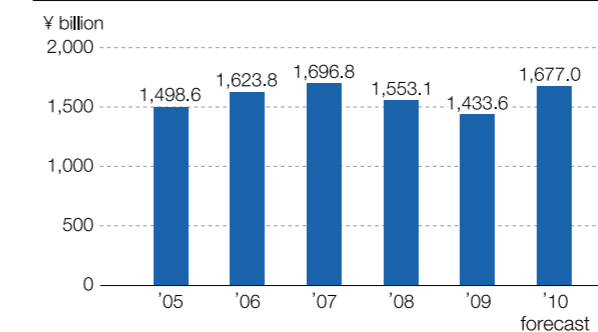
President Taketsugu Fujiwara, who took office in April 2010, has set forth a new approach to management with every business aiming in the same direction, and with the creation of new system-based businesses which meet the changing needs of society—both based on the strategic perspectives of “harmony with the natural environment” and “living in health and comfort.” We will proactively incorporate these perspectives into the next mid-term management initiative as we advance as a uniquely diversified chemical company with businesses spanning from housing to electronics.



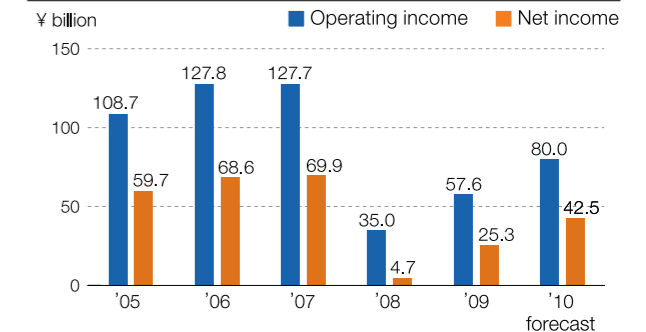
**Koji Fujiwara**  
Director, Senior Executive Officer  
Executive for Strategy, Accounting & Finance, and Internal Control  
Asahi Kasei Corp.



Net sales (consolidated)

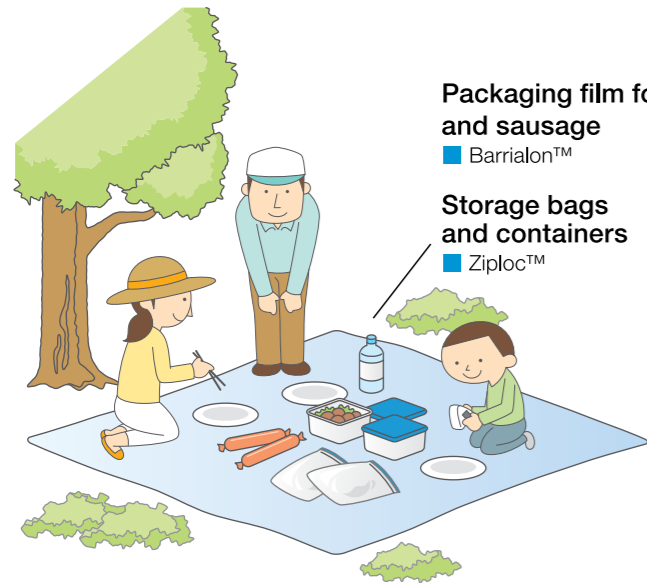


Operating income and net income (consolidated)



# Asahi Kasei products and technologies in everyday life

- Chemicals
- Health Care
- Electronics
- Holding Company
- Homes
- Fibers
- Construction Materials



**Packaging film for ham and sausage**

■ Barrialon™

**Storage bags and containers**

■ Ziploc™

**Plastic zippers**

■ Tenac™

**Shrink labels for PET bottles**

■ Asaflex™

**Sportswear**

● Technofine™

**Control of power window motors, including automatic safety stop**

◆ Hall ICs

**Automotive taillights**

■ Delpet™

**Automotive tires**

■ Tufdene™

■ Asaprene™

**Automotive tire cord**

● Leona™ filament

**Car seats**

● Lamous™

**Car navigation systems**

◆ LSIs

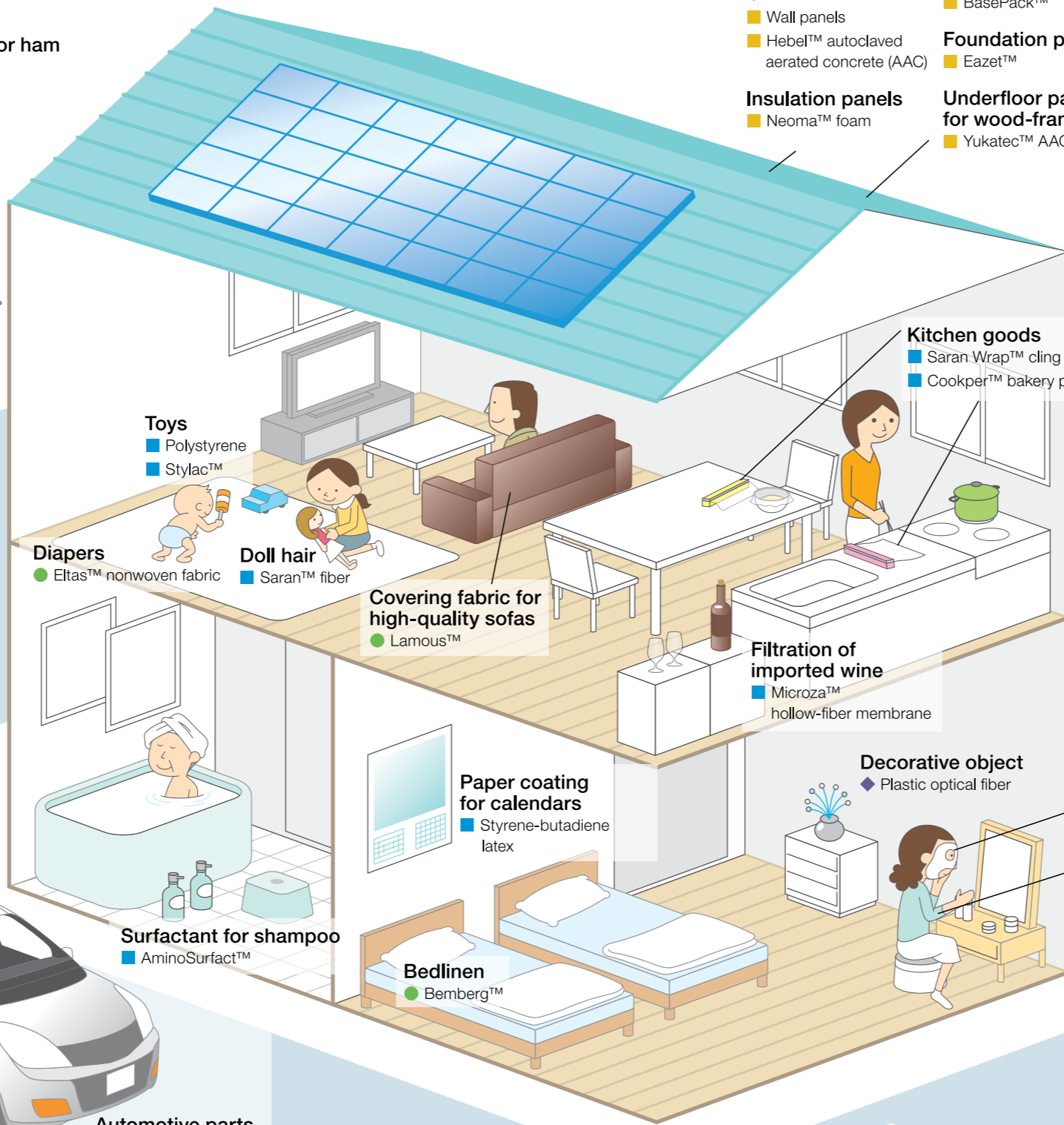
● Vorero™ speech recognition middleware

**Automotive parts**

■ Xyron™

■ Tenac™

■ Leona™ resin



**Houses**

◆ Hebel Haus™

■ Wall panels

■ Hebel™ autoclaved aerated concrete (AAC)

**Insulation panels**

■ Neoma™ foam

**Exterior paint**

■ Polydurex™

**Column base attachment system**

■ BasePack™

**Foundation piles**

■ Eazet™

**Underfloor panels for wood-frame homes**

■ Yukatec™ AAC

**Kitchen goods**

■ Saran Wrap™ cling film

■ Cookper™ bakery paper

**Toys**

■ Polystyrene

■ Stylac™

**Diapers**

● Eltas™ nonwoven fabric

**Doll hair**

■ Saran™ fiber

**Covering fabric for high-quality sofas**

● Lamous™

**Filtration of imported wine**

■ Microza™ hollow-fiber membrane

**Paper coating for calendars**

■ Styrene-butadiene latex

**Decorative object**

◆ Plastic optical fiber

**Surfactant for shampoo**

■ AminoSurfact™

**Bedlinen**

● Bemberg™

**Asphalt modifier**

■ Tufprene™

**Plastic shopping bags**

■ Suntec™ high-density polyethylene

**Stockings**

■ Roica™

**Artificial kidneys**

● Hollow-fiber membrane hemodialyzers

**Leukocyte reduction filters**

● Sepacell™

**Virus removal filters for drug production**

● Planova™

**Gauze**

● Bemliese™

**Nursing bed pads**

● Cubit™ 3D honeycomb fabric

**Drugs**

● Pharmaceuticals

■ Ceolus™ pharmaceutical excipient

**Liquid diet**

● Nutritional drink

**Computers and printers**

■ Stylac™

■ Polystyrene

■ Xyron™

■ Tenac™

◆ LSIs

◆ Photomask pellicles

◆ Fine-pattern coils

◆ Glass fabric

**Packaged meals**

■ Suntec-S Film™

**Cell phones**

■ Delpet™ for displays

■ Aluminum paste for metallic paint

◆ Hipore™

◆ Li-ion battery separator

◆ Hall ICs

◆ LSIs

**Office equipment**

◆ LSIs

◆ Hall elements

**Linings for suits**

● Bemberg™

**Facial masks**

● Bemliese™

**Innerwear**

● Bemberg™

● Roica™

TM: Trademark or registered trademark of Asahi Kasei Corporation, affiliated companies, or third parties granting rights to Asahi Kasei Corporation or affiliated companies.

# Overview of operations

We have 23 major production locations throughout Japan, including Nobeoka, Miyazaki Prefecture, the location of our historic roots; Mizushima, Kurashiki, Okayama Prefecture; Fuji, Shizuoka Prefecture; and Kawasaki, Kanagawa Prefecture. Overseas sales were ¥370.4 billion, 26% of total consolidated net sales for fiscal 2009.

- 7 Tong Suh Petrochemical Corp., Ltd.  
Asahi Kasei Chemicals Korea Co., Ltd.  
Asahi Kasei Microdevices Korea Corp.  
Asahi Kasei Medical Trading (Korea) Co., Ltd.
- 8 Beijing Office  
Liaoning Zhong Asahi Research Center Co., Ltd.  
Asahi Kasei Business Management (Shanghai) Co., Ltd./  
Beijing Branch
- 9 Asahi Kasei Microza (Hangzhou) Co., Ltd.  
Hangzhou Asahikasei Spandex Co., Ltd.  
Hangzhou Asahikasei Textiles Co., Ltd.  
Asahi Kasei Medical (Hangzhou) Co., Ltd.  
Asahi Kasei Medical Trading (Hangzhou) Co., Ltd.  
Asahi Kasei Business Management (Shanghai) Co., Ltd.  
Asahikasei Plastics (Shanghai) Co., Ltd.  
Asahi Kasei Fibers International (Shanghai) Co., Ltd.
- Asahi Kasei EMD Technologies (Shanghai) Co., Ltd.  
Asahi Kasei Performance Chemicals Corp. [Nantong]  
Asahi-DuPont POM (Zhangjiagang) Co., Ltd.  
Asahikasei (Suzhou) Plastics Compound Co., Ltd.  
Asahi Kasei Electronics Materials (Suzhou) Co., Ltd.
- 10 Formosa Asahi Spandex Co., Ltd.  
Asahi Kasei Microdevices Taiwan Corp.  
Asahi Kasei Wah Lee Hi-Tech Corp.  
Asahi-Schwebel (Taiwan) Co., Ltd.  
Asahi Kasei Medical Trading (Taiwan) Co., Ltd.
- 11 Asahi Kasei Plastics (Guangzhou) Co., Ltd.  
Asahi Kasei Plastics (Hong Kong) Co., Ltd.  
Asahi Chemical (HK) Ltd.
- 12 Asahikasei Plastics (Thailand) Co., Ltd.  
PTT Asahi Chemical Co., Ltd.  
Thai Asahi Kasei Spandex Co., Ltd.  
Kyokuyo Textile (Thailand) Co., Ltd.
- 13 Asahi Kasei Plastics Singapore Pte. Ltd.  
Polyxylenol Singapore Pte. Ltd.
- 14 PT Nippisun Indonesia

## Europe



- 1 Asahi Kasei Plastics Europe SA/NV  
Asahi Kasei Synthetic Rubber Europe SA/NV  
Asahi Photoproducts (Europe) SA/NV  
Asahi Kasei Planova Europe SA/NV
- 2 Asahi Photoproducts (UK) Ltd.
- 3 Asahi Pharma Spain, SL
- 4 Asahi Kasei Fibers Italy SRL
- 5 Asahi Packaging GmbH  
Asahi Kasei Fibers Deutschland GmbH  
Asahi Kasei Spandex Europe GmbH  
Asahi Kasei Medical Europe GmbH
- 6 Asahi Kasei Microdevices Europe SAS

## Asia



## Japan



## North America



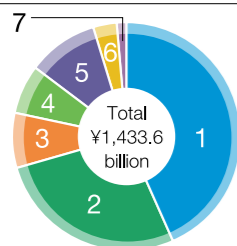
- 15 Asahi Kasei America, Inc.
- 16 Sun Plastech Inc.
- 17 Asahikasei Plastics (America) Inc.  
Asahi Kasei Plastics North America, Inc.
- 18 Asahi Kasei Spandex America Inc.
- 19 AKM Semiconductor, Inc.
- 20 Asahi Kasei Medical America Inc.  
Asahi Kasei Bioprocess, Inc.

### Consolidated subsidiaries

|               |           |
|---------------|-----------|
| Japan         | 73        |
| Other Asia    | 13        |
| Europe        | 5         |
| United States | 7         |
| <b>Total</b>  | <b>98</b> |

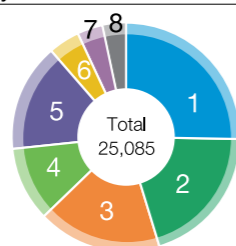
(as of March 31, 2010)

### FY 2009 net sales



|                                    |             |
|------------------------------------|-------------|
| 1 Chemicals                        | 622.1 (44%) |
| 2 Homes                            | 389.7 (27%) |
| 3 Health Care                      | 113.2 (8%)  |
| 4 Fibers                           | 101.2 (7%)  |
| 5 Electronics                      | 142.7 (10%) |
| 6 Construction Materials           | 47.0 (3%)   |
| 7 Services, Engineering and Others | 17.6 (1%)   |

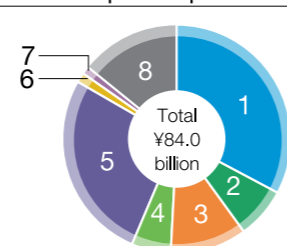
### Employees



|                                    |             |
|------------------------------------|-------------|
| 1 Chemicals                        | 6,409 (26%) |
| 2 Homes                            | 4,995 (20%) |
| 3 Health Care                      | 4,412 (18%) |
| 4 Fibers                           | 2,623 (10%) |
| 5 Electronics                      | 3,797 (15%) |
| 6 Construction Materials           | 1,126 (4%)  |
| 7 Services, Engineering and Others | 943 (4%)    |
| 8 Holding company                  | 780 (3%)    |

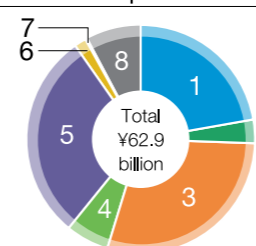
(as of March 31, 2010)

### FY 2009 capital expenditure



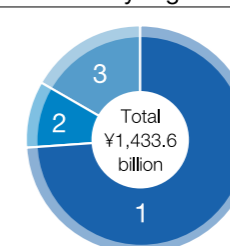
|                                     |            |
|-------------------------------------|------------|
| 1 Chemicals                         | 27.6 (34%) |
| 2 Homes                             | 6.0 (7%)   |
| 3 Health Care                       | 9.2 (11%)  |
| 4 Fibers                            | 4.6 (5%)   |
| 5 Electronics                       | 22.8 (27%) |
| 6 Construction Materials            | 1.2 (1%)   |
| 7 Services, Engineering and Others  | 0.9 (1%)   |
| 8 Corporate assets and eliminations | 11.7 (14%) |

### FY 2009 R&D expenditure



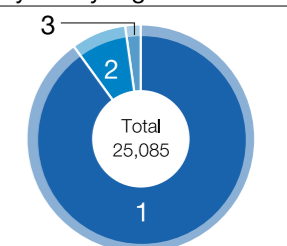
|                                       |            |
|---------------------------------------|------------|
| 1 Chemicals                           | 14.0 (22%) |
| 2 Homes                               | 2.1 (3%)   |
| 3 Health Care                         | 18.4 (30%) |
| 4 Fibers                              | 3.8 (6%)   |
| 5 Electronics                         | 18.4 (29%) |
| 6 Construction Materials              | 1.1 (2%)   |
| 7 Services, Engineering and Others    | 0.2 (0%)   |
| 8 Corporate expenses and eliminations | 4.8 (8%)   |

### FY 2009 sales by region



|                            |               |
|----------------------------|---------------|
| 1 Japan                    | 1,063.2 (74%) |
| 2 Other regions            | 133.1 (9%)    |
| 3 China, Korea, and Taiwan | 237.3 (17%)   |

### Employees by region



|                 |     |
|-----------------|-----|
| 1 Japan         | 90% |
| 2 Other Asia    | 8%  |
| 3 Europe and US | 2%  |

(as of March 31, 2010)

■ Holding company ■ Chemicals ■ Homes ■ Health Care ■ Fibers ■ Electronics ■ Construction Materials

### 2009.4

- Signing of an accord with Suzuka City for emergency supply of drinking water
- Market launch of Smart Hebel Haus™
- Completion of new hollow-fiber spinning plant for Planova™ virus removal filters
- Completion of new plant for Sepacell™ leukocyte reduction filters

#### License agreement for development and sale of Flivas™ in Korea

Asahi Kasei Pharma concluded a license agreement with Dong-A Pharmaceutical Co., Ltd. (DAP), granting DAP exclusive rights in Korea for the development and sale of naftopidil, an agent for the treatment of benign prostatic hyperplasia, marketed as Flivas™.

### 2009.5

- Development of polyvinyl sulfone with dramatically increased electrical conductivity
- Receipt of The Invention Prize, 2009 National Commendation for Invention, in recognition of CFC-free high-performance phenolic foam
- Decision to close the Shiraoi Plant of Asahi Kasei Construction Materials and withdraw Asahi Kasei Pharma's coenzyme Q-10 business

#### Multi-faceted business alliance with NxStage Medical, Inc.

Asahi Kasei Kuraray Medical concluded a business alliance with NxStage Medical of the US in the field of hemodialysis products. Under this alliance, Asahi Kasei Kuraray Medical will supply hollow-fiber



membranes for artificial kidneys to NxStage Medical, Inc. and commission assembly of Asahi Kasei Kuraray Medical artificial kidneys at NxStage Medical's manufacturing facilities in Germany.

### 2009.6

- Microza™ MF selected for large-scale waterworks facility in the Philippines, one of the largest membrane-filtration water treatment facilities in Asia
- Development of Dura-Photo™ high-durability, high-performance photocatalyst paint
- Market launch of Planova™ BioEX, a new synthetic polymer membrane for biotechnology-based pharmaceuticals

### 2009.7

- Market launch of Hebel Haus Shindaichi Premium™ homes

#### Capacity expansion for Hipore™

Asahi Kasei E-materials has been advancing a program of large-scale capacity expansions for Hipore™ Li-ion battery separator. Its Moriama plant in Shiga was expanded in July 2009 and again in September 2009. A new plant in Hyuga, Miyazaki, began operation in April 2010.



### 2009.8

- Conclusion of a joint venture agreement for the consolidation of fertilizer operations
- Joint development begun by Asahi Kasei Kuraray Medical and the National Institute for Materials Science

## Opening of research complex for new business development

On September 1, 2009, Asahi Kasei Corp. began operation of a new integrated research complex within its plant and laboratory grounds in Fuji, Shizuoka. The new facilities were established to reinforce and accelerate R&D for the creation and development of new businesses in electronic and optical materials and in environment and energy-related technology as fields of focus for the Asahi Kasei Group. The new research

complex will also serve to promote new business development through joint and collaborative R&D, not only within the Asahi Kasei Group but also with outside organizations.



### 2009.9

- Start of operation at new integrated research complex in Fuji, Shizuoka (see bottom of previous page)
- Market launch of Reveal™ DX insertable cardiac monitor
- Decision to acquire shares in medical equipment manufacturer Med-Tech Inc. to make it a wholly owned subsidiary of Asahi Kasei Kuraray Medical

#### Clinical study in the US for Evaheart™ ventricular assist system

In April 2009, Asahi Kasei and Misuzu & Sun Medical Holdings reached a basic agreement on overseas business development for the Evaheart™ left ventricular assist system (LVAS). In September, the two companies received conditional approval for a US clinical study of the Evaheart™ LVAS for bridge-to-transplant (BTT) indication in patients with end-stage heart failure.



### 2009.10

- Fiscal 2009 Good Design Award received for Atlas Kokuryo and Atlas Nogyama condominiums
- Start-up of medical device sales subsidiary in Korea

### 2009.11

- Market launch of "+NEST" Hebel Haus™ lifestyle package with advanced functionality for raising children
- Fifth Asahi Kasei Award for Fashion Design Creativity in China

### 2010.1

- Integration of bioprocess businesses in North America

#### Launch of fire insurance for wood-frame homes built with AAC panels

Asahi Kasei Construction Materials began handling "Triangle A," a fire insurance product developed jointly with AIU Insurance Co. for wood-frame homes built with AAC panels such as Hebel Powerboard™.



#### Market launch of Hebel Haus™ Frex "G3"

Asahi Kasei Homes launched Hebel Haus™ Frex "G3," a new three-story house for urban markets. The product features robust steel framing which enables large spaces and freedom in floorplan configuration, with no need for interior load-bearing walls.



### 2010.2

#### Market launch of dECO™

Asahi Kasei Fibers launched dECO™, a new environmentally efficient filter bag that features energy savings and long service life. Produced using Smash™, a specialty nonwoven of Asahi Kasei Fibers, dECO™ was developed jointly with industrial filter company Asamasu Co., Ltd.



### 2010.3

- Start-up of performance plastics sales subsidiary in southern China (Guangzhou)
- Sixth Asahi Kasei Award for Fashion Design Creativity in China

#### Market launch of a new high-flux submerged membrane module

Asahi Kasei Chemicals developed and launched a new high-flux submerged membrane module featuring enhanced economic efficiency through improved water permeability. With the launch of this new product, Asahi Kasei Chemicals will further expand sales in regions with high-turbidity feed water, most notably in Asia, and in new applications including the recovery of backwash water from sand filters.

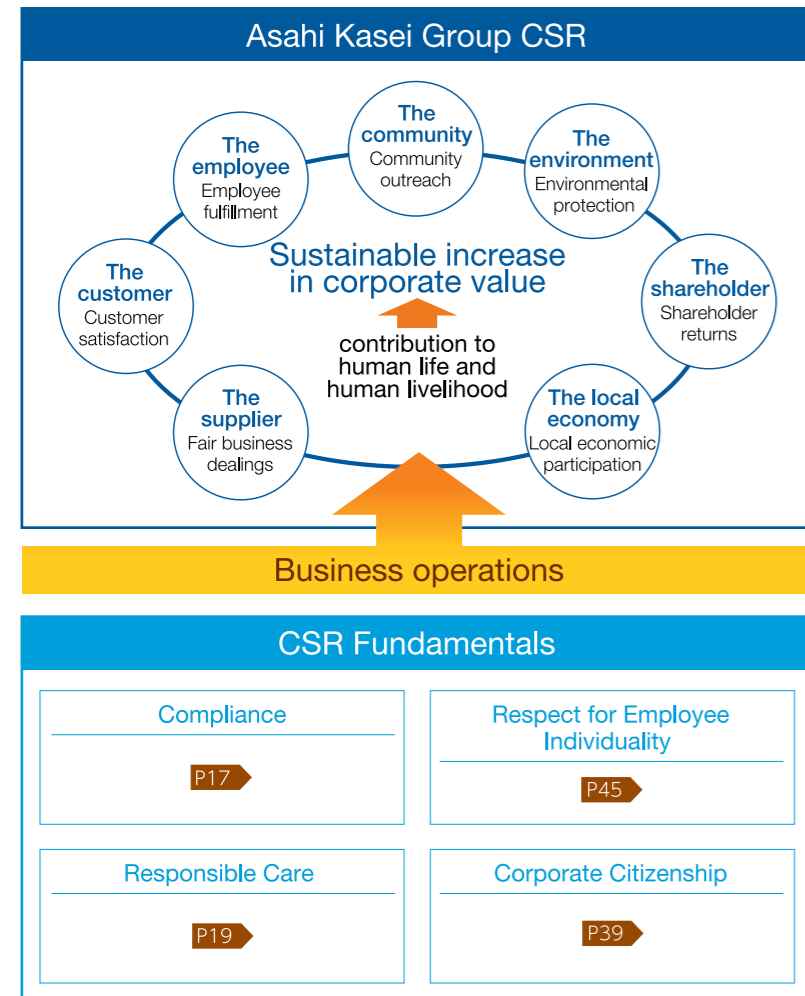


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# The basis for contributing to human life and human livelihood—our CSR Fundamentals

## CSR at the Asahi Kasei Group



### CSR in Action

We believe that CSR is achieved by raising corporate value for our various stakeholders through our business operations in accordance with our basic tenets of contribution to human life and human livelihood through constant innovation and advances based in science and the human intellect.

### CSR Fundamentals

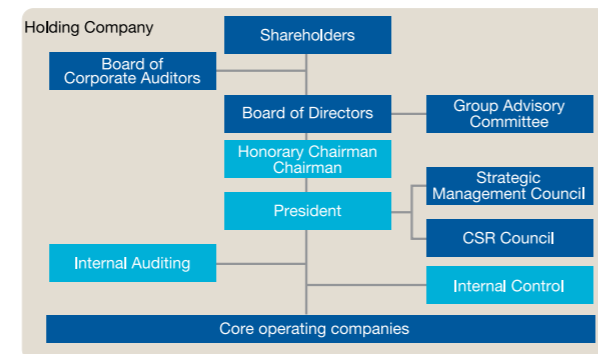
Based on a clear understanding of the effects of our operations on the global environment and the global community, our efforts and actions related to CSR are focused on four CSR Fundamentals: Compliance, Respect for Employee Individuality, Responsible Care,\* and Corporate Citizenship.

\* Responsible Care represents the commitment and initiative to secure and improve safety and environmental protection at every step of the product life cycle through the individual determination and responsibility of each firm producing and handling chemical products. As of October 2009, fifty-three countries throughout the world have a Responsible Care program.

## Corporate governance

We believe that constant effort to increase the speed and transparency of management is essential for continuous enhancement of the corporate value of the Asahi Kasei Group. Based on the structure of a holding company and core operating companies, we will continue to advance measures to heighten corporate governance through the clarification of the scope of authority and responsibility of the core operating companies as well as the reinforcement of the holding company's oversight function.

### Corporate Governance System (as of April 1, 2010)



## CSR Fundamentals

### Structure and organization for CSR

The CSR Council, formed in April 2005 with the holding company President serving as chair, formulates CSR policy and guides the CSR effort throughout the Asahi Kasei Group. At the same time, it monitors specific CSR initiatives implemented by its seven committees, including the Corporate Ethics Committee to ensure regulatory compliance and the Responsible Care Committee to guide efforts for environment, health, and safety.

### Framework for advancement



\* The Export Control Committee did not meet in fiscal 2009, as there were no matters warranting discussion. Regular duties related to export control are performed by our Export Control Dept.



Our operations have long had a foundation in CSR-related initiatives, ranging from reducing greenhouse gas emissions, strict legal compliance, and community fellowship guided by "education and growth of the next generation" as a Basic Framework. The

CSR Council, established in April 2005, is implementing a comprehensive and strategic approach to CSR, heightening execution with timely disclosure both internally and externally, for a stronger relationship of trust with our stakeholders.

**Yuji Mizuno**  
Secretariat, CSR Council  
Director, Senior Executive Officer  
Asahi Kasei Corp.

### Notable CSR actions, results, and plans

|  | Notable actions and results in FY 2009   | Plans for FY 2010   |
|--|--|---|
| General, Compliance<br><b>P17</b>                | <ul style="list-style-type: none"> <li>Preparation of <i>New Influenza Response Manual</i></li> <li>Operation of Compliance Hotline</li> <li>Adoption of safety confirmation system</li> </ul>   | <ul style="list-style-type: none"> <li>Providing education on corporate ethics via e-learning</li> <li>Increasing the rate of registration with safety confirmation system, conducting training</li> </ul>  |
| Respect for Employee Individuality<br><b>P45</b> | <ul style="list-style-type: none"> <li>Seminars for managers</li> <li>Utilization of parental leave by 250 male and 157 female employees</li> <li>Forum on work-life balance</li> <li>Enhancement of tools for assisting return to work</li> <li>Open Office Day held in Tokyo for children of employees to visit the workplace and take part in science experiments</li> </ul>  | <ul style="list-style-type: none"> <li>Providing career training to personnel in their fifties</li> <li>Implementation of programs for supporting employees with children in balancing work and family life</li> <li>Promotion of balance between work and private life</li> <li>Enhancement and advancement of education and development of the next generation</li> <li>Holding Open Office Day in Tokyo and Osaka</li> </ul> |
| Responsible Care<br><b>P19</b>                   | See p. 20  | See p. 20   |
| Corporate Citizenship<br><b>P39</b>              | <p>Information disclosure</p> <ul style="list-style-type: none"> <li>Meetings with securities analysts and institutional investors with cumulative attendance of 1,509</li> <li>Seminars for 1,718 individual investors</li> <li>Periodic meetings with community members and suppliers at each production site</li> <li>Publication of CSR Report in Japanese and English</li> <li>Publication of Annual Report in Japanese and English</li> </ul> <p>Community fellowship</p> <ul style="list-style-type: none"> <li>Our engineers performed guest lectures at middle schools for 1,700 students</li> <li>Internships for college/graduate students</li> <li>Sponsorship of Golden Games in Nobeoka track competition</li> <li>Encouraging employees to reduce CO<sub>2</sub> emissions at home</li> <li>Participation in tree-planting project promoted by Miyazaki Prefecture</li> </ul> | <ul style="list-style-type: none"> <li>Sustaining and enhancing communication with stakeholders</li> <li>Enhancement of energy conservation at office sites</li> <li>Science laboratories and guest lectures at schools in accordance with the Basic Framework "Education and development of the next generation"</li> <li>Expansion of tree-planting activities</li> </ul>   |

# Compliance

The ongoing trust of people throughout the world is earned by compliance with law, social norms, and internal corporate regulations, by respect for local culture and customs, and for human rights, and by conduct based on high ethical values.

## Compliance

### Framework for compliance

#### Corporate Ethics – Basic Policy and Code of Conduct

Our *Corporate Ethics – Basic Policy and Code of Conduct* is the standard and guide for ethical conduct throughout the day-to-day work of each and every member of the Asahi Kasei Group. It has been translated into English and Chinese, and it or an equivalent standard applies to all majority-held subsidiaries the world over.

#### Corporate Ethics – Basic Policy

1. Creating value, contributing to society
2. Caring for environment, health, and safety
3. Honoring law and norms of society
4. Excluding subversive elements
5. Respecting the individual
6. Ensuring transparency
7. Respecting information an intellectual property
8. Practicing corporate ethics

#### Compliance monitoring by the Corporate Ethics Committee

Monitoring of compliance and oversight of education and training for compliance throughout the Asahi Kasei Group are performed by the Corporate Ethics Committee, which was formed in July 1998. Where shortcomings are discovered, the committee formulates and implements measures for improvement.

At its meeting in July 2009, the committee discussed the training programs implemented at each group company, the state of compliance with laws and regulations, handling of personal information, measures for prevention of sexual harassment, and operation of the Compliance Hotline.

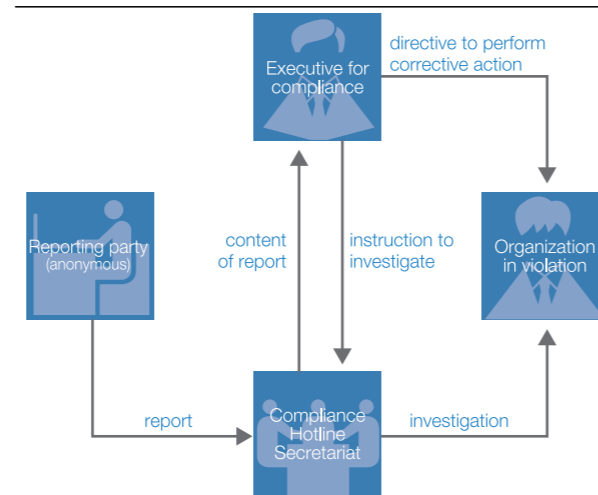
#### Compliance Hotline

The Asahi Kasei Group began employing a Compliance Hotline in April 2005 to ensure that personnel have secure and trusted recourse to report any possible ethical lapses which may be encountered or observed. Reports can be made through the corporate intranet or by post, in the name of the reporting party or anonymously.

Structures are in place to ensure that the reporting party incurs no disfavor or disadvantage as a result of having made a report.

#### Compliance Hotline Flow

Example: Anonymous intranet report, violation confirmed.



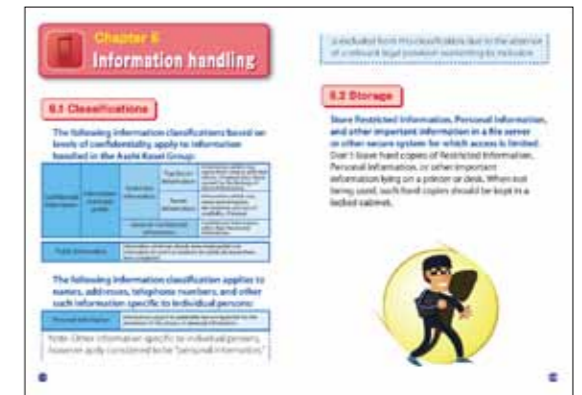
#### Prevention of antimonopoly violation by the Market Compliance Committee

The Market Compliance Committee, which was formed in 1976, oversees compliance with antimonopoly law. To ensure against any violation of antimonopoly law such as participation in a price cartel, all across-the-board price increases require the approval of the committee before they can be implemented. The committee met eighteen times in fiscal 2009, reviewing thirty-nine cases.

## Protection of personal information

Asahi Kasei is committed to the proper handling and use of personal information, in accordance with our basic policy.

Education and training for all employees—including the distribution of an information security handbook which covers issues related to personal information protection and the provision of education via e-learning—is monitored by the Corporate Ethics Committee.



Information Security Handbook

## Compliance

### Risk management

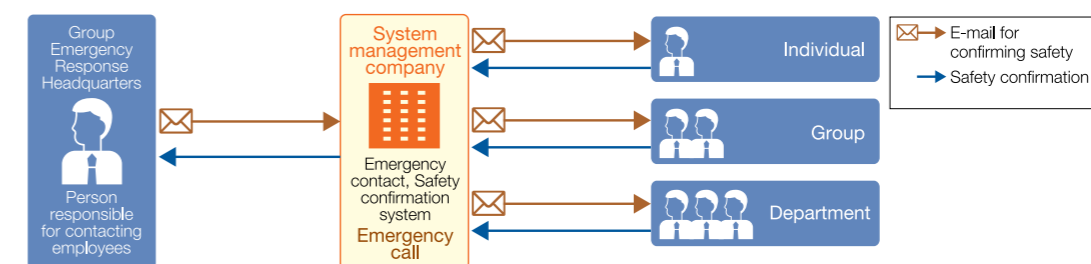
#### Risk Management Committee

The Risk Management Committee, with the Executive for Corporate Strategy serving as chair, revised the New Influenza Response Manual in September 2009 in response to the global pandemic. The revision incorporates guidelines for actions to be taken in accordance with changes of the pandemic Alert Phase issued by the World Health Organization (WHO) and the Japanese Ministry of Health, Labour and Welfare. Measures implemented in fiscal 2009 in accordance with the manual included the stockpiling of face masks for preventing infection.

In addition, the Risk Management Committee is introducing a system to confirm the safety of personnel in the event of a disaster such as a major earthquake. Establishment of such a system was studied in fiscal 2009, and preparation has been advanced for operational start in August 2010.

In an event of a disaster, the system ensures a swift, effective response including the provision of appropriate instructions by enabling confirmation of injured personnel at each division and department as well as whether personnel who are at home will be able to come to work.

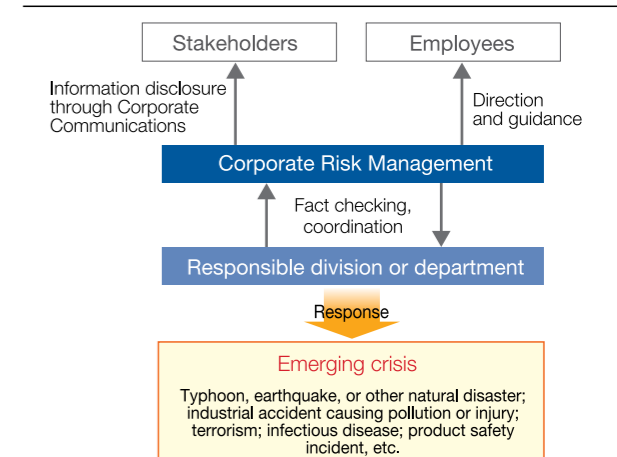
#### Safety Confirmation System

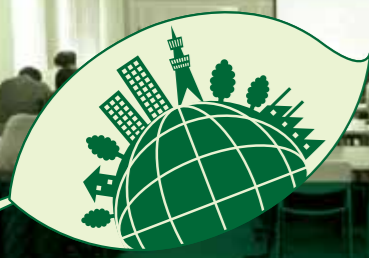


#### Corporate Risk Management

Corporate Risk Management works with the various divisions and departments to guide the proper response to any major accidents, incidents, or problems which cause significant damage to Asahi Kasei Group operations or which may foreseeably cause Asahi Kasei Group operations to have adverse effects on the general public.

#### Role of Corporate Risk Management





# Responsible Care

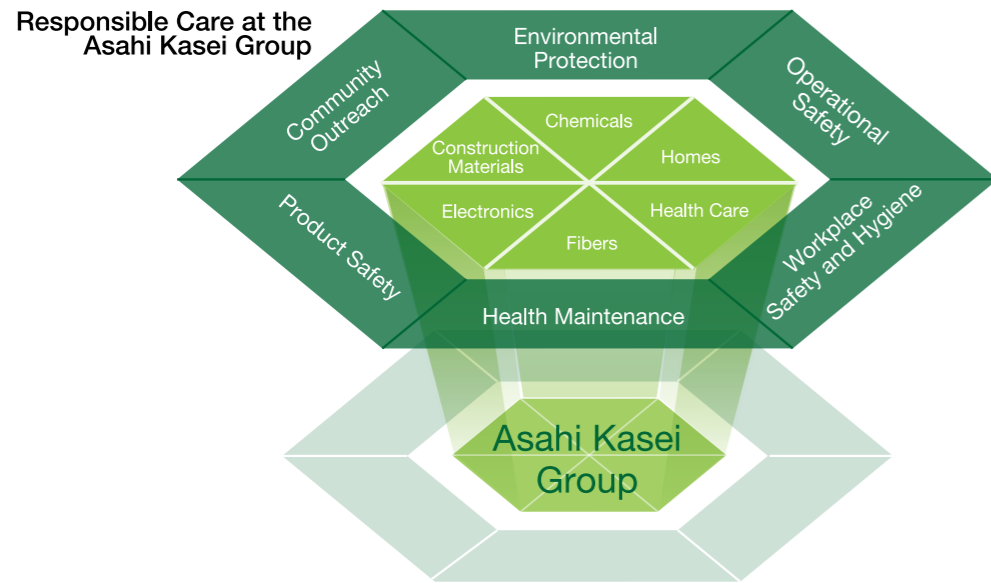
The program of Responsible Care is a key element in management of the Asahi Kasei Group, comprising the six pillars of environmental protection, product safety, operational safety, workplace safety & hygiene, health maintenance, and community outreach.

## Responsible Care

# Responsible Care at Asahi Kasei

Responsible Care (RC) represents the commitment and initiative to secure and improve safety and environmental protection at every step of the product life cycle through the individual determination and responsibility of each firm producing and handling chemical products, together with measures to gain greater public trust through disclosure and communication. RC was conceived in Canada in 1985, and was strengthened on a global scale with the establishment of the International Council of Chemical Associations (ICCA) in 1990. In 1995, the chemical industry in Japan began implementing RC with the establishment of the Japan Responsible Care Council (JRCC). Asahi Kasei was among the founding members of the JRCC, and played a leading role in the expansion and development of RC in Japan.

RC at the Asahi Kasei Group is not limited to chemicals-related operations but encompasses operations in all fields, including housing, healthcare, fibers, electronics, and construction materials.



### Asahi Kasei Group Responsible Care Principles

Throughout the product life cycle from R&D to disposal, utmost consideration is given to environmental preservation, product safety, operational safety, and workplace hygiene and health as preeminent management tasks in all operations worldwide.

- Environmental preservation is achieved by ameliorating the environmental burden of operations while giving full consideration to the environment in the development of new technologies and products.
- Product safety is ensured by evaluating the safety of products and providing safety information.
- The safety of personnel and members of the community is secured through endeavors to maintain stable operation and improve technologies for safety and disaster prevention.
- Workplace accidents are prevented through improvements to the workplace environment and plant modifications to achieve inherent safety.
- Maintenance and promotion of employee health is supported by efforts to achieve a comfortable workplace environment.

In addition to maintaining legal compliance, continuous improvement is pursued through attainment of self-imposed targets based on results of risk assessment. Public understanding and trust is gained through proactive communication and information disclosure.

June 4, 2002



Responsible Care

The spirit of RC is autonomy, responsibility, and open disclosure. At the Asahi Kasei Group, we go beyond mere compliance with laws and regulations as we operate our businesses with due consideration for all matters related to the environment, health, and safety.

In fiscal 2009, a wide range of RC efforts including training and education were advanced at all organizational levels. The objectives we held and the results we achieved are shown in the table below. We also

established a new framework for the reduction of greenhouse gas emissions, including through life cycle assessment (LCA) of our products. In certain areas where we can perform better, we are redoubling our efforts to raise results in line with our commitment to prevent accidents and disasters, maintain product safety, and promote employee health, for complete achievement of all RC Objectives in fiscal 2010.



**Katsuhiko Yamazoe**  
Executive for RC  
Senior Executive Officer  
Asahi Kasei Corp.

### RC objectives and results

★★★ Complete ★★ Satisfactory ★ Unsatisfactory

|                                     | FY 2009 RC Objectives  | FY 2009 Results  | Attainment | FY 2010 RC Objectives  |
|-------------------------------------|--|--|------------|--|
| General                             | • Enhance RC compliance  | • Checklist of regulations related to RC revised   | ★★         | • Enhance RC compliance  |
|                                     | • Advance RC education and training  | • RC education for EHS personnel and candidates to be Manager  | ★★★        | • Advance RC education and training  |
|                                     | • Extend RC to more affiliates   | • RC advanced both in Japan and overseas operations of each core operating company   | ★★         | • Enhance RC at affiliates   |
|                                     | • Enhance dialog with the public   | • RC reports published at six plant complex sites and five independent plants; dialog enhanced through public forums, plant tours, and school visits by engineers<br>• Participated in dialog with local community in Chiba, organized by JRCC   | ★★★        | • Enhance dialog with the public   |
| Environmental protection<br>P23     | • Avoid all polluting accidents  | • No polluting accidents occurred  | ★★★        | • Maintain zero polluting accidents  |
|                                     | • Reduce final disposal volume of industrial waste by 85% from FY 2000 level   | • 82% reduction achieved   | ★★         | • Promotion of recycling-oriented society:<br>- Reduce final disposal volume of industrial waste by 90% from FY2000 level  |
|                                     | • Curtailing greenhouse gas emissions:<br>• Reduce unit energy consumption by ≥1%<br>• Maintain average greenhouse gas emissions 50% lower than in baseline year<br>• Monitor energy use in administrative offices<br>• Encourage energy conservation at personnel's homes<br>• Monitor and reduce CO <sub>2</sub> emissions from product shipment | • Unit energy consumption reduced by 9% from FY2008 level<br>• 50% reduction of greenhouse gas emissions maintained<br>• CO <sub>2</sub> emissions from product shipment reduced by 3% from FY2008 level   | ★★★        | • Curtailing greenhouse gas emissions:<br>- Reduce unit energy consumption by 20% from FY1990 level<br>- Maintain greenhouse gas emissions 50% lower than in baseline year<br>- Monitor energy use in administrative offices<br>- Encourage energy conservation at personnel's homes<br>- Monitor and reduce CO <sub>2</sub> emissions from product shipment |
|                                     | • Reduction of chemical release:<br>• Reduce emission of PRTR-specified substances and VOCs<br>• Prevent air and water pollution<br>• Advance CSR Procurement P41  | • Release of PRTR-specified substances reduced by 94% from FY2000 level<br>• Emission of VOCs reduced by 62% from FY2000 level<br>• Release of air and water pollutants controlled<br>• CSR Procurement advanced by Corporate Procurement & Logistics in addition to Green Procurement | ★★★        | • Reduction of chemical release:<br>- Reduce emission of PRTR-specified substances and VOCs<br>- Control release of air and water pollutants<br>• Advance CSR Procurement<br>• Advance measures for maintaining biodiversity   |
| Operational safety<br>P27           | • Avoid all industrial accidents   | • Two industrial accidents occurred  | ★          | • Avoid all industrial accidents   |
|                                     | • Control changes to equipment and operating conditions  | • Thorough application of Change Control   | ★★         | • Control changes to equipment and operating conditions  |
|                                     | • Enhance risk assessment  | • Risk assessment advanced   | ★★         | • Enhance risk assessment  |
|                                     | • Monitor for fire, explosion, and leak hazards; implement remediation   | • Hazards mitigation advanced  | ★★         | • Monitor for fire, explosion, and leak hazards; implement remediation   |
|                                     | • Enhance emergency response systems   | • Improvements applied, including in training and drills   | ★★★        | • Enhance emergency response systems   |
|                                     | • Monitor for items in need of replacement and uninspected items; implement remediation  | • Monitoring and inspection performed  | ★★         | • Monitor for items in need of replacement and uninspected items; implement remediation  |
| Workplace safety and hygiene<br>P30 | • Avoid all workplace injuries:<br>• Achieve frequency rate <sup>1</sup> of 0.1 or less<br>• Achieve severity rate <sup>2</sup> of 0.005 or less   | • 10 lost-workday injuries; frequency rate of 0.21, severity rate of 0.008   | ★★         | • Avoid all workplace injuries:<br>- Achieve frequency rate of 0.1 or less<br>- Achieve severity rate of 0.005 or less   |
|                                     | • Thoroughly comply with safe operation standards  | • Compliance monitoring system applied at all plants   | ★★★        | • Enhance utilization of OHSMS   |
|                                     | • Enhance utilization of OHSMS   | • Utilization of OHSMS enhanced  | ★★         | • Thoroughly comply with safe operation standards  |
|                                     | • Follow up on asbestos-related measures   | • Continuing follow-up for retirees in each region<br>• Replacement of gaskets containing asbestos   | ★★★        | • Enhance safety management guidance for firms contracted to work within plant grounds   |
| Health maintenance<br>P32           | • Enhance safety management guidance for firms contracted to work within plant grounds   | • Compliance enhanced  | ★★★        |  |
|                                     | • Reduce proportion of personnel for whom health warning signs are found   | • No significant change  | ★★         | • Reduce proportion of personnel for whom health warning signs are found   |
| Product safety<br>P33               | • Reduce number of personnel on leave of absence for mental health reasons   | • Mental health education and improvements of workplace environment advanced, resulting in reduced number of personnel on leave of absence   | ★★★        | • Early discovery and treatment of employees with mental health issues   |
|                                     | • Avoid serious product safety incidents   | • No product safety incidents  | ★★★        | • Avoid serious product safety incidents   |

Note: The scope of RC reporting includes the holding company, core operating companies, and other subsidiaries in Japan.

<sup>1</sup> Number of accidental deaths and injuries resulting in the loss of one or more workdays, per million man-hours worked.

<sup>2</sup> Lost workdays, severity-weighted, per thousand man-hours worked.

## RC Management System

The efficiency and effectiveness of Asahi Kasei Group RC is maintained in accordance with its RC Management Guidelines and other internal standards, with the President of Asahi Kasei Corp. serving as chair of our RC Committee. As shown in the following diagram, continuous reevaluation and improvement are systematically pursued with “plan-do-check-act” (PDCA) cycles—for the Asahi Kasei Group as a whole, within each core operating company and Region,<sup>1</sup> and within individual plants and facilities.

Certified compliance with internationally

standardized management systems is obtained for the RC Management System of the Asahi Kasei Group. We have obtained ISO 14001 environmental management system certification for environmental protection and ISO 9001 quality management system certification for product safety. An Occupational Health & Safety Management System (OHSMS) is adopted for workplace safety, hygiene, and health.

### RC education and training

Our program for RC education and training was revised to further heighten the effectiveness of our RC initiative. In fiscal 2007, a new textbook was

produced that provides a general overview of RC, covers environmental protection and employee health, describes the fundamentals and principles of operational safety and workplace safety, and includes a large number of actual examples to learn from.

Using this textbook, we conducted education and training courses for Production Managers and EHS Managers, as well as candidates for those positions, group leaders of research departments, and EHS personnel. Over 300 people attended the courses during the three-year period of fiscal 2007 to 2009.

We will continue to hold such courses for Production Managers, EHS Managers, and candidates for those positions.

### RC Symposiums

Every year, RC Symposiums are held at the Nobeoka, Moriyama, and Fuji Regions, with awards presented to plants which have outstanding safety performance records. In fiscal 2009, RC Symposiums were also held by four core operating companies. To share information and maintain the vitality of the initiative, RC results are reported, seminars are held, and Safety Awards are presented at the symposiums.



RC Committee meeting



RC training lecture



Group discussion



Nobeoka RC Symposium

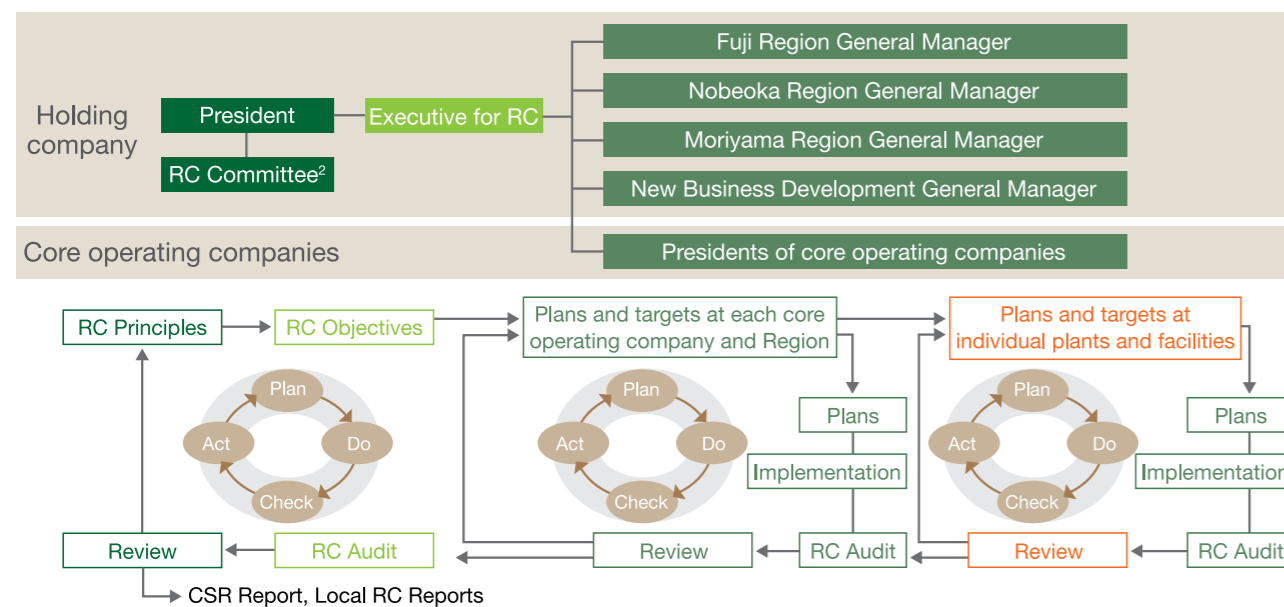


Moriyama RC Symposium



Fuji RC Symposium

### PDCA flow for RC



<sup>1</sup> A site or group of sites consisting of several plants and facilities of various core operating companies. Each Region General Manager is responsible for the unified implementation of RC in the respective Region.

<sup>2</sup> The RC Committee is chaired by the President of the holding company, and its members include Presidents of the core operating companies, the New Business Development General Manager, and General Managers of the Nobeoka, Moriyama, and Fuji regions. The RC Committee meets once each year.

# Environmental protection

The Asahi Kasei Group's business operations involve the use of large amounts of chemical substances. We implement measures under our ISO 14001 environmental management system to prevent polluting and accidents. No polluting accidents occurred in fiscal 2009.

We place priority on reduction of waste and chemical release to help establish a recycling-oriented society, and our efforts in this regard have been effective. In recent years, we have also proactively worked to curtail greenhouse gas emissions.

We are also advancing CSR Procurement to ensure that environmental protection is taken into consideration in our supply chains.

## Curtailing greenhouse gas emissions

The Asahi Kasei Group is an active participant in the voluntary programs for greenhouse gas emissions reduction by the Japan Chemical Industry Association (JCIA) and the Japan Business Federation (Nippon Keidanren), and our efforts have brought significant results. Seeking further reduction of greenhouse gas emissions for the prevention of global warming, the Copenhagen Accord was announced at COP15 at the end of 2009, and Japan submitted a target of cutting greenhouse gas emissions to 25% below 1990 levels by 2020. In this context, the Asahi Kasei Group established a new framework (see box at right) for the reduction of greenhouse gas emissions from the following perspectives.

- 1 Curtailing emissions of greenhouse gases from production processes
- 2 Performing life cycle assessment (LCA) to study the reduction of CO<sub>2</sub> emissions enabled over the full life cycle of our products and technologies, including those under development, and seeking further reduction

### Curtailment of emissions of greenhouse gases from production processes

The Asahi Kasei Group has achieved a significant reduction in greenhouse gas emissions. Our emissions in fiscal 2009 were equivalent to 5.67 million tons of CO<sub>2</sub>, as we continued to maintain a reduction of over 50% from the baseline. Notable measures which contribute to this reduction include thermal decomposition of nitrous oxide (N<sub>2</sub>O) byproduct from adipic acid production, resulting in an annual reduction of roughly 6 million tons CO<sub>2</sub> equivalent, and substitution of foaming agent used at the Suzuka Plant, resulting in an annual reduction of some 180 thousand tons CO<sub>2</sub> equivalent. In Nobeoka, Miyazaki, we are constructing facilities to reduce CO<sub>2</sub> emissions by using biomass fuel for power generation.

### Life cycle assessment of reduced CO<sub>2</sub> emissions

We began performing life cycle assessment (LCA) to determine the reduction of CO<sub>2</sub> emissions which are enabled by certain Asahi Kasei Group products and technologies when compared to the conventional products and technologies they replace. In fiscal 2008 such LCA was performed for our ion-exchange membrane process for caustic soda production, water treatment using our hollow-fiber membrane modules, and polycarbonate production using our non-phosgene process. In fiscal 2009, LCA determined that our Hall elements and Hall ICs currently contribute to a significant reduction in CO<sub>2</sub> emissions as essential components of high-efficiency air-conditioner motors. Also in fiscal 2009, LCA determined that our synthetic rubber for low rolling-resistance tires, infrared sensors, Li-ion battery separator for electric vehicles, and light shaping diffuser film would enable large reductions in CO<sub>2</sub> emissions in the near future.

### The Asahi Kasei Group's new framework for the reduction of greenhouse gas emissions

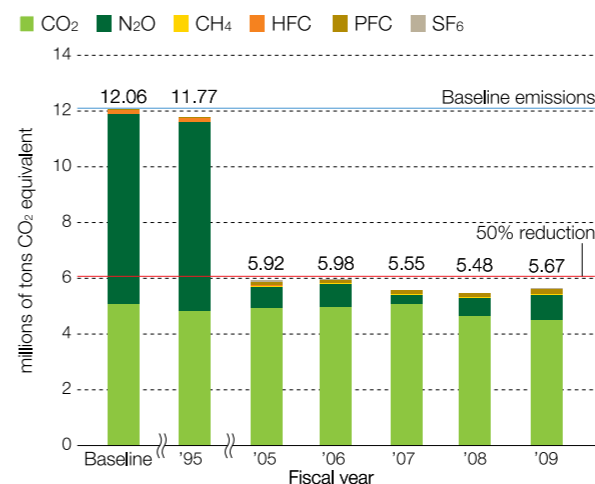
#### ● Global Warming Response Committee

This committee deliberates and adopts group-wide measures to counter global warming. It is chaired by the holding company Executive for RC, and has the presidents of the core operating companies and the General Manager of New Business Development as members.

#### ● LCA Committee

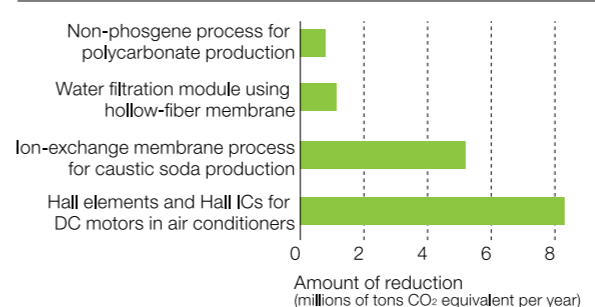
This committee consists of personnel responsible for advancing LCA at the holding company, core operating companies, and New Business Development. It promotes LCA throughout the Asahi Kasei Group, performs LCA for the Group's products and technologies—including those under development, and drafts targets for reduced CO<sub>2</sub> emissions based on LCA.

### Greenhouse gas emissions

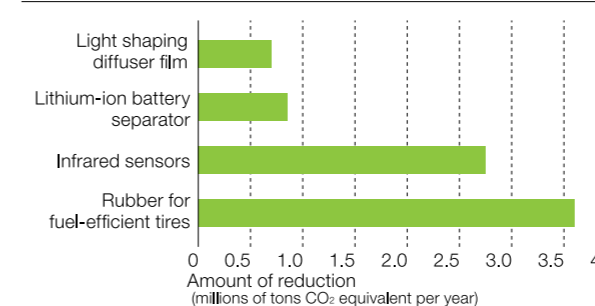


Note: FY1990 baseline for CO<sub>2</sub>, N<sub>2</sub>O, and CH<sub>4</sub>; FY1995 baseline for HFCs, PFCs, and SF<sub>6</sub>.

### Contribution of Asahi Kasei Group products and technologies to reduced CO<sub>2</sub> emissions, calculated by LCA



### Projected contribution of Asahi Kasei Group products and technologies to reduced CO<sub>2</sub> emissions, calculated by LCA (in around 2020)



The reduction of CO<sub>2</sub> emissions enabled by Hall elements and Hall ICs (8.20 million tons/year) is equivalent to the annual CO<sub>2</sub> emissions from some 1.53 million households in Japan (average 5.35 tons/year per household<sup>1</sup>).

<sup>1</sup> According to *The GHGs Emissions Data of Japan (1990-2007)* by the Greenhouse Gas Inventory Office of Japan.



Current sensors using linear Hall ICs

### Energy conservation

To reduce CO<sub>2</sub> emissions from power generation, we target improved unit energy efficiency. In fiscal 2009 we reduced unit energy consumption by 9% from the previous year due to increased operating rates and other improvements. The average annual rate of improvement for the past five years was 1.3%.

### Alleviating the environmental effects of physical distribution

Product shipments for Asahi Kasei Group operations in Japan amounted to some 1.18 billion ton-kilometers in fiscal 2009, generating approximately 87 thousand tons of CO<sub>2</sub> emissions—a 3% reduction from fiscal 2008. In cooperation with the transport firms contracted for shipment, a wide range of measures are employed to reduce energy consumption and alleviate the environmental effects of physical distribution.

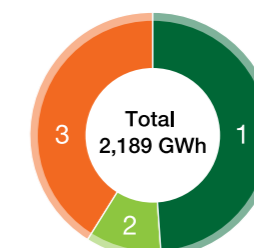
Both Asahi Kasei Chemicals and Asahi Kasei Fibers have received Eco-Rail Mark certification in recognition of their preferential shipment of products by rail, an ecological mode of transport which results in lower CO<sub>2</sub> emissions for a given weight and distance than many other means of transportation.

### Renewable energy

The Asahi Kasei Group has seven hydroelectric power generation plants which meet 10% of our electricity needs. Generation of the equivalent amount of power at thermoelectric plants would result in approximately 130 thousand tons<sup>2</sup> of CO<sub>2</sub> emissions annually.

<sup>2</sup> Using Ministry of Economy, Trade and Industry and Ministry of the Environment standard of 561g CO<sub>2</sub>/kWh.

### Electricity sources, FY 2009



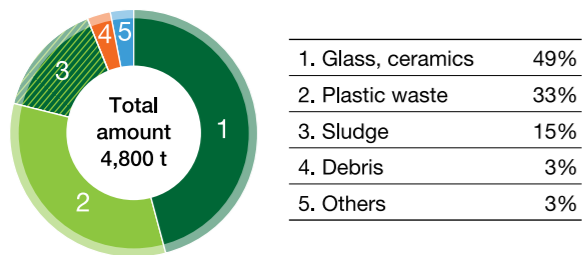
| Source           | Percentage |
|------------------|------------|
| 1. Thermal       | 49%        |
| 2. Hydroelectric | 10%        |
| 3. Purchased     | 41%        |

## Industrial Waste

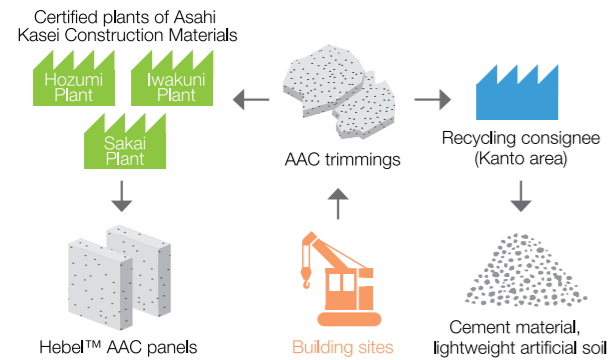
The Asahi Kasei Group is working toward zero emission<sup>1</sup> of industrial waste through the “3-Rs” of reduction, reuse, and recycling.

In fiscal 2009, the volume of industrial waste transferred off-site for final disposal was 82% lower than in fiscal 2000 thanks to increased on-site waste separation and recycling, though we were not able to achieve our targeted 85% reduction. In one notable example of recycling, Asahi Kasei Construction Materials has received the Environment Minister’s certification for “wide-area recycling” enabling the recycling of

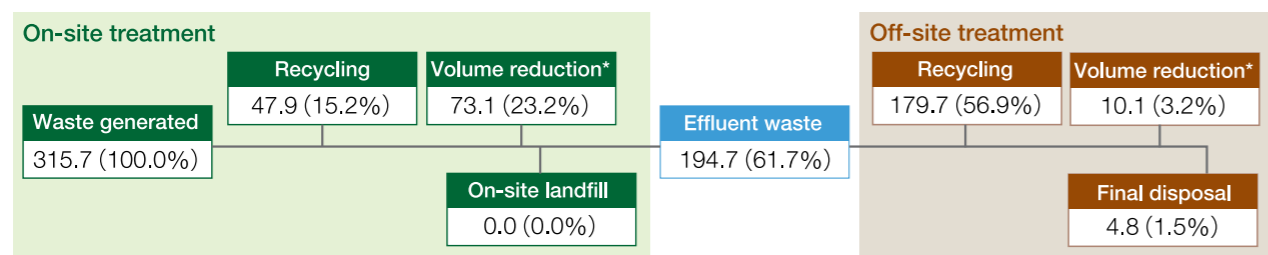
### Off-site final disposal by category of waste, FY 2009<sup>2</sup>



### Recycle flow for trimmings of Hebel™ AAC panels



### Flow of industrial waste, FY 2009<sup>2</sup>

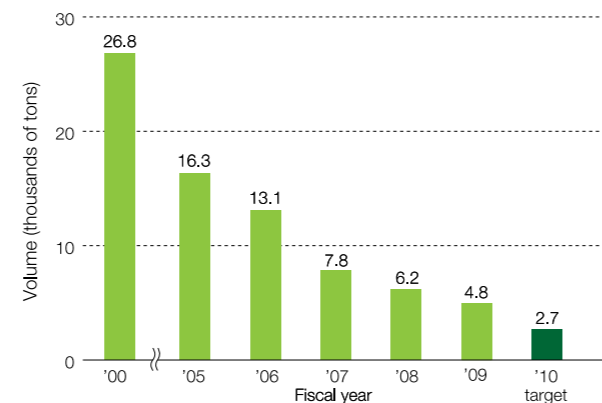


<sup>1</sup> Reducing final landfill disposal volume toward zero involves measures to minimize the amount of industrial waste generated, and reusing or recycling industrial waste as material or energy. The “zero emission” target for the Asahi Kasei Group is to reduce final disposal volume to one tenth or less than that of fiscal 2000. This would result in final disposal of less than one percent of the waste generated.

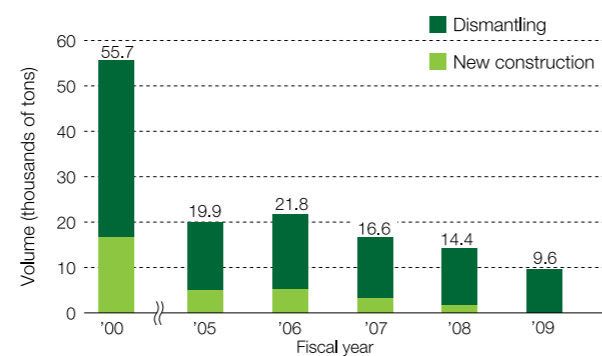
waste from autoclaved aerated concrete (AAC) panels from different construction sites without the need to obtain separate waste transport permits. In addition, Asahi Kasei Homes recycles waste from construction.

Where we consign the off-site treatment of industrial waste, records are kept in waste disposal manifests to prevent illegal dumping, and the consigned firms and disposal sites are periodically inspected to ensure that proper disposal is performed in accordance with sound systems of control.

### Off-site final disposal volume<sup>2</sup>



### Final disposal of industrial waste generated at construction sites



## Management and disposal of polychlorinated biphenyls (PCBs)

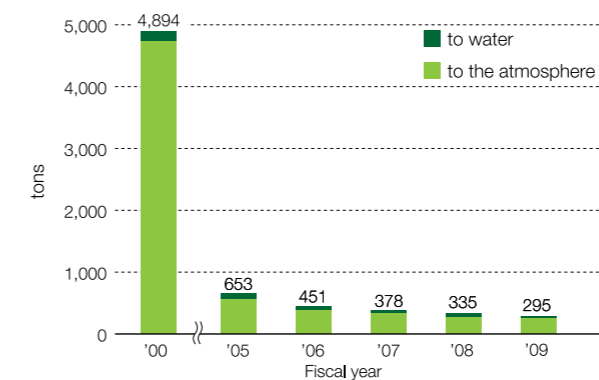
Disused condensers, fluorescent lamp ballasts, and other devices that contain PCBs are emplaced in stainless steel vessels, recorded in a ledger, and stored under strict control. These are scheduled to be disposed of by July 2016, the legal deadline, through consignment to specified sites such as Japan Environmental Safety Corp. (JESCO) facilities equipped to render them harmless. Of the 781 condensers and transformers that we registered with JESCO, 29 condensers were disposed of in fiscal 2009.

## Reduction of hazardous chemical release

The Asahi Kasei Group applies a variety of measures to reduce the release of hazardous chemicals to the environment. These chemicals include substances specified in the Air Pollution Control Act, Water Pollution Control Act, and the PRTR<sup>1</sup> Law, and other substances which we have voluntarily designated for reduction. Priority for reduction is based on the degree of hazardousness and amount of release. As shown in the graph below, release of PRTR-specified substances was reduced by 94% from the baseline year of fiscal 2000. Emission of VOCs<sup>2</sup> in fiscal 2009 was 62% lower than in fiscal 2000.

Release of substances regulated by the Air Pollution Control Act and Water Pollution Control Act continued to be maintained well below the permissible limits. P53

### Releases of PRTR-specified substances



Note: No release to soil.

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

<sup>2</sup> Volatile organic compound. Although the term generally applies to any organic compound which is in gaseous state at the time of release, regulations for the control of their release exclude methane and some fluorocarbons which do not form oxidants.

## Soil and groundwater contamination

The Asahi Kasei Group employs a range of measures to prevent soil and groundwater contamination. In the event that soil or groundwater contamination is discovered at any of our sites, we promptly act to prevent effects on the surrounding area, report the matter to the local community, relevant authorities, and the media, and implement remediation in consultation with the authorities and independent specialists.

## Biodiversity

Due consideration is given to biodiversity as we engage in our business activities while advancing efforts to reduce the impact on biodiversity and to ensure the sustainable utilization of living resources.

In Nobeoka, we participate in a Miyazaki Prefecture reforestation program through the establishment of the Asahi Forest. We are creating this forest by planting broad-leaf trees and other trees native to the area on a mountain which was left bare after cedar and cypress had been harvested. Many of our employees and nearby residents participate in tree-planting sessions for this project to restore the area’s native biosphere, together with treks in nearby woods. In fiscal 2009



The fourth round of tree-planting for the Asahi Forest



*Physalisstrum japonicum*, a rare species in the Asahi Forest



A panel describing biodiversity at a tree-planting session



School children on a nature observation tour at the Asahi Woods of Life

we also established a biodiversity research council together with companies performing tree-planting programs along the Gokase River.

In Fuji, we created a 10,000 m<sup>2</sup> biotope called the Asahi Woods of Life at our plant and laboratory complex. The biotope recreates the ecosystem of

the local area, providing the habitat for a wide range of species. Many of our employees and local residents participate in biodiversity-related activities such as planting trees, planting and harvesting rice, and watching fireflies.

## Responsible Care

# Operational safety

The most important task for managing operational safety is to prevent accidents at plants by designing and building highly safe plants and maintaining the sound function of facilities and processes.

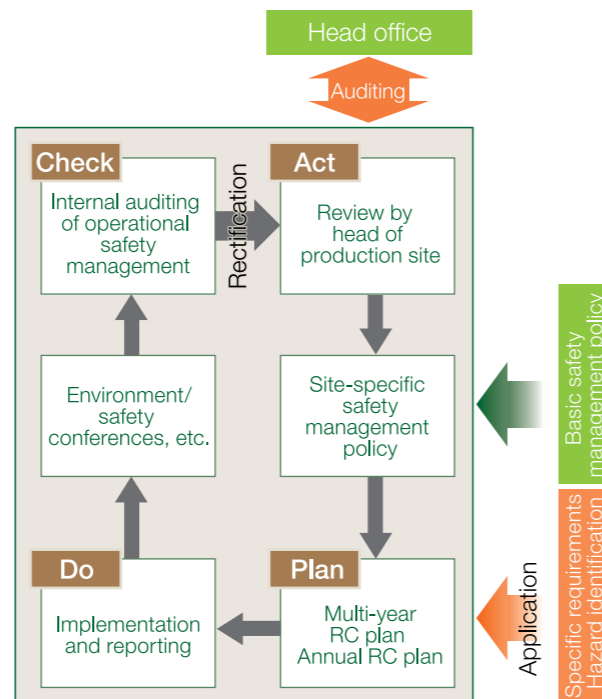
The Asahi Kasei Group's effort to prevent fires, explosions, and leaks of hazardous substances includes risk assessments and process reviews based on the age of facilities and audits by experts on fire and explosion prevention. We also implement measures to ensure that swift and appropriate response is taken to contain and minimize any damage in the event that an accident or natural disaster occurs.

No industrial accidents occurred in fiscal 2008, but in fiscal 2009 there were two accidents: a fire caused by a leak at the Basic Petrochemical Production Dept. and a fire that occurred during a drying process at the Synthetic Rubber Production Dept. We have investigated the causes of these accidents and applied measures to prevent recurrence, while further advancing efforts to ensure thorough safety management throughout our operations.

## Management of operational safety

Our ongoing, autonomous program to ensure operational safety includes safety assessment and hazard identification in accordance with a basic safety management policy, and specific plans are implemented on both annual and multi-year cycles.

## Operational safety management system at Asahi Kasei Chemicals

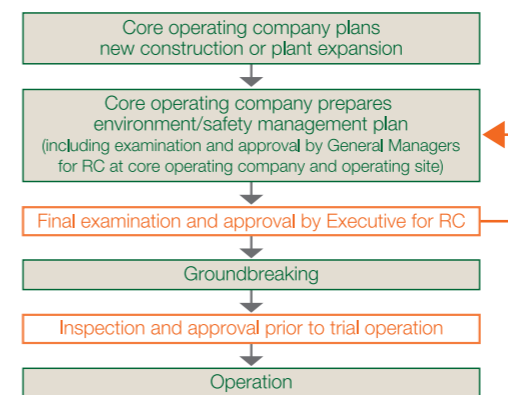


## Pre-investment inspection system

Internal regulations require a pre-investment inspection to verify plant safety when there are plans to invest in new plant, plant expansion, or plant modification. Inspection and approval prior to trial operation provides an additional confirmation of plant safety before commercial operation begins.

Safety assessment is performed as part of the pre-investment inspection. Ranks are assigned based on the degree of hazard, with methods such as HAZOP<sup>1</sup> utilized in the risk assessment of high-hazard facilities and methods such as "what if" analysis<sup>2</sup> utilized for low-risk plants which are deemed to be vital.

## System for inspection prior to capital investment



## Training for maintenance

Maintenance procedures are not only instrumental for the upkeep and modification of facilities, but also serve as a vital key to ensuring stable, safe operations by enabling abnormalities to be detected and rectified before problems occur.

In fiscal 2009, we launched a training program throughout the Asahi Kasei Group to nurture the skills of maintenance personnel. The program is focused on three areas: 1) performance of planned maintenance, 2) recognition of hazards and determination to eliminate them, and 3) identification of the underlying causes of problems, and formulation and application of countermeasures.



A training session



## Safe, stable plant operation

Given our diverse range of operations, the Asahi Kasei Group has plants with a wide variety of different characteristics. No single approach to safety would be appropriate for all plants. We employ a systematic process to tailor the safety effort to each plant's specific requirements.

This includes the use of PDCA cycles to ensure the appropriateness of the maintenance standards for each individual unit of equipment.

In addition, safety information and know-how are shared across the Asahi Kasei Group through group-wide plant engineering conferences with four specialist panels: Formulation of optimum systematic maintenance programs, establishment of standards and criteria, formulation of training systems for maintenance engineers, and sharing engineering information.

<sup>1</sup> Abbreviation of "hazard and operability study," a method of identifying and dealing with potential problems in industrial processes by assuming deviations from design intentions. This highly exhaustive method is widely utilized throughout the process industries.

<sup>2</sup> A method of identifying and dealing with potential problems based on "what if" questions. It is widely utilized where a simplified method is appropriate.

## Training for operational safety

At our petrochemical sites in Mizushima and Kawasaki, the Asahi Operation Academy (AOA) serves as the training center to cultivate the skills necessary to operate petrochemical plants. AOA teaches the principles and structures of equipment, heightening the ability to identify the cause of equipment failure. Miniature plants and simulators are used at AOA to provide hands-on experience with controls and instrumentation. Operators thereby gain the technical skills and practical understanding of chemical engineering necessary for safe and reliable plant operation, with the ability to respond appropriately in the event of any abnormality.



Training at AOA

## Preparation for emergency situations

A comprehensive set of internal regulations guides the proper response to any industrial accidents or natural disasters which may occur. The smooth operation of the emergency response system ensures that personal safety is secured, that effects of the situation are prevented from spreading to



Emergency response training in Mizushima



Emergency response task force in Mizushima

surrounding areas, and that damage is held to a minimum, through close communication between the plants, regional management, and the head office.

Our operations located in industrial petrochemical districts have cooperative arrangements with nearby petrochemical manufacturers for mutual emergency assistance, and joint training drills are performed regularly. Such drills confirm the effective operation of the systems of communication within the plant site and between the site and the head office, and the ability of on-site personnel to react swiftly with proper response measures.

## Physical distribution safety

Chemical products handled by Asahi Kasei Chemicals include highly hazardous substances that could cause significant environmental or health damage, and therefore require the utmost care in handling. The company works in close cooperation with logistics companies contracted for storage, loading, unloading, and transportation to ensure the safe delivery of such products. The effort includes physical distribution safety symposiums, safety liaison conferences, safety evaluations of logistics companies, on-board ship safety assessments, and many other safety measures from day to day.

In addition, individual production sites hold joint training drills for physical distribution safety together with logistics companies, police departments, and fire departments to ensure that the damage from any accident is minimized.



Physical distribution safety symposium



Joint training drill for physical distribution safety

## Responsible Care

# Workplace safety and hygiene

The effort to prevent workplace accidents is integrated in a comprehensive OHSMS<sup>1</sup> program that combines conventional safety initiatives—such as tidiness/orderliness/cleanliness, reporting of near-accidents and potential hazards, hazard prediction analysis, safety patrols, and case studies—with risk assessments and a prevention-oriented plan-do-check-act system.

We were unable to meet our targets for workplace injuries in fiscal 2009. Our frequency rate<sup>2</sup> was 0.21, exceeding our target of 0.1 or below, and our severity rate<sup>3</sup> was 0.008, exceeding our target of 0.005 or below. Progress was made in reducing accidents in the “caught in/between” category, which can easily result in severe injury. This category accounted for 10% of injuries in fiscal 2009, compared to 26% over the previous 10 years. Also, there were no accidents in fiscal 2009 which caused lasting injury. In this sense, we consider our workplace safety record in fiscal 2009 to have been largely satisfactory.

We will continue our efforts to identify potential hazards and to mitigate the risks of operations that can lead to accidents in the “caught in/between” category, non-routine operations, and other operations with a high risk of accident.

## Integration of workplace safety initiatives



## Approach to workplace safety

### Identification of potential hazards

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

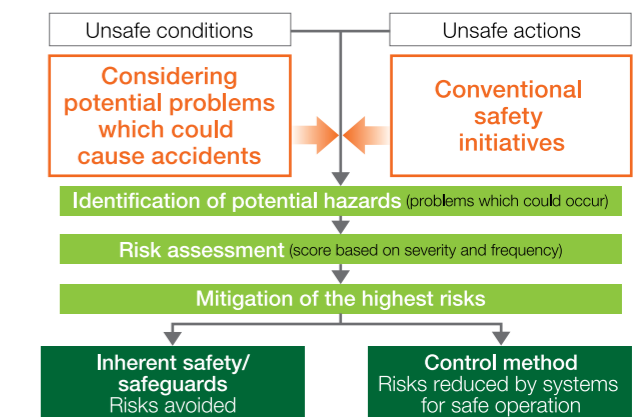
### Risk assessment

Priority for mitigating the potential workplace hazards thus identified is assigned based on a scoring system which combines the severity of the impact of problems which could occur and the frequency with which such problems would be likely to occur.

### Mitigation of the highest risks

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

### Schematic image for prevention of workplace accidents



### • Inherent safety, safeguards

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

<sup>1</sup> Occupational Health and Safety Management System. A standardized management system used to confirm that continuous improvement is being applied to measures to minimize the risks of workplace injuries and to prevent the emergence of future risks.

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

<sup>3</sup> Lost workdays, severity-weighted, per thousand man-hours worked.



## Formulation of safety measures

| Safety measures |                 | Degree of safety achieved       |     |
|-----------------|-----------------|---------------------------------|-----|
| 1               | Inherent safety | 100%                            |     |
| 2               | Safeguards      | 80%                             |     |
| 3               | Control method  | Indications, warnings, etc.     | 20% |
|                 |                 | Manuals, approval systems, etc. | 20% |

Source: Japan Industrial Safety and Health Association, "Shokuba no Risk Assessment no Jissai" (Realities of Workplace Risk Assessment), 1999, p. 26

### • Systems for safe operation

Operations for which the elimination of risks through equipment modification is impractical are classified as operations requiring special control. In such cases, risks are reduced through compliance with safe operating standards.<sup>1</sup> In addition to double-checking that proper procedures are followed, a range of creative measures are employed to ensure that safe operating standards are observed from day to day.

## Occurrence of workplace injuries

Of the 10 workplace injuries that occurred during fiscal 2009, five occurred at production sites and five at non-production sites (sales and administrative offices)—indicating the need to heighten safety measures at non-production sites. The category of "caught in/between" accounted for 10% of injuries in fiscal 2009, significantly lower than the 26% over the previous 10 years. To prevent accidents in this category, which can easily result in severe injury, efforts to identify potential hazards and to mitigate the risks thereof are ongoing at production sites throughout the Asahi Kasei Group.

## Occupational Health and Safety Management System (OHSMS)

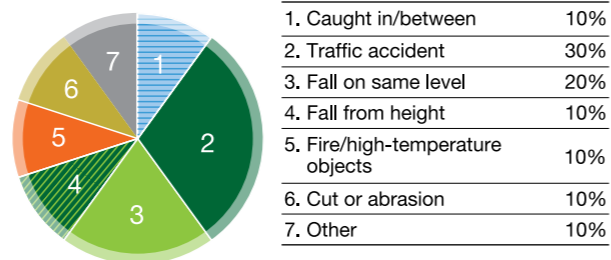
In fiscal 2002, we began applying OHSMS in accordance with OHSAS 18001<sup>2</sup> standards. In fiscal 2009, OHSMS was implemented at 90% of all plants and laboratories.

## Maintaining workplace hygiene

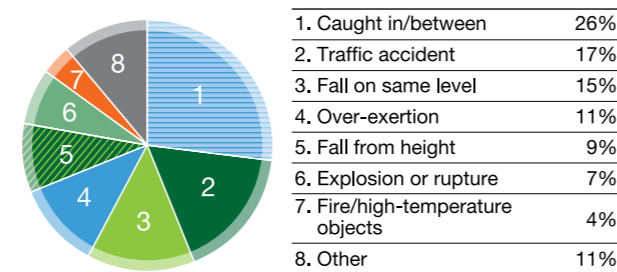
Each autumn we hold a group-wide Workplace Hygiene Week, during which workplace environments are reviewed and plans for improvement are prepared. Workplaces where potential health hazards are present are subject to regular monitoring under the Working Environment Measurement Law.

Where radioisotopes are present, radiation dose rates are maintained below regulatory limits, with measurement results reported each year to Japan's Office for Radiation Regulations. Records of noise and heat exposure data for each individual are maintained to enable exposure to be managed and minimized. We are advancing plant modification and reviewing work procedures to reduce exposure to noise and heat.

### Incidence of workplace injury by event category, FY 2009



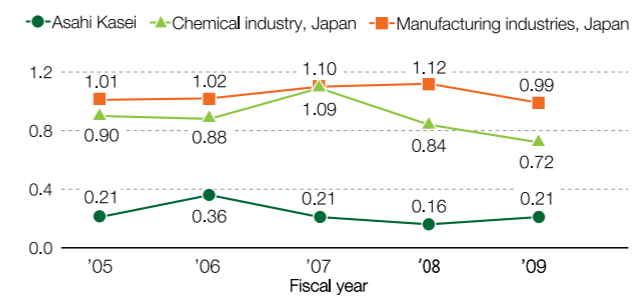
### Incidence of workplace injury by event category, FY 1999–2008



<sup>1</sup> Rather than individual rules for specific procedures, safe operating standards are a system of safety principles which define common safety practices that apply to categories of operation based on similarity of risk. For example, to prevent entanglement in machinery, our standard stipulates not to touch any exposed moving parts.

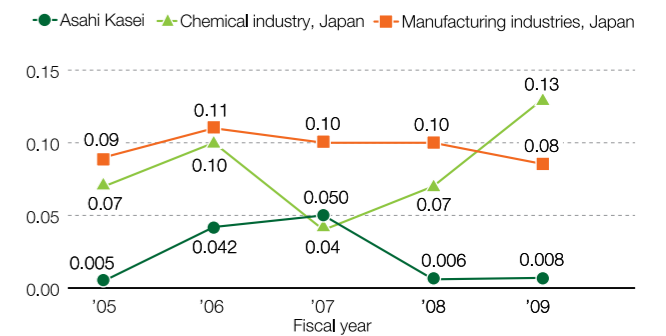
<sup>2</sup> Occupational Health and Safety Assessment Series, number 18001. A standard for certification of OHSMS.

### Frequency rate<sup>1</sup>



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

### Severity rate<sup>2</sup>



<sup>2</sup> Lost workdays, severity-weighted, per thousand man-hours worked.

## Responsible Care Health maintenance

In our effort to promote and maintain employee health, we provide both physical and mental health checkups, and take steps to reduce the number of employees who have mental distress or health warning signs.

### Reducing health warning signs

The ongoing effort to reduce the proportion of our personnel for whom health warning signs are found includes the use of our internet-based personal diet management system and the provision of guidance on exercise and health by specialist health management personnel and external lecturers at our various operating sites.

In fiscal 2009, the proportion of our personnel for whom one or more health warning signs were found was largely unchanged from the previous year.

In addition, our employee health insurance

association began providing specified health guidance in fiscal 2008 at certain sites in accordance with the Act on Assurance of Medical Care for Elderly People. In fiscal 2009, this health guidance was extended to all major plants and office sites. Results of fiscal 2009 health checkups at workplaces where such guidance was performed in fiscal 2008 showed a reduction in the number of personnel with health warning signs related to hyperlipidemia and hypertension as well as obesity. In fiscal 2010, such guidance will be extended to include independent plants and smaller offices.

## Mental health and care

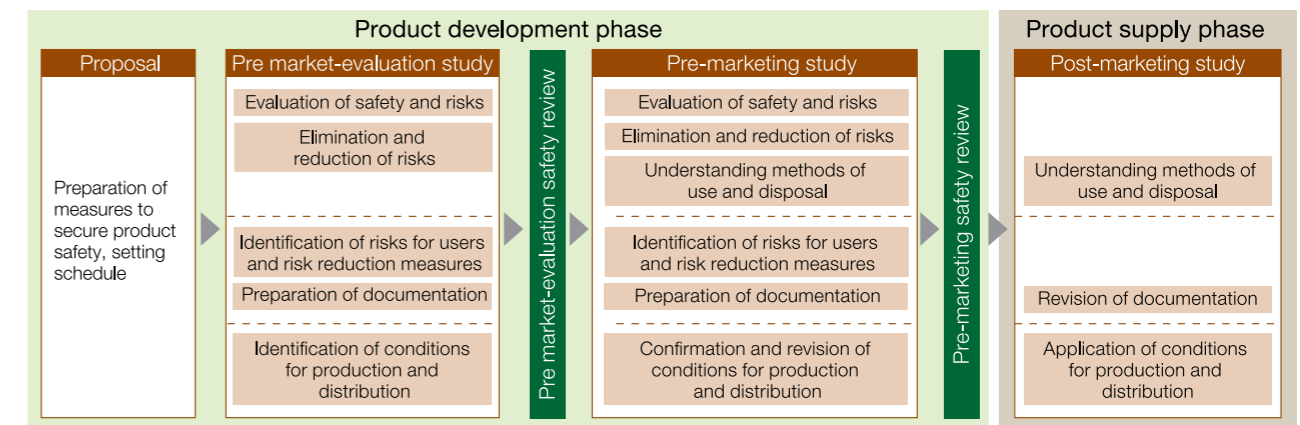
The maintenance of employees' mental health and care is advanced in tandem with our physical health and fitness programs. The corporate Mental Health Guideline provides for measures to improve the workplace environment together with four complementary approaches to care: By the individual employee, by line of authority, by industrial medical staff, and by specialists. To promote self-awareness and care, we have performed the Japan Mental Health Inventory (JMI)<sup>1</sup> survey for all personnel on three-year cycles since fiscal 2001, and are now in the third cycle. The results of the survey are also analyzed by workplace unit to help guide improvements in the workplace environment.

A provision for shortened working days is available for personnel returning from leave of absence for psychiatric convalescence as well as for any other injury or illness, enabling a gradual recovery of a full work load. Nearly all those who used this provision have successfully returned to full-time work. Provision of training sessions by external lecturers, introduction of counseling services, and other related activities are proactively implemented at various plant sites and office locations with the support of our employee health insurance association.

As a result of these efforts, the number of employees on leave of absence for mental health reasons declined in fiscal 2009.

<sup>1</sup> The JMI survey was developed by the Mental Health Research Institute of the Japan Productivity Center for Socio-Economic Development, a non-profit organization advocating advanced industrial productivity.

## Flow of product safety measures



## Responsible Care Product safety

To ensure the provision of products that the customer can use safely and reliably, we at the Asahi Kasei Group constantly strive to improve product safety and product quality, while maintaining consistent production control. In fiscal 2009 we again met our target of no serious product safety incidents.

## Prevention of product safety incidents

### Consumer satisfaction and safety

Products sold by the Asahi Kasei Group range from industrial materials to consumer products. Many of the materials we sell are used in products which are purchased by ordinary consumers.

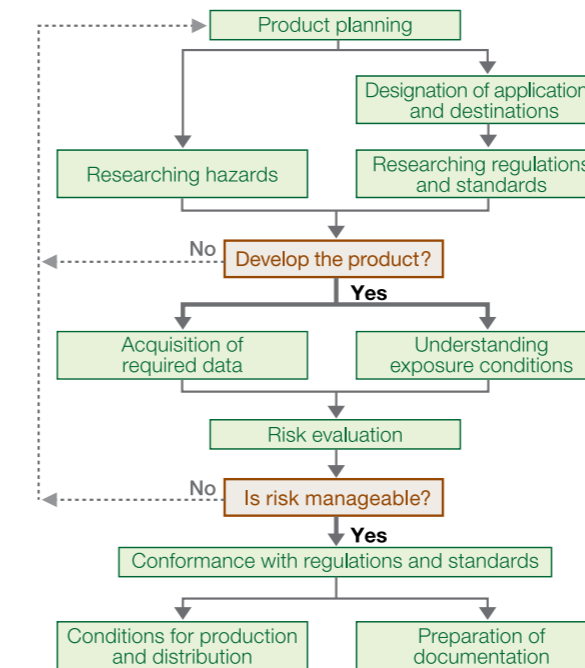
Consumer satisfaction is therefore the ultimate measure of our success in the provision of safe, high-quality products.

We strive to maintain product quality and safety through continual attention to production control to ensure that the products used by consumers are completely free of safety defects.

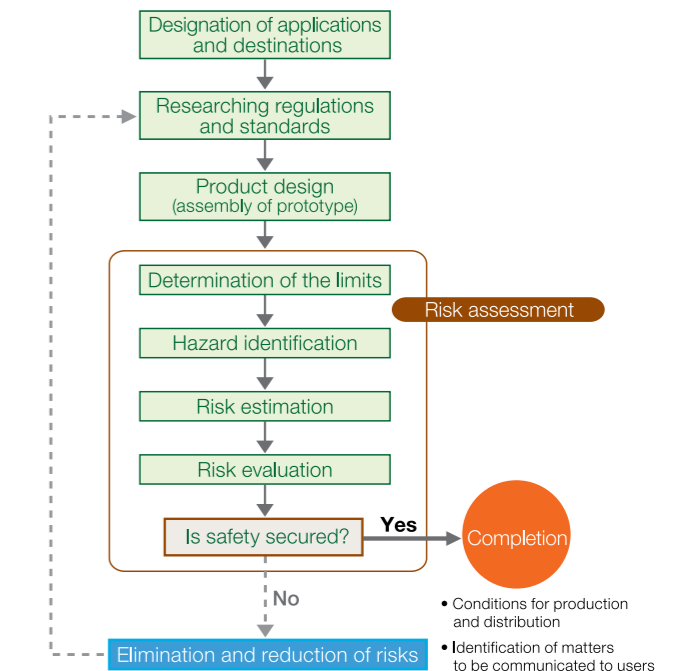
### Product safety guidelines

Group-wide product safety guidelines have been prepared to secure product safety and prevent the occurrence of product safety incidents. The guidelines specify matters to be controlled throughout the process from material purchase through use and disposal. The guidelines are centered on risk assessment during the development stage to ensure product safety prior to marketing. Specific product safety measures for individual products are applied by each core operating company in accordance with the guidelines. Products are classified as either "chemicals" or "equipment," with separate procedures to ensure product safety as shown at right.

### Product safety procedure for chemicals



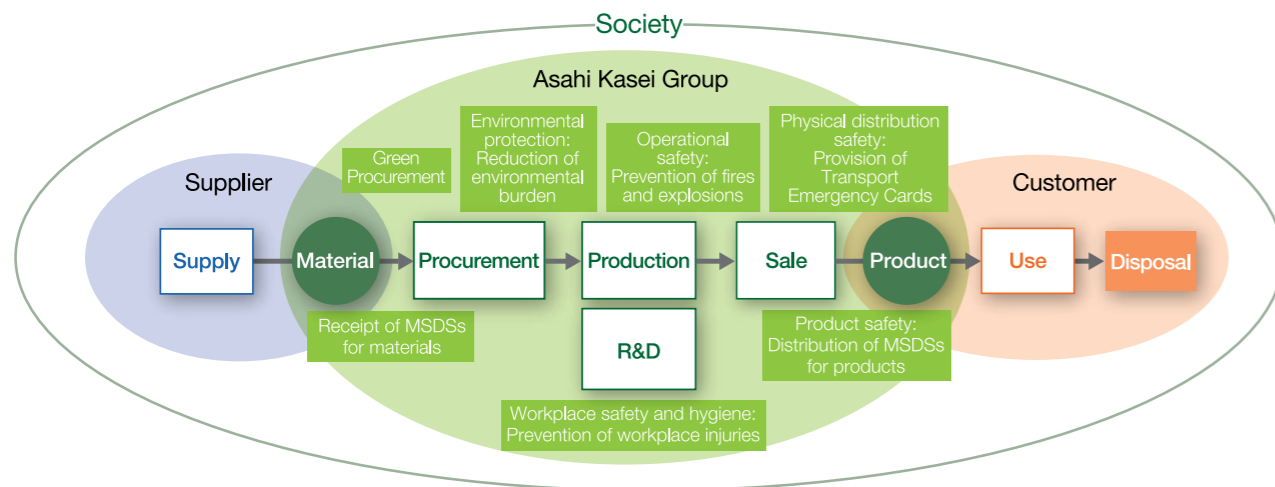
### Product safety procedure for equipment



# Managing chemical substances

To ensure the safety of products and production processes in the Asahi Kasei Group, we maintain awareness of the properties of the chemical substances we use, and manage them strictly and appropriately throughout each phase from materials procurement to production, use, and disposal.

## Chemical substance management flow



### The Asahi Kasei Group effort

Strict management and control of chemical substances is a key element in the effort to ensure environmental protection, operational safety, workplace safety and hygiene, health maintenance, and product safety. Chemical substances are managed at each stage from development to use and disposal, as shown above.

#### Materials purchase

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

#### Production

The safety of the local community and the protection of the environment are secured by proper handling of chemical substances to suppress environmental release (see pp. 23–27) and to prevent fires, explosions, and leaks (see pp. 27–29). The health of employees is protected by preventing workplace exposure to hazardous substances.

In fiscal 2009 we surveyed the handling of nanomaterials in our operations and established guidelines for preventing exposure to nanomaterials in accordance with the viewpoints of the Ministry of Health, Labour and Welfare, the Ministry of the Environment, and the Ministry of

Economy, Trade and Industry. Our guidelines clearly define nanomaterials and specify measures to prevent exposure to them. At the Kawasaki Works, a seminar on their handling was held prior to the survey.



Seminar on the handling of nanomaterials in Kawasaki

#### Use and disposal

Guidance for proper use and disposal of chemical substances and chemical products is provided in Material Safety Data Sheets (MSDSs), technical bulletins, and product brochures. Transport Emergency Cards are issued to guide the proper environmental and safety response in the event of an accident during physical distribution.

#### Research and development

The management of chemical substances begins with R&D, which is guided throughout every stage by a commitment to developing products and process characterized by safe, environmentally sound production, handling, and use.

#### Education and training

The Asahi Kasei Group conducts extensive

education and training on the management and control of chemical substances for all personnel in research, manufacturing, and sales. This includes intensive study on the Chemical Substance Control Law and the Industrial Safety and Health Law, and is an inherent part of our pervasive corporate-wide chemical substances management.

In fiscal 2009, we acted swiftly to ensure our compliance with the revised Chemical Substance Control Law. We distributed detailed information on the revision throughout the Asahi Kasei Group and actively promoted participation in related seminars.

### Global trends on management of chemical substances

The Asahi Kasei Group is enhancing the management of chemical substances in accordance with relevant global trends. Many international organizations and private-sector associations are promoting chemical management based on risk assessment and advancing product stewardship (PS) in supply chains.

#### Committing to the RC Global Charter

On May 30, 2008, the President of Asahi Kasei Corp. signed a letter of commitment to the Responsible Care Global Charter (RCGC) on behalf of the Asahi Kasei Group, indicating our recognition of the importance of RC and especially chemical substance control. The RCGC was launched by the International Council of Chemical Associations (ICCA) with a UN resolution.

#### HPV Chemicals Initiative

The Asahi Kasei Group began participation in the ICCA HPV Chemicals Initiative in fiscal 1999, cosponsoring assessments for ten substances. Assessment for five of the ten substances has been completed by the OECD, and is in progress for the other five in coordination with other participating companies.

#### Japan Challenge Program

The Asahi Kasei Group is a leading participant in the Japan Challenge Program, which was launched in 2005 as a nation-wide public/private sector alliance to accelerate the collection of chemical safety information for public disclosure.

#### Long-range Research Initiative (LRI)

The Japan Chemical Industry Association (JCIA) is a participant in the ICCA LRI<sup>1</sup> to advance study on the long-term effects of chemical substances on health and the environment. The Asahi Kasei Group participates in the Science Task Force committee and committees for specialized areas.

#### Promoting the Japan Chemical Industry Association's new voluntary activities for chemical management

The Japan Chemical Industry Association (JCIA) has been promoting voluntary risk assessment and management of chemical substances in Japan and encouraging enhanced product stewardship.

One key element is the preparation of a Japanese version of the ICCA Product Stewardship Guidelines (issued by the ICCA in 2007) including a Japanese version of risk assessment guidance and product stewardship guidance for the communication of risk information through supply chains. The JCIA plans to establish the

### Developments in management of chemical substances

| Organization | Development   |
|--------------|---|
| UN           | <ul style="list-style-type: none"> <li>Resolution to minimize adverse effects on human health and environment due to production, handling, and use of chemical substance; implementation of Action Plans to achieve certain targets by 2020</li> <li>Implementation of Globally Harmonized System (GHS) for the classification and labeling of chemicals</li> </ul> |
| OECD         | <ul style="list-style-type: none"> <li>Collection of safety data under the High Production Volume (HPV) Chemicals initiative by each member country and its chemical industry</li> </ul>  |
| EU           | <ul style="list-style-type: none"> <li>REACH Regulation for the registration, evaluation, authorization and restriction of chemicals</li> <li>RoHS Directive for the restriction of the use of certain hazardous substances in electrical and electronic equipment</li> </ul>   |

<sup>1</sup> ICCA Long-range Research Initiative (ICCA-LRI)

The ICCA-LRI seeks to deal with unresolved issues regarding the impact of chemical substances on human health and the environment, and to develop new safety assessment technologies. The JCIA has ongoing

research projects in five areas: effect on organisms in the environment, neurotoxicity, carcinogenicity, immunotoxicity, and improvement of the precision of risk evaluation.

Japanese version of the ICCA PS Guidelines as an industry standard for voluntary product stewardship activities. In fiscal 2009, Asahi Kasei actively participated in this effort.

### Globally Harmonized System (GHS)

We are advancing a program to classify the hazards of all of our chemical products in accordance with GHS categories, revise our MSDS's, and label our products with clear safety information.

### REACH compliance

We have completed REACH pre-registration for all applicable substances. Relevant core operating companies conduct internal education and training on REACH requirements and convene monthly meetings to advance compliance procedures. Preparations for REACH registration are ongoing, in full compliance with all relevant requirements.

### Joint Article Management Promotion (JAMP)

As an active member of JAMP, we participate in the development of systems to manage chemical substance information as well as revision of the list of applicable substances. As an upstream company, we also convey relevant information throughout the supply chain to help establish JAMP as a widely used tool.

## Outline of efforts for product safety and chemical substance management

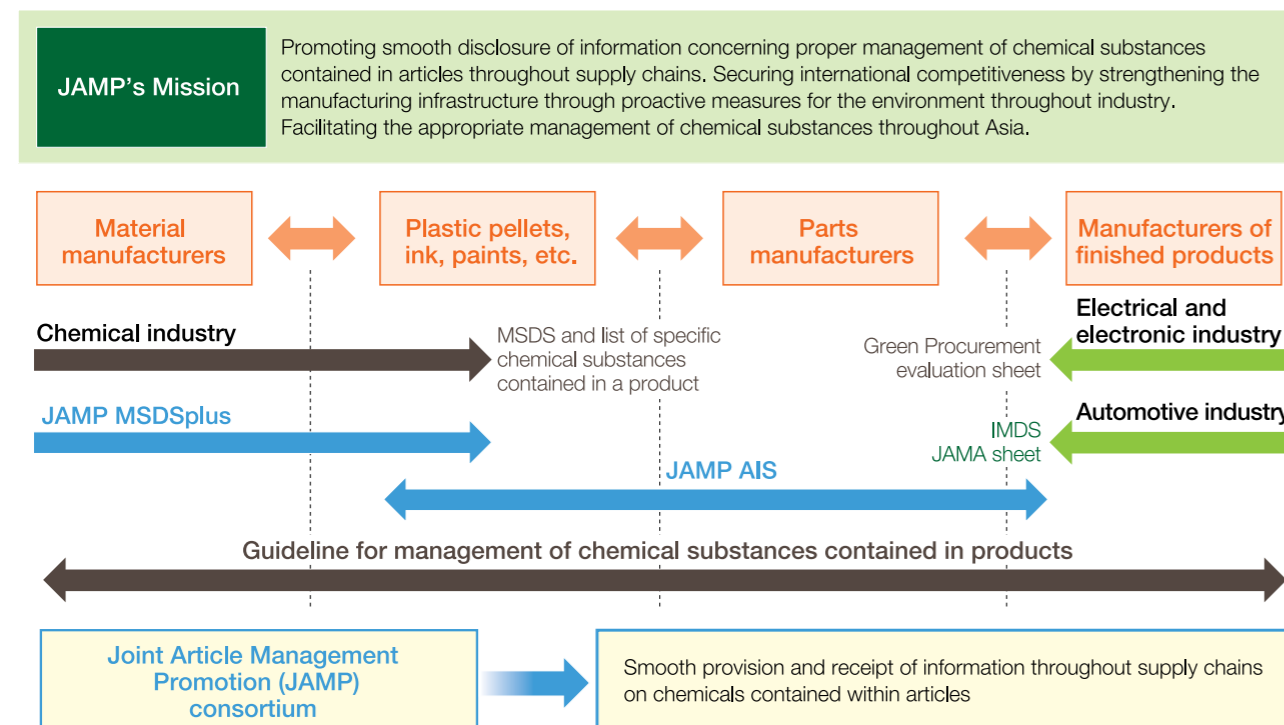
The Asahi Kasei Group routinely performs employee education on product liability, chemical product safety, and equipment safety, along with risk assessment. We examine the substance of complaints about our products and apply lessons learned to our quality assurance systems (QMS and GMP) as part of the continuing effort to ensure product safety and avoid complaints.

With regard to the safety of chemical products, the Global Harmonized System of Classification and Labeling of Chemicals (GHS) has been introduced in Japan in accordance with a United Nations advisory. We have revised our MSDSs for compatibility with GHS and have labeled our chemical products to make safety information more visible.

In addition to their useful properties, many of our products are potentially hazardous if handled improperly. We therefore provide a range of information for safe use and handling of our products, and continuously review the safety of our products and strive to ensure that the safety information that we provide is easy to understand and apply.

### Activities of the Joint Article Management Promotion (JAMP) consortium

(Adapted from JAMP brochure)

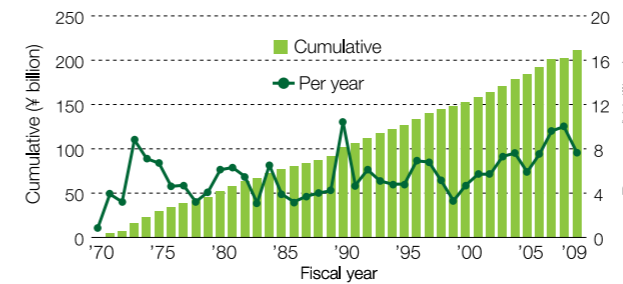


## Responsible Care

# Expenditure for environment and safety

Investments in modification for environmental protection and safety in fiscal 2009 were as shown below.

### Investment in environmental and safety modification

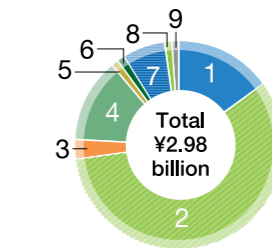


### Breakdown of investment

|               | 2005 | 2006 | 2007 | 2008 | 2009 |
|---------------|------|------|------|------|------|
| Environmental | 2.51 | 2.08 | 2.35 | 3.18 | 2.98 |
| Safety        | 3.26 | 5.37 | 7.15 | 6.74 | 4.55 |
| Total         | 5.77 | 7.44 | 9.50 | 9.92 | 7.54 |

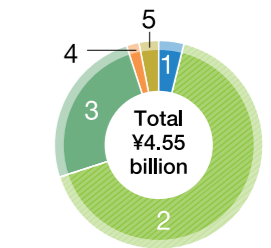
(¥ billion)

### FY 2009 environmental investment



|                           |     |
|---------------------------|-----|
| 1. Water                  | 15% |
| 2. Atmosphere             | 57% |
| 3. Noise, vibration, odor | 3%  |
| 4. Energy conservation    | 13% |
| 5. Wastes                 | 1%  |
| 6. Chemical substances    | 1%  |
| 7. Soil pollution         | 8%  |
| 8. Tree-planting          | 1%  |
| 9. Others                 | 1%  |

### FY 2009 safety investment



|                       |     |
|-----------------------|-----|
| 1. Explosions         | 4%  |
| 2. Outmoded equipment | 66% |
| 3. Workplace safety   | 25% |
| 4. Earthquakes, etc.  | 2%  |
| 5. Others             | 3%  |

## Environmental accounting

We classify the cost of our measures for environmental protection in accordance with cost classification standards promulgated by the Ministry of the Environment. The table below shows fiscal 2009 environmental accounting for Asahi Kasei Chemicals, Asahi Kasei Fibers, Asahi Kasei Microdevices, and Asahi Kasei E-materials.

Notable measures carried out in fiscal 2009 included reduction of VOC emissions, energy

conservation, and groundwater purification. Notable results included reducing the amount of emission and transfer of PRTR-specified substances by 38 and 1,100 tons, respectively, and reducing the amount of final disposal of industrial waste by 2,200 tons.

These measures allowed us to save 1.6 million yen in industrial waste disposal costs and gain profit of 230 million yen by selling the industrial waste as valuable material.

### Environmental accounting

(¥ million)

| Cost class                      | Asahi Kasei Chemicals |         | Asahi Kasei Fibers |         | Asahi Kasei Microdevices |         | Asahi Kasei E-materials |         |
|---------------------------------|-----------------------|---------|--------------------|---------|--------------------------|---------|-------------------------|---------|
|                                 | Investment            | Expense | Investment         | Expense | Investment               | Expense | Investment              | Expense |
| ① Combined operating area       | 2,458                 | 4,186   | 310                | 1,473   | 16                       | 74      | 49                      | 212     |
| Pollution prevention            | 2,174                 | 2,831   | 172                | 930     | 13                       | 37      | 35                      | 82      |
| Global environmental protection | 272                   | 250     | 38                 | 113     | 3                        | 2       | 14                      | 10      |
| Resource circulation            | 12                    | 1,106   | 100                | 429     | 0                        | 35      | 0                       | 120     |
| ② Upstream and downstream       | 0                     | 25      | 0                  | 6       | 0                        | 0       | 0                       | 114     |
| ③ Management                    | 84                    | 559     | 0                  | 47      | 0                        | 60      | 0                       | 36      |
| ④ Research and development      | 211                   | 1,389   | 0                  | 29      | 0                        | 25      | 0                       | 28      |
| ⑤ Community outreach            | 6                     | 4       | 0                  | 7       | 0                        | 1       | 0                       | 1       |
| ⑥ Environmental damage          | 0                     | 207     | 0                  | 0       | 0                        | 0       | 0                       | 0       |
| Total                           | 2,759                 | 6,370   | 310                | 1,562   | 16                       | 160     | 49                      | 390     |

Note: Sums may not equal totals due to rounding.

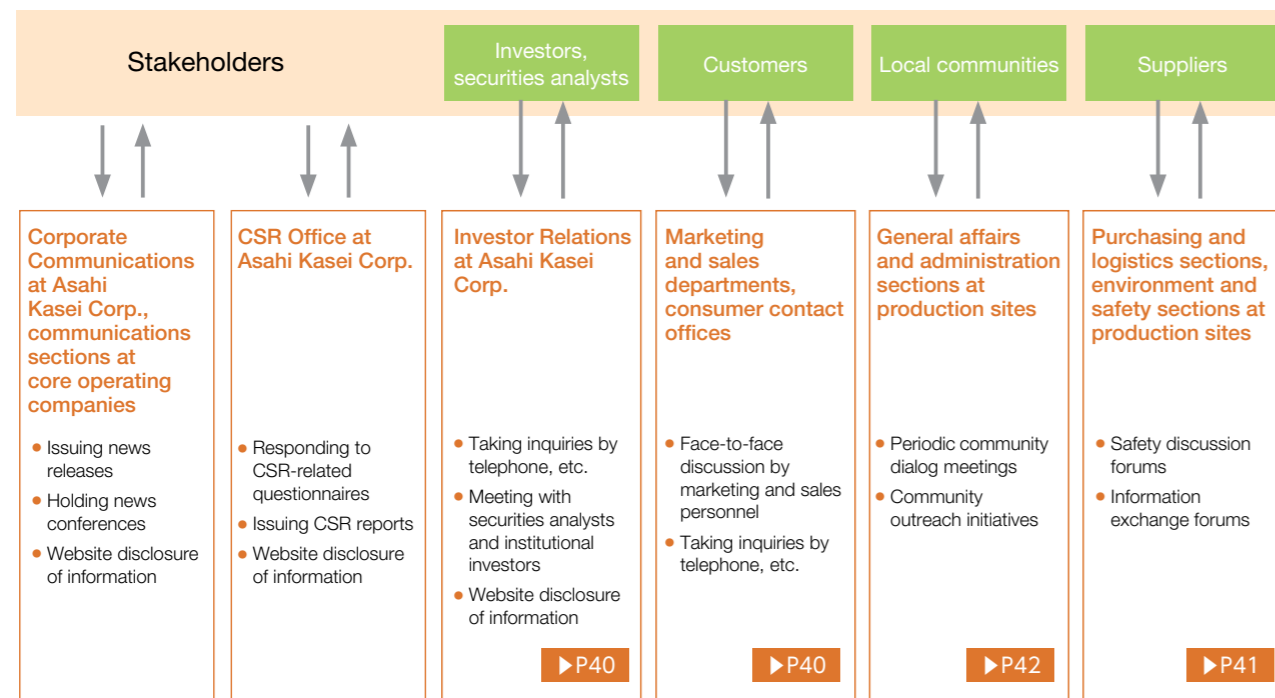
# Corporate citizenship

We are committed to advancing in harmony with society from a global perspective through fair information disclosure and the proactive employment of management resources for corporate responsibility and citizenship.

## Corporate citizenship

# Stakeholder dialog

Different corporate organs hold responsibility for fair and open dialog with each of our different groups of stakeholders.



## Establishment of Information Disclosure Policy

In July 2008, we established an Information Disclosure Committee chaired by the Executive for Corporate Strategy and adopted an Information Disclosure Policy. In our communication with

stakeholders and with the general public, we strive for dialog which fosters a relationship of trust, promoting greater understanding of the Asahi Kasei Group, to increase brand strength and heighten corporate value. Please refer to [www.asahi-kasei.co.jp/asahi/en/ir/disclosure.html](http://www.asahi-kasei.co.jp/asahi/en/ir/disclosure.html) for more details.

## Corporate citizenship

# Customer relations

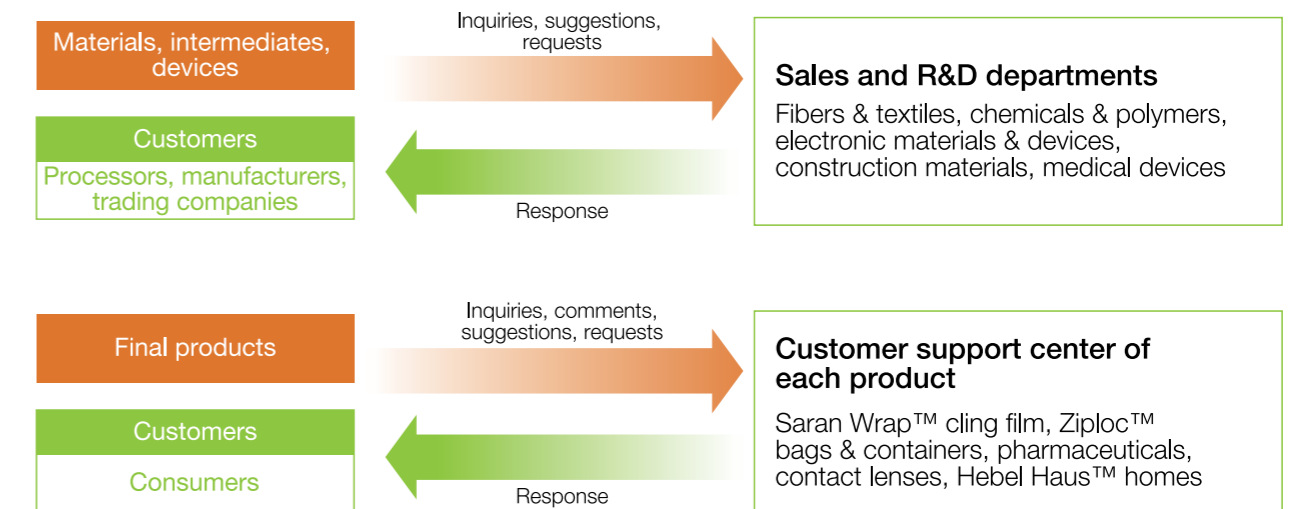
We highly appreciate frank and honest feedback from the customer, considering it vital to our effort to enhance the quality and value of our products and services. We believe that it is by maintaining customer satisfaction that our products and services contribute to society.

## Communication with customers

To enhance communication with our customers, we optimize our response according to the category of product: material, intermediate, device, or final product. For final products, our customer support centers handle inquiries, comments, requests, and suggestions from consumers. For

polymers and chemical products, electronic materials and devices, fibers and textiles, and construction materials, our sales representatives share feedback received from customers with the relevant R&D departments, where it is often used as the basis for modification and improvement of existing products and development of new products.

## Communication with customers



## Corporate citizenship

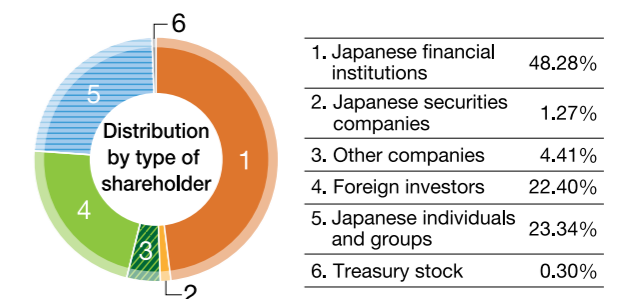
# Investor relations

We strive to disclose information in a timely and fair manner to enable our investors to gain an accurate understanding of the Asahi Kasei Group.

## Shareholder distribution

Asahi Kasei Corp. has some 130 thousand shareholders. At the end of March 2010, approximately 48% of our shares were held by Japanese financial institutions, 23% by Japanese individuals and groups, and 22% by foreign investors.

Distribution by type of shareholder (as of March 31, 2010)



## Meetings with institutional investors and securities analysts

In fiscal 2009, Investor Relations held 265 meetings in Japan with institutional investors and securities analysts, including large conferences to discuss quarterly financial results. Furthermore, 133 meetings were held with investors and analysts overseas, including meetings and two presentations at conferences held by Japanese and overseas securities firms. In total, 398 meetings were held to directly provide information to institutional investors and securities analysts in fiscal 2009, with a cumulative attendance of 1,509.



Naomitsu Fujita, General Manager, Investor Relations (left), meets with a securities analyst

## Seminars for individual investors

To provide individual investors with a better understanding of the operations of the Asahi Kasei Group, 18 seminars for individual investors were held in fiscal 2009, including one featuring a presentation by the President of Asahi Kasei, with a cumulative attendance of 1,718.



Seminar for individual investors

### Corporate citizenship

## Principled supplier relationships

A relationship of mutual trust with our suppliers is fostered through fair and principled purchasing practices based on regulatory compliance and respect for the environment and human rights.

### Purchasing and Procurement Policy

Corporate purchasing is based on the tenets of transparency, fairness, and equality with suppliers, with extensive information gathering, a strategic perspective, and a global outlook to ensure that the best possible products and services are obtained. The

#### Principal aspects of supplier evaluation

- 1 Financial soundness, sustainable supply
- 2 Compliance
- 3 Management philosophy, management policy
- 4 Safety
- 5 The environment
- 6 Human rights
- 7 Workplace hygiene
- 8 Competitive pricing
- 9 Product quality, technological innovation
- 10 On-time delivery
- 11 Information disclosure
- 12 Risk management
- 13 Personnel training and development
- 14 Corporate citizenship

CSR-related performance of suppliers is a primary consideration in their selection, and transactions are made based on a comprehensive evaluation thereof. Since fiscal 2006 we have conducted annual CSR Procurement surveys, and in fiscal 2009 our personnel had discussions with major suppliers to reinforce their understanding of our CSR Procurement measures.

### Supplier relations at production sites

Safety seminars are periodically held at our principal production sites to discuss accident prevention and exchange information with suppliers.



Safety seminar in Mizushima

### Corporate citizenship

## Public outreach

We work to honor and respect the local culture of each community where our operations are based, and to maintain effective dialog and communication with community members.

### Dialog and interaction

Measures for community dialog and interaction include regularly held forums and meetings with representative of local government and members of local residents associations, opening gymnasiums, playgrounds, and other facilities for public use and enjoyment, and hosting a variety of events.



On-site environmental inspection by local residents' association in Fuji



An event for local residents to use a company recreational field in Kurashiki, Okayama

### Plant tours

We offer plant tours in Nobeoka, Mizushima, Suzuka, and other major plant locations to obtain a better understanding of our operations and the measures we implement for the environment and safety.



Junior high school students on a tour of the Bemberg Plant



Local school teachers visit our Kawasaki Works

### Neighborhood clean-up and tree planting

Employees at our main production sites periodically clear the plant vicinities of litter, rubbish, and weeds as part of our interaction with the surrounding communities. We also participate in a variety of projects for the planting of trees and greenery.



Planting flowers around our Suzuka Plant

### Independent drinking water supply systems for local communities

Asahi Kasei Chemicals has installed drinking water supply systems at three Asahi Kasei Group plant sites: Moriyama, Suzuka, and Nobeoka. The systems utilize Microza™ microfiltration membranes to purify deep well water. While serving to supply drinking water to personnel working at these sites on a daily basis, these systems also provide a vital independent back-up as a secure source of safe drinking water for local communities in the event of a disaster.



Local residents practice drawing water from the system in Moriyama



Independent drinking water supply system

# Community fellowship

Our basic commitment for community fellowship is reflected in our Community Fellowship Policy, and our wide range of community-rooted initiatives for learning and growth, sports and culture, and environment and ecology, in accordance with our Guiding Concept of broadening horizons and opening pathways, and our Basic Framework of education and development of the next generation.

## Basic commitment

### Community Fellowship Policy

- Fulfilling our roles and responsibilities as a good corporate citizen.
- Effective utilization of management resources to advance community fellowship based on the unique characteristics of the Asahi Kasei Group.
- Striving for meaningful community fellowship actions with a constant awareness of our objectives and effectiveness.
- Supporting and nurturing participation in community fellowship by all who work in the Asahi Kasei Group, encouraging volunteerism and individual initiative.
- Proactive information disclosure, both internally and externally.

Basic Framework  
Education and development of the next generation

## Education and development of the next generation

### School visits and science lab for students

The Asahi Kasei Group conducts school visits to promote understanding and heighten interest in science and technology among elementary, junior high, and high school students. Our engineers visit schools to give explanations and demonstrations



School visit in Nobeoka



School visit in Moriyama

of science and technology and on environmental issues.

### Holding exhibits and sponsoring science-related events

The Asahi Kasei Group provided sponsorship for and held exhibits at science-themed events such as “Dream Chemistry 21,” a chemistry exhibition for school children during summer vacation, and “Youngsters’ Science Festival 2009.” Through these events, children and their parents were able to learn about science and chemistry in a fun way.



“Dream Chemistry 21” chemistry exhibition in Tokyo



“Youngsters’ Science Festival 2009” in Kurashiki, Okayama

### Sponsored university course

The Asahi Kasei Group sponsors a course at Fuji Tokoha University in Fuji, Shizuoka. Our scientific personnel give lectures in the course entitled “The Prospects of Modern Science.”



Lecture at Fuji Tokoha University

### Supporting the Japan Student Science Awards

The Asahi Kasei Group is the sole sponsor of The Yomiuri Shimbun’s Japan Student Science Awards, including the Asahi Kasei Award, which are given in recognition of outstanding study of science at junior high schools and high schools.



Presentation of the Japan Student Science Awards

### Corporate partner of Miraikan

Since fiscal 2008, the Asahi Kasei Group has been a corporate partner of the National Museum of Emerging Science and Innovation (Miraikan) led by scientist and former astronaut Dr. Mamoru Mohri. As a corporate partner, we work together with Miraikan to help cultivate children’s interest in science and technology.



Miraikan, in Tokyo

## Overseas activities

### Asahi Kasei Water Environment Preservation Foundation

On August 7, 2009, Asahi Kasei Chemicals held a ceremony in Beijing to mark the launch of the Asahi Kasei Water Environment Preservation Foundation. The foundation’s main objective is to promote youth education in China with regard to the water environment. We also donated a water purification unit to Chinese authorities.



Opening ceremony of the Asahi Kasei Water Environment Preservation Foundation

## Sports

Asahi Kasei has long supported athletic activity and maintains top-tier judo and track teams, with nearly 40 employees having competed in the Olympics over the years. Support for sports and athletics also includes sponsorship of the Golden Games in Nobeoka, a notable long-distance track competition in Japan, and provision of judo and track lessons for elementary, junior high, and high school students by members of our corporate judo and track teams.



Track lesson for students in Nobeoka



Judo lesson for students in Nobeoka

## Culture

### Asahi Himuka Cultural Foundation

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



A piano recital at the Hyuga Himawari Special Needs School (photo: The Yukan Daily)

## Respect for employee individuality

The Asahi Kasei Group considers fulfilling and satisfying working conditions and workplace culture, in which personnel feel motivated to achieve and take pride in their career, to be a key to business performance.

### Respect for employee individuality

## Human Resources Principles

The Human Resources Principles of the Asahi Kasei Group are a distillation of the values and beliefs held in common by all employees, a key aspect of a corporate culture where personal growth and corporate development are mutually reinforcing.

|                             |  |                           |   |                                |  |
|-----------------------------|--|---------------------------|---|--------------------------------|--|
| <b>Corporate Commitment</b> | The basic commitment to human resources is to provide the venue for a dynamic and fulfilling career as a part of a lively and growing corporate group. | <b>Basic Expectations</b> | <ul style="list-style-type: none"> <li>Enterprise and growth through challenge and change</li> <li>Integrity and responsibility in action</li> <li>Respect for diversity</li> </ul> | <b>Expectations of Leaders</b> | <ul style="list-style-type: none"> <li>Building the team, heightening performance and achievement</li> <li>Going beyond conventional boundaries, in thought and action</li> <li>Contributing to mutual development and growth</li> </ul> |
|-----------------------------|--|---------------------------|---|--------------------------------|--|

The Asahi Kasei Group is now formulating a new mid-term management initiative to begin in fiscal 2011, incorporating the basic concepts of "harmony with the natural environment" and "living in health and comfort." I believe the driving force which will enable us to achieve these concepts is the people of our enterprise. The vitality and will of our personnel are the key elements to lead the company to future growth and development. Our Human Resources

Principles elucidate the base of common values and beliefs shared throughout the Asahi Kasei Group. Corporate growth and public contribution are made possible by the consistent application of these principles in day-to-day work.

**Masanori Mizunaga**  
Executive for Human Resources  
Director, Senior Executive Officer  
Asahi Kasei Corp.

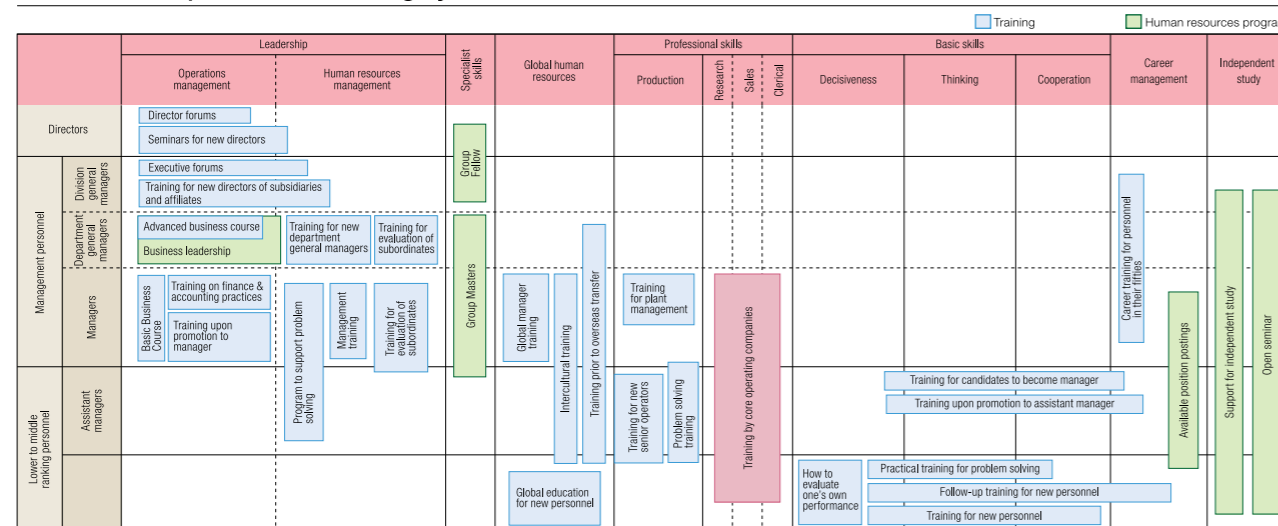


### Respect for employee individuality

## Human resources development

Employees are given a wide range of training to develop the skills needed to successfully advance their careers. A regular program of training is applied throughout the Asahi Kasei Group at key career steps – upon hiring, promotion to manager, promotion to department general manager, promotion to division general manager, and assumption of an executive position. Other individual training programs such as for global management are implemented according to business need. Each core operating company also implements training programs to support the development of employee skills required for its specific field of business.

### Career development and training system 2010



## Two-foundation, three-pillar structure

The human resources development program in the Asahi Kasei Group is structured with heightening basic skills through OJT and heightening professional skills as a two-layer foundation, with three pillars of cultivating management leaders, heightening specialist skills, and fostering global human resources.

### Two-foundation, three-pillar structure



- 1 Fostering world-class management leaders who will guide the future growth of the Asahi Kasei Group
- 2 Fostering personnel who demonstrate outstanding specialist skill in particular fields and who are held in the highest regard within those fields, both internally and externally
- 3 Fostering personnel with the knowledge and skill to work internationally, with an understanding of different cultures and appreciation of diversity
- 4 Raising professional skills and knowledge related both directly and indirectly to work in specific fields to the highest levels
- 5 Fostering the ability of young personnel to push forward, develop solutions, and work cooperatively as fundamental skills

## Career development training and support

### Revision of system for administrative positions

In October 2008, we revised our system for employees in administrative positions (heads of sections and departments) from one of rank-based grades to one based on category of role in each post. The new system enables the importance of each post to be more clearly reflected and better engenders the positioning of the most suitable person in each post.

### Group Masters

The Asahi Kasei Group employs a "Group Masters" program to recognize employees who

have developed and exercised extraordinary expertise and skills that hold universal value, and to facilitate their application throughout the Group. Currently, 116 Group Masters are designated: two as Group Fellows, thirty as Senior Group Experts, and eighty-four as Group Experts, with rank and remuneration commensurate with executive officer, department general manager, and section manager, respectively.

### Overseas study

Each year personnel are dispatched for overseas study as part of the effort to develop the skills and abilities needed to do business in the globalized operating environment.

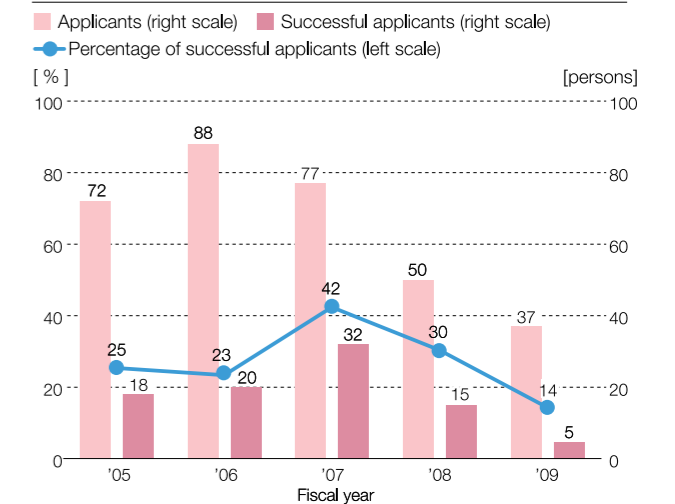
### Independent study

In October 2003, the Asahi Kasei Group instituted a program to support independent study by employees. To encourage employees to acquire high level specialist or technological ability, the company will pay part of the cost of attending courses or lectures.

## Available position postings

In October 2003 we began a system for business units to post available positions on the corporate intranet. Personnel in other business units who are eligible for transfer can apply. So far, a total of 133 employees have been transferred through this system to other divisions and departments within the group.

### Position postings and transfers<sup>1</sup>



<sup>1</sup> Results for personnel employed by Asahi Kasei Corp., Asahi Kasei Chemicals Corp., Asahi Kasei Homes Corp., Asahi Kasei Pharma Corp., Asahi Kasei Fibers Corp., Asahi Kasei Microdevices Corp., and Asahi Kasei Construction Materials Corp. for FY04 – 07, by Asahi Kasei Medical Co., Ltd. in addition to these companies for FY08 – 09, and by Asahi Kasei E-materials Corp. in addition to these companies for FY09.



## Valuing diversity

Corporate HR & Labor Relations leads the effort to ensure that there will be no unreasonable discrimination on the basis of gender or otherwise, to maintain a lively workplace culture which enables personnel to perform at their best, to advance employment of persons with disability, and to rehire personnel after mandatory retirement.

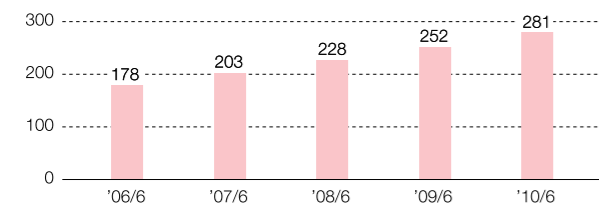
### Fiscal 2010 hiring

In April 2010, 316 new graduates were hired: 239 men and 77 women. In addition, 118 persons were hired in mid-career between April 2009 and March 2010.<sup>1</sup>

### Expansion of opportunities for women

We established EO Promotion in 1993, and have proactively increased the proportion of women hired and expanded the distribution of job assignments for women. In 1993, only five employees at the rank of manager or above were women. This has risen to 281 in June 2010, and the variety of posts where women are assigned continues to expand.

#### Number of women as managers<sup>2</sup>



### Preventing sexual harassment

Sexual harassment in the Asahi Kasei Group is clearly prohibited by our *Corporate Ethics - Code of Conduct* and by our corporate employment regulations. Prevention is reinforced through training at each level of promotion in rank and through periodic company-wide training within each core operating company for conformance with corporate ethics.

EO Promotion serves as a central point of consultation for the Asahi Kasei Group, and consultation centers have been established in each core operating company, at each operating site, and by each labor union.

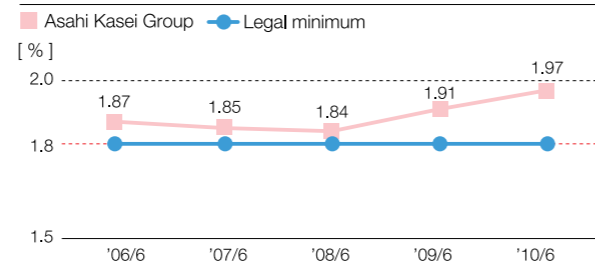
Training and consultation is not limited to regular full-time employees, but includes staff

from placement agencies and employees of affiliated companies.

### Employment of persons with disability

Our employment of disabled persons stood at 430 employees as of June 1, 2010, or 1.97% of the 22,079 employees of Asahi Kasei Corp. and certain subsidiaries. The rate of disabled personnel has exceeded the legal minimum since 1994. The legal minimum has been 1.8% since 1998. Asahi Kasei Ability Corp. was established in 1985 for the employment of disabled persons, performing a wide range of services for the Asahi Kasei Group including website design, document printing and binding, copying, mounting and framing, gardening, and cleaning, with offices in Tokyo, Fuji, Mizushima, and Nobeoka. Of our 430 personnel with disability in June 2010, 255 were employed at Asahi Kasei Ability.

#### Rate of disabled personnel<sup>3</sup>



<sup>1</sup> Totals for Asahi Kasei Corp. and its core operating companies. Not including persons hired by other consolidated subsidiaries or hired as contract employees.

<sup>2</sup> Results as of June 30 for personnel employed by Asahi Kasei Corp., Asahi Kasei Chemicals Corp., Asahi Kasei Homes Corp., Asahi Kasei Pharma Corp., Asahi Kasei Fibers Corp., Asahi Kasei Microdevices Corp., and Asahi Kasei Construction Materials Corp. for 05-07, by Asahi Kasei Medical Co., Ltd. in addition to these companies for 08-09, and by Asahi Kasei E-materials Corp. in addition to those companies for 09.

<sup>3</sup> Results as of June 1 each year. For June 1, 2010, results for Asahi Kasei Corp., Asahi Kasei Chemicals Corp., Asahi Kasei Homes Corp., Asahi Kasei Pharma Corp., Asahi Kasei Kuraray Medical Co., Ltd., Asahi Kasei Fibers Corp., Asahi Kasei Microdevices Corp., Asahi Kasei Construction Materials Corp., Asahi Kasei E-materials Corp., Asahi Kasei Amidas Co., Ltd., Asahi Kasei Engineering Co., Ltd., Asahi Kasei Electronics Co., Ltd., Asahi Kasei Microsystems Co., Ltd., and Asahi Kasei Ability Corp. Calculated in accordance with the Act on Employment Promotion etc. of Persons with Disabilities.

### Participation in the National Abilympics by seven employees

Seven employees of Asahi Kasei Ability participated in the 31st National Abilympics held in Hitachinaka, Ibaraki, in October 2009, the largest team from any single company. Of the seven, one won a silver medal and three won bronze medals. Our employees have participated in this event and won medals for three consecutive years.



Asahi Kasei team at the National Abilympics

## Balancing work and family life

### Avoiding overwork and utilizing paid days off

We encourage personnel to reevaluate their working habits from the perspective of balancing work and family life, to raise productivity to enable excessive working hours to be avoided and paid days off to be utilized.

In April 2010 we adopted a system for paid holidays to be used in two-hour units, enabling personnel to utilize paid leave more flexibly.

### Helping employees balance work and family life

We encourage personnel to take advantage of a full complement of provisions and benefits to enable the flexibility to maintain a career while raising a family.

In April and June 2010, we enhanced our provisions to support child-rearing and family care. We used the corporate intranet to raise awareness of the enhancements, and provided support for managers whose personnel utilize the provisions.



Handbook for employees expecting or raising children

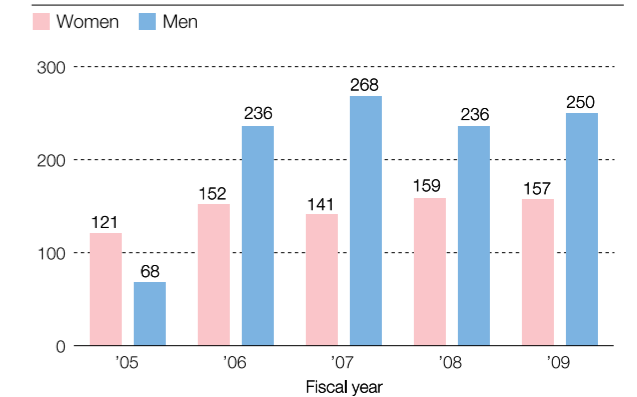


Kurumin certification mark, received from the Ministry of Health, Labour and Welfare in recognition of our support for development of the next generation.<sup>1</sup>

### Parental leave

Our parental leave is available through the fiscal year in which the child turns three years old. In fiscal 2009, 407 personnel utilized parental leave, 250 men and 157 women. This is 40% of the men who were qualified.

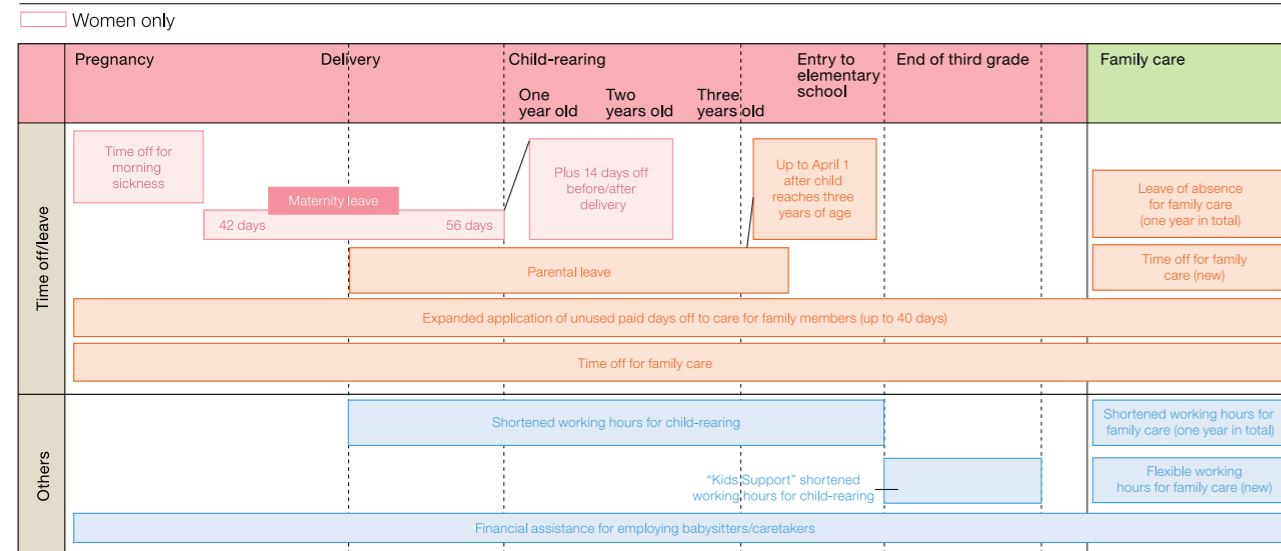
#### Employees using parental leave<sup>2</sup>



<sup>1</sup> Certification in June 2007 for Asahi Kasei Corp., Asahi Kasei Chemicals Corp., Asahi Kasei Homes Corp., Asahi Kasei Pharma Corp., Asahi Kasei Fibers Corp., Asahi Kasei Microdevices Corp., Asahi Kasei Construction Materials Corp., and Asahi Kasei Home Products Corp. In April 2009, Asahi Kasei E-materials Corp. received certification by succession from Asahi Kasei Corp., Asahi Kasei Chemicals Corp., and Asahi Kasei Microdevices Corp.

<sup>2</sup> Results for personnel employed by Asahi Kasei Corp., Asahi Kasei Chemicals Corp., Asahi Kasei Homes Corp., Asahi Kasei Pharma Corp., Asahi Kasei Fibers Corp., Asahi Kasei Microdevices Corp., and Asahi Kasei Construction Materials Corp. for FY04-07, and by Asahi Kasei Medical Co., Ltd. in addition to those companies for FY08.

## Main provisions to support balance in work and family life



### Nikkei Child-Raising Support Award

In the Asahi Kasei Group, a cumulative total of some 1,000 male personnel have taken parental leave as of the end of fiscal 2009. In December 2009, the Asahi Kasei Group was awarded the 4th Nikkei Child-Raising Support Award in recognition of its effort to create an environment that encourages male personnel to take parental leave.

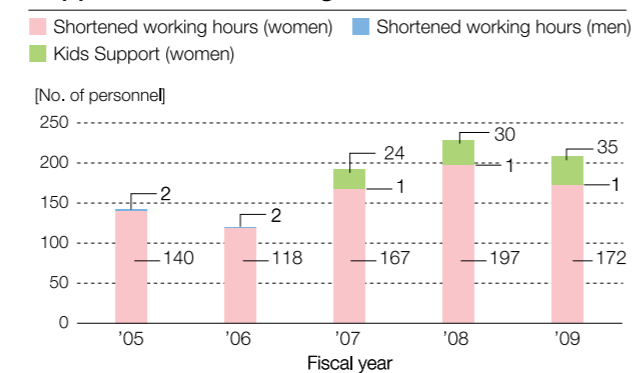


Receiving the Nikkei Child-Raising Support Award

### Shortened working hours for child-rearing

Personnel are able to utilize shortened working hours for rearing preschoolers, with the working day shortened by up to two hours until the child enters elementary school. In September 2007, a provision called "Kids Support" was added to enable personnel with children in the first and second grades to work shortened hours as well. These provisions may be used concurrently with a "flex-time" system for flexible working hours.

#### Utilization of shortened working hours and Kids Support for child-rearing<sup>1</sup>



<sup>1</sup> Results for personnel employed by Asahi Kasei Corp., Asahi Kasei Chemicals Corp., Asahi Kasei Homes Corp., Asahi Kasei Pharma Corp., Asahi Kasei Fibers Corp., Asahi Kasei Microdevices Corp., and Asahi Kasei Construction Materials Corp. for FY 05-07, and by Asahi Kasei Medical Co., Ltd. in addition to those companies for FY 08-09.

### Support for family care

In fiscal 2009, six personnel utilized leave of absence for family care. This provision enables a leave of up to one year for the purpose of attending to any family member who requires care. In April 2010, new provisions for days off and flexible working hours were added to enable personnel to continue working while providing care for family members.

### Open Office Day in Tokyo

The fourth "Open Office Day" in Tokyo was held in August 2009, part of an ongoing program in accordance with our basic framework of "education and development of the next generation." Employees at the several Asahi Kasei Group offices in Tokyo brought their children to

their workplaces and gathered at our Head Office to observe and take part in a variety of science and technology demonstrations and experiments. Attendance totaled 396 parents and children, of 147 families.



Open Office Day in Tokyo

### Respect for employee individuality

## Communication between management and labor

### Regular meetings between management and labor

Discussions between management and labor union representatives are held on a regular basis to ensure that a constructive partnership and

mutual understanding is maintained. In October 2009, annual discussions were held between management of the holding company and labor union representatives. Discussions between management of the core operating companies and representatives of the labor unions are held on a regular basis.

### Asahi Kasei Group CSR Report 2010

#### Independent Review

July 9, 2010

To: Taketsugu Fujiwara, President  
Asahi Kasei Corporation

Japan Chemical Industry Association  
Responsible Care Verification Center  
Chief Director Saburo Nakata

#### Scope and Objectives of Verification

Responsible Care Report Verification was performed by the Responsible Care Verification Center with respect to the *Asahi Kasei Group CSR Report 2010 Edition* ("the Report") prepared by Asahi Kasei Corporation, with the objective of expressing an opinion as a chemical industry specialist on matters as stated below. The verification was made in accordance with the Responsible Care Code and Sustainability Reporting Guidelines (2006, Global Reporting Initiative).

- 1) Reasonableness of methods of calculation and aggregation of performance metrics (numerical values), and the accuracy of numerical values.
- 2) Accuracy of reported information other than numerical values.
- 3) Evaluation of Responsible Care activities.
- 4) Characteristics of the Report.

#### Verification Procedure

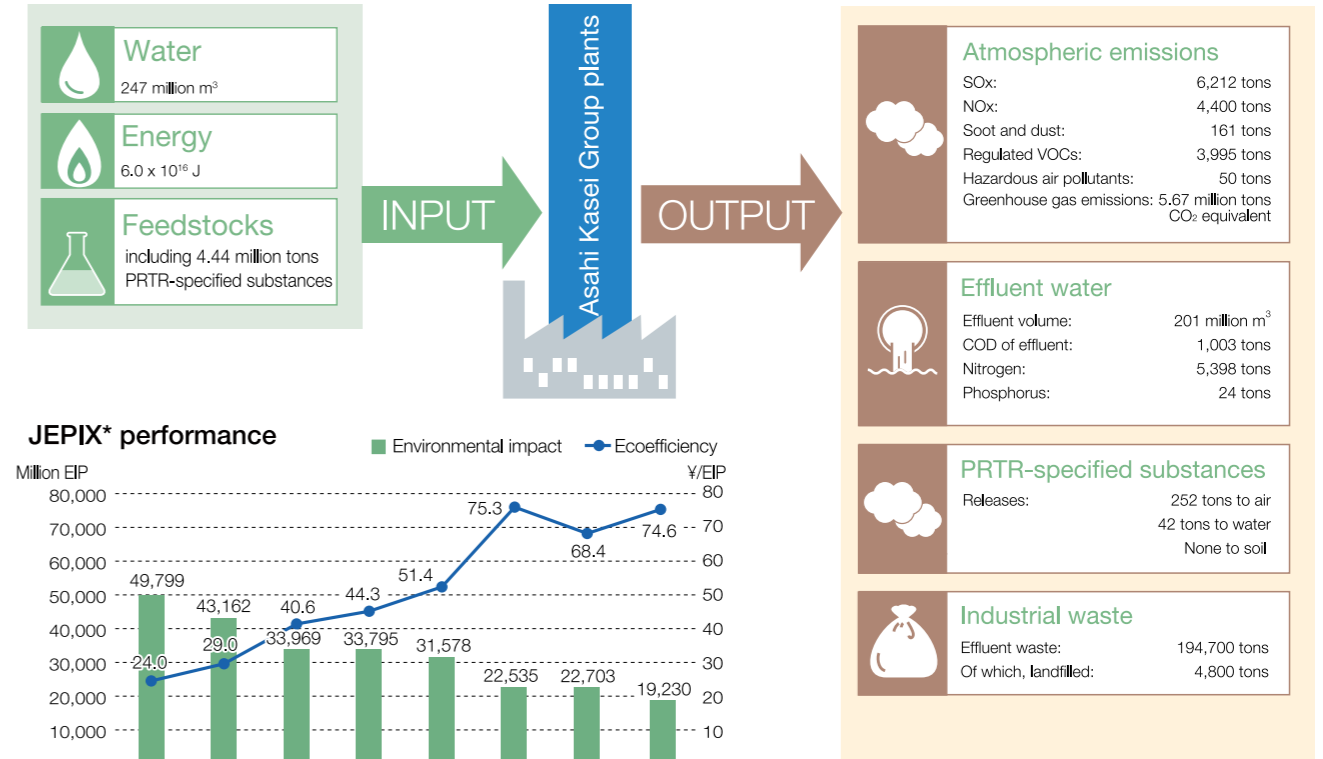
- At the head office: Examination of the reasonableness of methods to aggregate numerical values reported from each site (office, plant) and examination of the accuracy of reported information other than numerical values were performed through interviews of responsible parties and compilers of the Report and receipt of internal documents and explanation thereof from these responsible parties and compilers.
- At the Ohito Plant of Asahi Kasei Pharma: Examination of the reasonableness of methods of calculation and aggregation of numerical values reported to the head office, examination of the accuracy of numerical values, and examination of the accuracy of reported information other than numerical values were performed through interviews of responsible parties and compilers of the Report, receipt of internal documents and explanation thereof from these responsible parties and compilers, and cross-check of reported information with supporting materials.
- Numerical values and reported information were verified by sampling.

#### Opinion

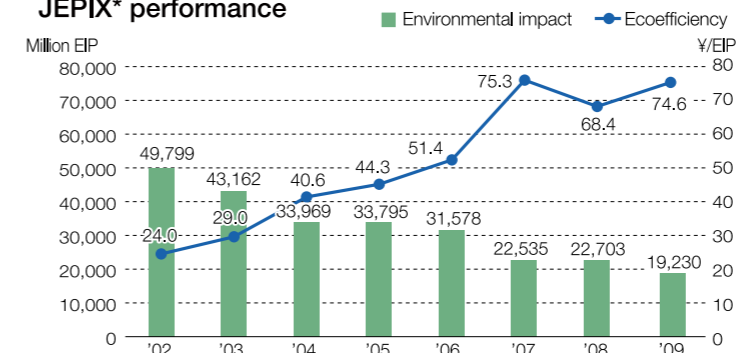
- 1) Reasonableness of methods of calculation and aggregation of performance metrics (numerical values); accuracy of numerical values.
  - Numerical values at the head office and the Ohito Plant have been calculated and aggregated via a reasonable method.
  - It is noteworthy that data collection through the intranet-based Environmental Performance Data Collection System has taken firm root, with calculation and checks for incorrect entries performed efficiently.
  - Performance metrics within the scope of examination have been calculated and aggregated accurately.
- 2) Accuracy of reported information other than the numerical values.
  - Information contained in the report was confirmed to be accurate. Some minor issues related to appropriateness of expression and ease of understanding were identified in the draft stages, but these are rectified in the present Report and no important matters warranting correction are believed to exist at present.
- 3) Evaluation of Responsible Care (RC) measures
  - It is noteworthy that the Plan-Do-Check-Act flow in RC is implemented soundly by the head office, branch offices, core operating companies, and plants, with concrete targets established. In the future, enhancement of RC measures and disclosure of performance metrics at overseas operations would be desirable.
  - It is noteworthy that community outreach is proactively advanced at the Ohito Plant, including explanation of its RC measures at meetings of local civic leaders, participation in public activities, providing school visits by personnel, and conducting plant tours.
- 4) Characteristics of the Report.
  - A comparison table with the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI), considered to be the international guidelines on CSR, has been prepared and is disclosed in the Report.
  - The Report describes products that enable large effective reductions in CO<sub>2</sub> emissions over their entire life cycles.

## Environmental and safety data

### Main environmental aspects, FY 2009



### JEPIX\* performance



### JEPIX-method ecoefficiency

| Fiscal year                        | 2001      | 2004      | 2005      | 2006      | 2007      | 2008      | 2009      |
|------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Environmental impact (million EIP) | 50,723    | 33,969    | 33,795    | 31,578    | 22,535    | 22,703    | 19,230    |
| Sales (¥ million)                  | 1,195,393 | 1,377,697 | 1,498,620 | 1,623,791 | 1,696,789 | 1,553,108 | 1,433,595 |
| Ecoefficiency (¥/EIP)              | 23.6      | 40.6      | 44.3      | 51.4      | 75.3      | 68.4      | 74.6      |

\* Japan Environmental Policy Index, developed by the Japan Science and Technology Agency and the Sustainable Management Forum of Japan. Environmental performance data are converted to an environmental impact point (EIP) scale and aggregated to determine total environmental impact. Ecoefficiency is determined by dividing an economic indicator, in our case consolidated net sales, by total EIP.

### FY 2009 treatment and disposal of industrial waste\* by business unit

|   | On-site         |           |                  |          | Effluent | Off-site  |                  |                |
|---|-----------------|-----------|------------------|----------|----------|-----------|------------------|----------------|
|   | Waste generated | Recycling | Volume reduction | Landfill |          | Recycling | Volume reduction | Final disposal |
| Asahi Kasei Chemicals                           | 209.9           | 44.3      | 72.7             | 0.0      | 92.9     | 84.9      | 5.9              | 2.2            |
| Asahi Kasei Homes                               | 5.2             | 0.0       | 0.0              | 0.0      | 5.2      | 5.2       | 0.0              | 0.0            |
| Asahi Kasei Pharma                              | 1.6             | 0.0       | 0.4              | 0.0      | 1.3      | 0.8       | 0.5              | 0.0            |
| Asahi Kasei Kuraray Medical/Asahi Kasei Medical | 5.4             | 0.0       | 0.0              | 0.0      | 5.4      | 5.4       | 0.0              | 0.0            |
| Asahi Kasei Fibers                              | 28.4            | 3.4       | 0.0              | 0.0      | 25.0     | 24.9      | 0.0              | 0.1            |
| Asahi Kasei Microdevices                        | 5.3             | 0.0       | 0.0              | 0.0      | 5.3      | 5.3       | 0.0              | 0.0            |
| Asahi Kasei E-materials                         | 14.4            | 0.0       | 0.0              | 0.0      | 14.4     | 12.1      | 2.2              | 0.0            |
| Asahi Kasei Construction Materials              | 43.7            | 0.2       | 0.0              | 0.0      | 43.5     | 39.6      | 1.4              | 2.4            |
| Services, Engineering & Others                  | 1.7             | 0.0       | 0.0              | 0.0      | 1.7      | 1.5       | 0.0              | 0.1            |
| FY 2009   | 315.7           | 47.9      | 73.1             | 0.0      | 194.7    | 179.7     | 10.1             | 4.8            |
| FY 2008   | 251.9           | 33.0      | 10.0             | 0.0      | 209.0    | 186.4     | 15.2             | 6.2            |
| FY 2007   | 315.6           | 41.5      | 79.0             | 0.0      | 195.1    | 170.5     | 16.8             | 7.8            |
| FY 2006   | 293.5           | 61.7      | 67.0             | 0.0      | 164.8    | 135.3     | 16.4             | 13.1           |
| FY 2005   | 301.4           | 63.2      | 80.2             | 0.0      | 158.0    | 122.5     | 19.1             | 16.3           |
| FY 2000   | 361.9           | 3.5       | 187.5            | 0.1      | 170.8    | 122.0     | 21.9             | 26.8           |

### FY 2009 off-site final disposal by category of waste\*

|                        | Glass, ceramics | Plastic waste | Sludge | Debris | Others | Total |
|------------------------|-----------------|---------------|--------|--------|--------|-------|
| Volume (thousand tons) | 2.2             | 1.6           | 0.7    | 0.1    | 0.1    | 4.8   |
| Percent of total       | 46              | 33            | 15     | 3      | 3      | 100   |

\* Not including waste generated from non-recurring events such as dismantling closed plants or waste generated from dismantling old homes when constructing new homes.

Note: All figures in this report exclude data for a divested fertilizer plant in Fuji from FY07 onward. Sums may not equal totals due to rounding.

### Final disposal of industrial waste generated at construction sites of Asahi Kasei Homes (thousand tons)

| Fiscal year      | 2000        | 2005        | 2006        | 2007        | 2008        | 2009       |
|------------------|-------------|-------------|-------------|-------------|-------------|------------|
| New construction | 16.6        | 4.9         | 5.2         | 3.1         | 1.6         | 0.0        |
| Dismantling      | 39.1        | 15.0        | 16.6        | 13.5        | 12.7        | 9.6        |
| <b>Total</b>     | <b>55.7</b> | <b>19.9</b> | <b>21.8</b> | <b>16.6</b> | <b>14.4</b> | <b>9.6</b> |

### ALC trimmings recycled by Asahi Kasei Construction Materials (tons)

| Fiscal year                 | 2005         | 2006         | 2007         | 2008         | 2009         |
|-----------------------------|--------------|--------------|--------------|--------------|--------------|
| Recycled to:                |              |              |              |              |              |
| Hebel™ panels               | 388          | 429          | 422          | 621          | 735          |
| Cement material             | 5,789        | 6,940        | 6,705        | 5,865        | 4,667        |
| Lightweight artificial soil | 78           | 117          | 55           | 114          | 54           |
| <b>Total</b>                | <b>6,255</b> | <b>7,487</b> | <b>7,182</b> | <b>6,600</b> | <b>5,456</b> |

### Release and transfer of PRTR-specified substances by fiscal year (tons)

| Fiscal year  | 2000         | 2005       | 2006       | 2007       | 2008       | 2009       |
|--------------|--------------|------------|------------|------------|------------|------------|
| To air       | 4,724        | 566        | 381        | 324        | 269        | 252        |
| To water     | 170          | 87         | 70         | 54         | 66         | 42         |
| To soil      | 0            | 0          | 0          | 0          | 0          | 0          |
| <b>Total</b> | <b>4,894</b> | <b>653</b> | <b>451</b> | <b>378</b> | <b>335</b> | <b>295</b> |
| Transfer     | 2,134        | 4,211      | 4,936      | 4,561      | 3,710      | 2,589      |

### FY 2009 release and transfer of PRTR-specified substances (tons)

| Core operating company                           | Site         | Substance                                  | Release to:         |   |              | Transfer |      |      |     |
|--|--------------|--|---------------------|---|--------------|----------|------|------|-----|
|  |              |  | Air                 | Water   | Soil         |          |      |      |     |
| Asahi Kasei Chemicals                            | Nobeoka      | Tetrafluoroethylene                        | 26.8                | 0.0   | 0.0          | 0.0      |      |      |     |
|  |              | 1,1-Dichloroethylene (vinylidene chloride) | 17.4                | 0.0   | 0.0          | 53.0     |      |      |     |
|  |              | Chlorodifluoromethane (HCFC-22)            | 7.7                 | 0.0   | 0.0          | 0.0      |      |      |     |
|  |              | trans-1,2-Dichloroethylene                 | 7.6                 | 0.0   | 0.0          | 41.3     |      |      |     |
|  |              | Boron compounds                            | 0.0                 | 7.4   | 0.0          | 0.4      |      |      |     |
|  |              | Toluene                                    | 5.4                 | 0.4   | 0.0          | 2.9      |      |      |     |
|  |              | Chloroethylene (vinyl chloride)            | 5.3                 | 0.0   | 0.0          | 51.0     |      |      |     |
|  |              | Mizushima                                  | Styrene             | 63.2  | 0.0          | 0.0      | 81.0 |      |     |
|  |              |  | Acrylonitrile       | 9.3   | 0.0          | 0.0      | 14.3 |      |     |
|  |              | Kawasaki                                   | Methyl methacrylate | 14.9  | 0.0          | 0.0      | 96.2 |      |     |
| Asahi Kasei Homes                                | Shiga        | Xylene                                     | 7.8                 | 0.0   | 0.0          | 0.0      |      |      |     |
|  |              | All specified substances at other sites    | 2.1                 | 0.0   | 0.0          | 5.3      |      |      |     |
|  |              | Subtotal                                   | 9.9                 | 0.0   | 0.0          | 5.3      |      |      |     |
|  |              | Asahi Kasei Fibers                         | Nobeoka             | Water-soluble copper salts (except complex salts) | 0.0          | 6.4      | 0.0  | 0.0  |     |
|  |              |  |                     | Moriyama  | Formaldehyde | 7.0      | 0.0  | 0.0  | 0.0 |
|  |              |  |                     | All specified substances at other sites           | 2.0          | 0.0      | 0.0  | 1.5  |     |
|  |              | Subtotal                                   | 9.0                 | 6.4   | 0.0          | 1.5      |      |      |     |
|  |              | Asahi Kasei Microdevices                   | Nobeoka             | Hydrogen fluoride and its water-soluble salts     | 0.0          | 8.7      | 0.0  | 0.7  |     |
|  |              |  |                     | All specified substances at other sites           | 0.8          | 0.1      | 0.0  | 29.8 |     |
|  |              |  |                     | Subtotal  | 0.8          | 8.8      | 0.0  | 30.5 |     |
| Asahi Kasei E-materials                          | Moriyama     | Dichloromethane (methylene chloride)       | 13.9                | 0.0   | 0.0          | 0.3      |      |      |     |
|  |              | All specified substances at other sites    | 3.1                 | 0.0   | 0.0          | 278.0    |      |      |     |
|  |              | Subtotal                                   | 17.0                | 0.0   | 0.0          | 278.3    |      |      |     |
| All specified substances in other business units | 3.4          | 0.0  | 0.0                 | 72.5  |              |          |      |      |     |
| <b>Total</b>                                     | <b>252.4</b> | <b>42.2</b>                                | <b>0.0</b>          | <b>2,588.8</b>                                    |              |          |      |      |     |

Note: Substances listed are those of which total release was 5 tons or more. All figures rounded to the nearest tenth of a ton.

### Release of air and water pollutants by fiscal year (tons except water effluence, million m³)

|                       | 2005  | 2006  | 2007  | 2008  | 2009  |
|-----------------------|-------|-------|-------|-------|-------|
| SOx¹                  | 7,073 | 6,650 | 7,648 | 7,592 | 6,212 |
| NOx²                  | 5,507 | 5,607 | 5,737 | 4,524 | 4,400 |
| Soot and dust³        | 224   | 229   | 200   | 172   | 161   |
| Waste water effluence | 213   | 223   | 211   | 214   | 201   |
| COD⁴                  | 1,536 | 1,392 | 1,360 | 1,220 | 1,003 |
| Nitrogen              | 6,378 | 5,723 | 6,043 | 5,840 | 5,398 |
| Phosphorus            | 12    | 32    | 30    | 30    | 24    |

- Sulfur oxides are formed when crude oil, fuel oil, or coal containing sulfur are used as fuel, or when industrial wastes containing sulfur are incinerated. Sulfur dioxide (SO₂) is most common, but some sulfur trioxide (SO₃) also forms. The term SOx is inclusive of both of these.
- Nitrogen oxides are formed in nature and during combustion at thermal power plants, factory boilers, internal combustion engines, and incinerators. The term NOx is inclusive of both nitric oxide (NO) and nitrogen dioxide (NO₂).
- Soot and dust are fine particles formed in the combustion of fuel and other materials.
- Chemical oxygen demand. An indicator of water pollution by organic substances, COD is expressed in terms of the amount of oxygen required by an oxidizer to chemically oxidize the organic substances contained in the water.

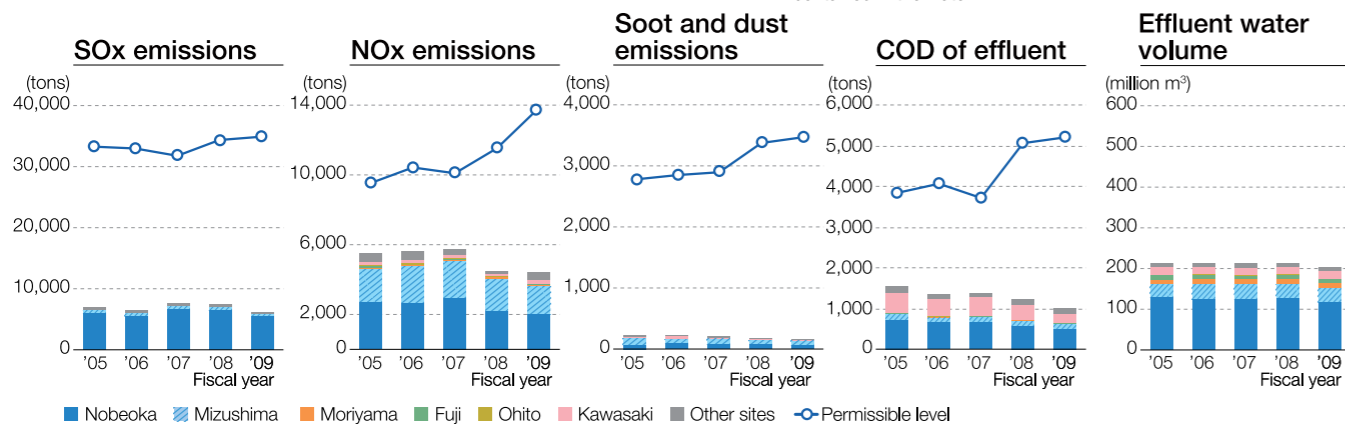
### VOC\* emissions

| Fiscal year        | 2000 baseline year | 2006  | 2007  | 2008  | 2009  |
|--------------------|--------------------|-------|-------|-------|-------|
| Volume (tons)      | 10,411             | 4,041 | 3,998 | 3,881 | 3,995 |
| Reduction rate (%) | 0.0                | 61.2  | 61.6  | 62.7  | 61.6  |

\* Volatile organic compound. Although the term generally applies to any organic compound which is in gaseous state at the time of release, regulations for the control of their release exclude methane and some fluorocarbons which do not form oxidants.

### FY 2009 release of air and water pollutants by site (tons except water effluence, million m³)

|                       | Nobeoka | Mizushima | Moriyama | Fuji | Ohito | Kawasaki | Others | Total |
|-----------------------|---------|-----------|----------|------|-------|----------|--------|-------|
| SOx                   | 5,453   | 355       | 0        | 11   | 5     | 10       | 379    | 6,212 |
| NOx                   | 2,024   | 1,577     | 83       | 13   | 56    | 180      | 466    | 4,400 |
| Soot and dust         | 56      | 79        | 1        | 0.3  | 3     | 11       | 12     | 161   |
| Waste water effluence | 116     | 35        | 13       | 9    | 1     | 20       | 8      | 201   |
| COD                   | 492     | 109       | 15       | 10   | 0.5   | 245      | 130    | 1,003 |
| Nitrogen              | 4,725   | 360       | 12       | 65   | 2     | 230      | 6      | 5,398 |
| Phosphorus            | 9       | 4         | 2        | 3    | 0.04  | 6        | 0.4    | 24    |



Note: At some sites, regulation by total pollutant amount applies for some pollutants in addition to concentration limits. Permissible levels shown are the sums of gross emission limits where they apply and concentration limits times the amount of discharged water where they do not. Permissible levels therefore fluctuate from year to year with fluctuations in production volumes.

### Greenhouse gas emissions by fiscal year (thousand tons CO₂ equivalent)

|                     | Baseline*     | 2005         | 2006         | 2007         | 2008         | 2009         |
|---------------------|---------------|--------------|--------------|--------------|--------------|--------------|
| Carbon dioxide      | 5,060         | 4,960        | 4,940        | 5,050        | 4,650        | 4,530        |
| Nitrous oxide       | 6,820         | 760          | 890          | 350          | 650          | 910          |
| Methane             | 0             | 10           | 2            | 2            | 2            | 2            |
| HFCs                | 160           | 20           | 4            | 10           | 30           | 30           |
| PFCs                | 10            | 140          | 130          | 130          | 130          | 160          |
| Sulfur hexafluoride | 0             | 40           | 10           | 20           | 20           | 30           |
| <b>Total</b>        | <b>12,060</b> | <b>5,920</b> | <b>5,980</b> | <b>5,550</b> | <b>5,480</b> | <b>5,670</b> |

\* FY 1990 for carbon dioxide, nitrous oxide, and methane; FY 1995 for HFCs, PFCs, and sulfur hexafluoride.

Note: Our target is to maintain average greenhouse gas emissions at 50% of the baseline level from FY 2008–2012. Figures for past years have been revised to reflect business transfers, revisions of the CO₂ emissions coefficient, and other relevant changes. All figures except those for methane are rounded to the nearest ten thousand. Figures for methane are rounded to the nearest thousand.

### FY2009 electricity sources

|               | Electricity consumed (thousand MWh) | Ratio (%)  |
|---------------|-------------------------------------|------------|
| Thermal       | 1,059                               | 49         |
| Hydroelectric | 227                                 | 10         |
| Purchased     | 902                                 | 41         |
| <b>Total</b>  | <b>2,189</b>                        | <b>100</b> |

### CO₂ emissions from product shipment

| Core operating companies                        | 2006                             |                      | 2007                             |                      | 2008                             |                      | 2009                             |                      |
|---|----------------------------------|----------------------|----------------------------------|----------------------|----------------------------------|----------------------|----------------------------------|----------------------|
|   | Shipment volume (million ton-km) | CO₂ emissions (tons) | Shipment volume (million ton-km) | CO₂ emissions (tons) | Shipment volume (million ton-km) | CO₂ emissions (tons) | Shipment volume (million ton-km) | CO₂ emissions (tons) |
| Asahi Kasei Chemicals                           | 1,000                            | 60,200               | 983                              | 59,100               | 809                              | 47,100               | 827                              | 45,500               |
| Asahi Kasei Homes                               | 140                              | 18,700               | 146                              | 18,200               | 164                              | 20,200               | 161                              | 19,100               |
| Asahi Kasei Pharma                              | 8                                | 900                  | 7                                | 800                  | 7                                | 700                  | 7                                | 800                  |
| Asahi Kasei Kuraray Medical/Asahi Kasei Medical | —                                | —                    | —                                | —                    | —                                | —                    | 24                               | 1,200                |
| Asahi Kasei Fibers                              | 46                               | 3,500                | 46                               | 3,300                | 42                               | 3,100                | 46                               | 3,300                |
| Asahi Kasei Microdevices                        | 8                                | 7,400                | 7                                | 5,200                | 9                                | 5,900                | 5                                | 6,100                |
| Asahi Kasei E-materials                         | —                                | —                    | —                                | —                    | —                                | —                    | 8                                | 1,700                |
| Asahi Kasei Construction Materials              | 136                              | 13,500               | 124                              | 12,200               | 131                              | 12,700               | 98                               | 9,100                |
| <b>Total</b>                                    | <b>1,337</b>                     | <b>104,200</b>       | <b>1,313</b>                     | <b>98,800</b>        | <b>1,163</b>                     | <b>89,700</b>        | <b>1,176</b>                     | <b>86,800</b>        |

### Lost workday injury indices

| Frequency rate | Asahi Kasei Group               | 2005  | 2006  | 2007  | 2008  | 2009  |
|----------------|---------------------------------|-------|-------|-------|-------|-------|
|                |                                 | 0.21  | 0.36  | 0.21  | 0.16  | 0.21  |
| Severity rate  | Asahi Kasei Group               | 0.005 | 0.042 | 0.050 | 0.006 | 0.008 |
|                | Chemical industry, Japan        | 0.07  | 0.10  | 0.04  | 0.07  | 0.13  |
|                | Manufacturing industries, Japan | 0.09  | 0.11  | 0.10  | 0.10  | 0.08  |

### FY 2009 greenhouse gas emissions by business unit (thousand tons CO₂ equivalent)

|                     | Asahi Kasei Chemicals | Asahi Kasei Homes | Asahi Kasei Pharma | Asahi Kasei Kuraray Medical/Asahi Kasei Medical | Asahi Kasei Fibers | Asahi Kasei Microdevices | Asahi Kasei E-materials | Asahi Kasei Construction Materials | Services, Engineering & Others | Total        |
|---------------------|-----------------------|-------------------|--------------------|---|--------------------|--------------------------|-------------------------|------------------------------------|--------------------------------|--------------|
| Carbon dioxide      | 3,691                 | 8                 | 59                 | 169   | 298                | 116                      | 86                      | 104                                | 9                              | 4,533        |
| Nitrous oxide       | 906                   | 0                 | 0                  | 0   | 2                  | 0                        | 0                       | 0                                  | 0                              | 909          |
| Methane             | 0                     | 0                 | 0                  | 0   | 0                  | 0                        | 0                       | 0                                  | 2                              | 2            |
| HFCs                | 27                    | 0                 | 0                  | 0   | 0                  | 1                        | 4                       | 0                                  | 0                              | 33           |
| PFCs                | 0                     | 0                 | 0                  | 25  | 0                  | 138                      | 0                       | 0                                  | 0                              | 163          |
| Sulfur hexafluoride | 1                     | 0                 | 0                  | 0   | 0                  | 28                       | 0                       | 0                                  | 0                              | 29           |
| <b>Total</b>        | <b>4,625</b>          | <b>8</b>          | <b>59</b>          | <b>194</b>                                      | <b>296</b>         | <b>284</b>               | <b>89</b>               | <b>104</b>                         | <b>11</b>                      | <b>5,670</b> |

### Unit energy consumption

| Fiscal year | Energy consumed (million L crude oil equivalent) | Product output, as converted to benchmark product (kt) | Unit energy consumption | Change from previous year |
|-------------|--|--|-------------------------|---------------------------|
| 2008        | 1,424  | 4,501  | 0.316                   | —                         |
| 2009        | 1,352  | 4,675  | 0.289                   | 0.91                      |

Note: Calculated in accordance with the Energy Conservation Law.

### Estimated CO₂ emissions by overseas affiliates (Fiscal 2009)

| business unit                 | Asahi Kasei Chemicals | Asahi Kasei Kuraray Medical/Asahi Kasei Medical | Asahi Kasei Fibers | Asahi Kasei E-materials | Total |
|-------------------------------|-----------------------|---|--------------------|-------------------------|-------|
| Energy consumed (thousand GJ) | 3,300                 | 160   | 1,900              | 580                     | 5,940 |
| CO₂ emissions (thousand tons) | 180                   | 10  | 110                | 30                      | 330   |

Note: The figures above are for 18 overseas affiliates with production plants, and the calculation is based on the amount of consumption of fuel, electricity, etc. using Japan's CO₂ emission coefficient.

### Low-pollution vehicles\*

| Used on public roads   | Low-pollution vehicles                 | 2005  | 2006  | 2007  | 2008  | 2009  |
|--|--|-------|-------|-------|-------|-------|
|  |  | 576   | 879   | 949   | 957   | 927   |
| Used within plant grounds <td>Other vehicles</td> <td>277</td> <td>257</td> <td>251</td> <td>167</td> <td>133</td> | Other vehicles                         | 277   | 257   | 251   | 167   | 133   |
|  | Subtotal                               | 853   | 1,136 | 1,200 | 1,124 | 1,060 |
| Total  | Low-pollution vehicles                 | 278   | 339   | 411   | 521   | 452   |
|  | Other vehicles                         | 378   | 307   | 301   | 346   | 287   |
| Proportion of low-pollution vehicles (%)   | Subtotal                               | 656   | 646   | 712   | 867   | 739   |
|  | Low-pollution vehicles                 | 854   | 1,218 | 1,360 | 1,478 | 1,379 |
| Total  | Other vehicles                         | 655   | 564   | 552   | 513   | 420   |
|  | Total number of company-owned vehicles | 1,509 | 1,782 | 1,912 | 1,991 | 1,799 |
| Used on public roads   | Used on public roads                   | 68    | 77    | 79    | 85    | 87    |
|  | Used within plant grounds              | 42    | 52    | 58    | 60    | 61    |
| Total  | Total                                  | 57    | 68    | 71    | 74    | 77    |

\* Hybrid-electric vehicles, low-emission vehicles, fuel-efficient vehicles, and all-electric vehicles.

### Third-party awards and recognitions

| Award/recognition  | Awarded/certified by   | In recognition of   | Recipient*  |
|--|--|---|---|
| 2009 National Commendation for Invention, The Invention Prize                              | Japan Institute of Invention and Innovation                                | Non-Fluorocarbon Gases High-Performance Phenolic Resin Foam   | Asahi Kasei Corp., Asahi Kasei E-materials                            |
| Grand Prize, School/Corporate Category, Contest to Build Ties between Food and Agriculture | Miyazaki Citizens' Council on Food and Agriculture                         | Promotion of local production for local consumption   | Asahi Kasei Corp. Nobeoka Office                                      |
| 3rd Annual Responsible Care Award  | Japan Chemical Industry Association, Japan Responsible Care Council (JRCC) | Multi-faceted communication and continuous activities at local communities  | Asahi Kasei Group Nobeoka Region                                      |
| 47th Adhesion Society of Japan Award   | The Adhesion Society of Japan  | Research on interface control of composite materials  | Asahi Kasei Chemicals   |
| Technology Award, 2009 Award of the Society of Polymer Science, Japan                      | The Society of Polymer Science, Japan                                      | Development of polyethylene microporous membrane enabling higher performance of lithium-ion batteries                   | Asahi Kasei Corp., Asahi Kasei Chemicals, Asahi Kasei E-materials     |
| Good Design Award 2009   | Japan Industrial Design Promotion Organization                             | Atlas Kokuryo, Atlas Nogeiyama  | Asahi Kasei Homes   |
| Development Award, 2009 Award for Excellent PM Product                                     | Japan Institute of Plant Maintenance                                       | "TMO-Basis" software for developing maintenance systems, "Vibro-Collector MD-320" portable system for plant diagnostics | Asahi Kasei Engineering Co., Ltd., Asahi Kasei Technosystem Co., Ltd. |
| Grand Prize, 58th Nikkei Advertising Awards  | Nikkei Inc.  | Corporate advertising   | Asahi Kasei Corp.   |
| Investor Relations Advertising Award, 58th Nikkei Advertising Awards                       | Nikkei Inc.  | Financial reporting   | Asahi Kasei Corp.   |
| Nikkei Child-Raising Support Award   | Nikkei Inc.  | Outstanding projects for nurturing future generations   | Asahi Kasei Corp.   |
| Award for Excellence, Construction/Energy Category, Asahi Advertising Award 2008           | The Asahi Shimbun Company  | Corporate advertising   | Asahi Kasei Corp.   |
| Mainichi Advertisement Design Competition,   |  |   |   |

## Correspondence with GRI reporting elements and performance indicators

### Reporting elements

| 1. Strategy and Analysis                   |   | Page                  |
|--|---|-----------------------|
| 1.1  | Statement from the most senior decision-maker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy.   | 3-6                   |
| 1.2  | Description of key impacts, risks, and opportunities.   | 8,11,12,15            |
| 2. Organizational Profile                  |   |                       |
| 2.1  | Name of the organization.   | 56                    |
| 2.2  | Primary brands, products, and/or services.  | 7,9,10                |
| 2.3  | Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.   | 7,15,56               |
| 2.4  | Location of organization's headquarters.  | 56, Back cover        |
| 2.6  | Nature of ownership and legal form.   | 56                    |
| 2.7  | Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).  | 11,12                 |
| 2.8  | Scale of the reporting organization.  | 11,12                 |
| 2.10                                       | Awards received in the reporting period.  | 54                    |
| 3. Report Parameters                       |   |                       |
| Report Parameters                          |   |                       |
| 3.1  | Reporting period (e.g., fiscal/calendar year) for information provided.   | 1                     |
| 3.3  | Reporting cycle (annual, biennial, etc.).   | 2                     |
| 3.4  | Contact point for questions regarding the report or its contents.   | Back cover            |
| Report Scope and Boundary                  |   |                       |
| 3.5  | Process for defining report content.  | 16                    |
| 3.6  | Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).  | 1,2                   |
| 3.7  | State any specific limitations on the scope or boundary of the report.  | 1,2                   |
| 3.8  | Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.   | 1,2                   |
| 3.9  | Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.  | 52                    |
| GRI Content Index                          |   |                       |
| 3.12                                       | Table identifying the location of the Standard Disclosures in the report.   | 55                    |
| Assurance                                  |   |                       |
| 3.15                                       | Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organization and the assurance provider(s). | 51                    |
| 4. Governance, Commitments, and Engagement |   |                       |
| Governance                                 |   |                       |
| 4.1  | Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.  | 15,16                 |
| 4.4  | Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.   | 15                    |
| 4.6  | Processes in place for the highest governance body to ensure conflicts of interest are avoided.   | 15                    |
| 4.8  | Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.  | 16,17,19,39, 41,43,45 |
| 4.9  | Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.                        | 6,16, 19,20           |
| 4.10                                       | Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.   | 16                    |
| Commitments to External Initiatives        |   |                       |
| 4.11                                       | Explanation of whether and how the precautionary approach or principle is addressed by the organization.  | 15-18,20,27, 28,33-38 |
| 4.12                                       | Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.   | 6,36                  |
| 4.13                                       | Memberships in associations (such as industry associations) and/or national/international advocacy organizations.   | 19                    |
| Stakeholder Engagement                     |   |                       |
| 4.14                                       | List of stakeholder groups engaged by the organization.   | 15,39                 |
| 4.16                                       | Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.   | 39-44                 |
| 4.17                                       | Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.   | 40-42                 |

| Economic Performance Indicators                        |   |          |
|--|---|----------|
| Economic Performance                                   |   | Page     |
| EC1  | Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments. | 11,38    |
| EC2  | Financial implications and other risks and opportunities for the organization's activities due to climate change.   | 23,24    |
| Market Presence  |   |          |
| EC6  | Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.   | 41       |
| Indirect Economic Impact                               |   |          |
| EC8  | Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.  | 42-44    |
| Environmental Performance Indicators                   |   |          |
| Materials  |   |          |
| EN1  | Materials used by weight or volume.   | 52       |
| EN2  | Percentage of materials used that are recycled input materials.   | 25       |
| Energy   |   |          |
| EN3  | Direct energy consumption by primary energy source.   | 52       |
| EN4  | Indirect energy consumption by primary source.  | 52       |
| EN5  | Energy saved due to conservation and efficiency improvements.   | 23,24    |
| EN6  | Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.  | 24       |
| Water  |   |          |
| EN8  | Total water withdrawal by source.   | 52       |
| Biodiversity   |   |          |
| EN11   | Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.  | 26,27    |
| EN12   | Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.   | 26,27    |
| EN13   | Habitats protected or restored.   | 26,27    |
| EN14   | Strategies, current actions, and future plans for managing impacts on biodiversity.   | 26,27    |
| Emissions, Effluents, and Waste                        |   |          |
| EN16   | Total direct and indirect greenhouse gas emissions by weight.   | 24,54    |
| EN18   | Initiatives to reduce greenhouse gas emissions and reductions achieved.   | 23,24,54 |
| EN20   | NO, SO, and other significant air emissions by type and weight.   | 26,53    |
| EN21   | Total water discharge by quality and destination.   | 53       |
| EN22   | Total weight of waste by type and disposal method.  | 25,52,53 |
| Products and Services                                  |   |          |
| EN26   | Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.  | 23,24    |
| EN27   | Percentage of products sold and their packaging materials that are reclaimed by category.   | 25,53    |
| Overall  |   |          |
| EN30   | Total environmental protection expenditures and investments by type.  | 38       |
| Social Performance Indicators                          |   |          |
| Labor Practices and Decent Work Performance Indicators |   |          |
| LA1  | Total workforce by employment type, employment contract, and region.  | 12       |
| LA3  | Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.  | 46,48-50 |
| LA7  | Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.  | 31,32    |
| LA8  | Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.   | 18,31-33 |
| LA11   | Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.  | 45       |
| LA13   | Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.  | 47       |
| Society  |   |          |
| SO1  | Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.   | 42       |
| SO7  | Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes.  | 17       |
| Product Responsibility                                 |   |          |
| PR1  | Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.                        | 34       |
| PR2  | Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.                                  | 33,34    |
| PR4  | Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.  | 33-37    |

## Corporate profile

|                              |  |
|------------------------------|--|
| <b>Company Name</b>          | Asahi Kasei Corp.                      |
| <b>Date of Establishment</b> | May 21, 1931                           |
| <b>Paid-in Capital</b>       | ¥103.3 billion                         |
| <b>Stock Listings</b>        | Tokyo, Osaka, Nagoya, Fukuoka, Sapporo |

### Tokyo Head Office

1-105 Kanda Jinbocho, Chiyoda-ku,  
Tokyo 101-8101 Japan  
Phone: +81-3-3296-3000  
Fax: +81-3-3296-3161

### Osaka Head Office

3-3-23 Nakanoshima, Kita-ku,  
Osaka 530-8205 Japan  
Phone: +81-6-7636-3111  
Fax: +81-6-7636-3077

## Core Operating Companies

### Asahi Kasei Chemicals Corp.

1-105 Kanda Jinbocho, Chiyoda-ku  
Tokyo 101-8101 Japan  
Phone: +81-3-3296-3200

### Asahi Kasei Homes Corp.

2-3-1 Nishi-shinjuku, Shinjuku-ku  
Tokyo 163-0939 Japan  
Phone: +81-3-3344-7111

### Asahi Kasei Pharma Corp.

1-105 Kanda Jinbocho, Chiyoda-ku  
Tokyo 101-8101 Japan  
Phone: +81-3-3296-3600

### Asahi Kasei Kuraray Medical Co., Ltd.

1-105 Kanda Jinbocho, Chiyoda-ku  
Tokyo 101-8101 Japan  
Phone: +81-3-3296-3750

### Asahi Kasei Medical Co., Ltd.

1-105 Kanda Jinbocho, Chiyoda-ku  
Tokyo 101-8101 Japan  
Phone: +81-3-3296-3750

### Asahi Kasei Fibers Corp.

3-3-23 Nakanoshima, Kita-ku  
Osaka 530-8205 Japan  
Phone: +81-6-7636-3500

### Asahi Kasei Microdevices Corp.

1-105 Kanda Jinbocho, Chiyoda-ku  
Tokyo 101-8101 Japan  
Phone: +81-3-3296-3911

### Asahi Kasei E-materials Corp.

1-105 Kanda Jinbocho, Chiyoda-ku  
Tokyo 101-8101 Japan  
Phone: +81-3-3296-3939

### Asahi Kasei Construction Materials Corp.

1-105 Kanda Jinbocho, Chiyoda-ku  
Tokyo 101-8101 Japan  
Phone: +81-3-3296-3500

## Information and reference

- **Asahi Kasei Group website**  
[www.asahi-kasei.co.jp/asahi/en/](http://www.asahi-kasei.co.jp/asahi/en/)
- **CSR and RC Reports**  
[www.asahi-kasei.co.jp/asahi/en/csr/report/](http://www.asahi-kasei.co.jp/asahi/en/csr/report/)
- **Annual Reports**  
[www.asahi-kasei.co.jp/asahi/en/ir/annual/](http://www.asahi-kasei.co.jp/asahi/en/ir/annual/)