AsahiKASEI

CSR Report 2016

Asahi Kasei Group

Creating for Tomorrow

ASAHI KASEI CORPORATION

INDEX

Editorial policy

Introduction

We issued our first *Environment Report* in 1991, and in 1997 this was replaced by our *Responsible Care Report*. In 2006 we began issuing a *CSR Report* with content further enriched for greater accountability and communication with our stakeholders. In line with a trend in Europe to combine financial and non-financial information in a single integrated report, in 2014 we issued an *Asahi Kasei Report* replacing our *Annual Report* and *CSR Report*.

In addition to the CSR information included in the *Asahi Kasei Report*, we publish a *CSR Report Internet Edition*. The Asahi Kasei Group continues to contribute to the sustainability of society through business activities in accordance with our Group Mission.

Period under review

The primary focus is fiscal 2015 (April 2015 – March 2016). Some information pertains to the period subsequent to this.

Organizational scope

Information herein pertains to Asahi Kasei Corp. and consolidated subsidiaries as of March 31, 2015, unless otherwise noted.

On April 1, 2016, Asahi Kasei Corp. became an operating holding company through the absorption of three of its core operating companies, Asahi Kasei Fibers Corp., Asahi Kasei Chemicals Corp., and Asahi Kasei E-materials Corp. The former company names may appear in this report.

With respect to Responsible Care, the scope is operations in Japan which implement the Asahi Kasei Group's Responsible Care program.

Guidelines consulted

The Global Reporting Initiative's Sustainability Reporting Guidelines G4, ISO 26000, and other guidelines were consulted during the preparation of the reported information.

Publication

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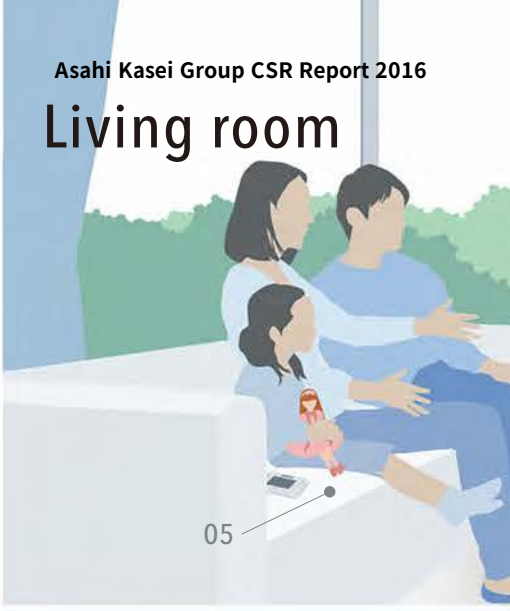
(Previous publication September 2015)

Asahi Kasei Corporation merged with three of its core operating companies, Asahi Kasei Chemicals, Asahi Kasei Fibers, and Asahi Kasei E-materials, on April 1, 2016.



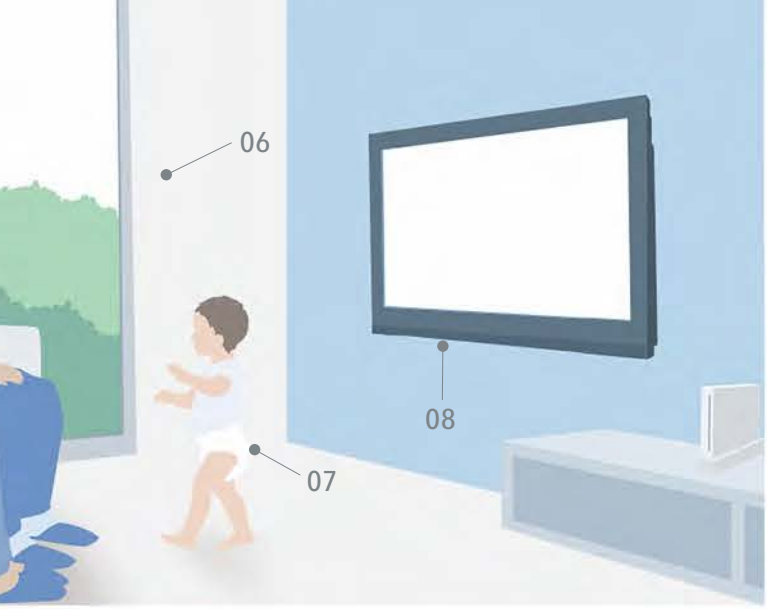
Creating for Tomorrow

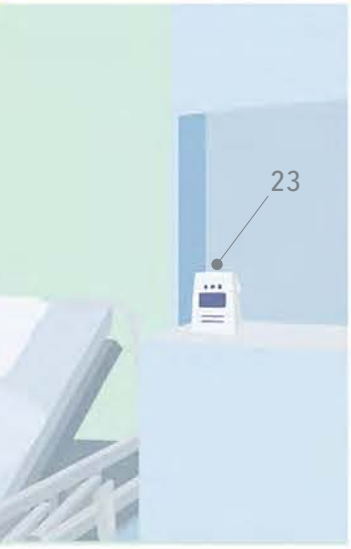
The commitment of the Asahi Kasei Group:
To do all that we can in every era to help the people of the world
make the most of life and attain fulfillment in living.
Since our founding, we have always been deeply committed
to contributing to the development of society,
boldly anticipating the emergence of new needs.
This is what we mean by "Creating for Tomorrow."

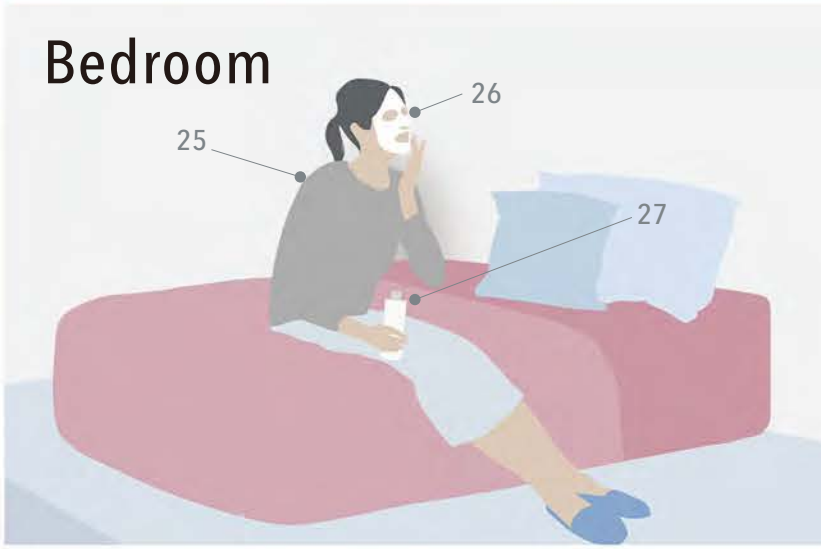
Asahi Kasei Products and Technologies in Everyday Life

The Asahi Kasei Group's products and technologies, ranging from Hebel Haus™ unit homes and Saran Wrap™ cling film, and electronic parts used in computers and smartphones, to performance resins for automotive applications, and pharmaceuticals and AEDs that support people's lives, are used in various ways all around us.

01 **Dishwashing detergent**
02 **Filtration at waterworks plant**
(hollow-fiber membranes)
03 **Food preservation, cooking**
04 **Printing of packages**
(photosensitive resins)
Plastic shopping bags
(polyethylene)
Foods and beverages
(microcrystalline cellulose)
05 **Covering fabric for sofas**
(artificial suede)
Video game console
(ABS resin)
Doll hair
(Saran™ fiber)
06 **Homes**
(unit homes, apartment buildings, condominiums)
Construction materials
(autoclaved aerated concrete, phenolic foam insulation panels)
07 **Diapers**
(spunbond nonwovens, polyurethane filament)







08 **Home electronics**
(polystyrene, ABS resin)

Electronic parts
(Hall elements)

09 **Sportswear**
(polyurethane filament, cupro fiber)

Zippers
(polyacetal)

10 **Asphalt pavement**
(thermoplastic elastomer)

11 **Automobile parts**
(performance resins)

12 **Airbags**
(nylon 66 filament)

Car navigation & audio system
(audio/voice LSIs)

13 **Tires**
(S-SBR for fuel-efficient tires)

14 **Batteries**
(Li-ion battery separator, lead-acid battery separator)

15 **Paint**

16 **Disposable plastic cups**

17 **PET bottle shrink labels**
(styrenic copolymer)

18 **Food storage bags and containers**

19 **Smartphone, Laptop computer**
(Li-ion battery separator, electronic compass, Hall ICs)

20 **Suit linings**
(cupro fiber)

21 **Defibrillators**

22 **Medical devices**
(dialyzers, therapeutic apheresis devices)

23 **Prescription drugs**
Diagnostic reagents
Drug manufacture
(virus removal filters)

24 **Shampoo**
(low-irritation surfactant)

25 **Innerwear**
(cupro fiber)

26 **Facial mask**
(cupro nonwoven fabric)

27 **Skin care products**
(cosmetics raw materials)

Feature: Connecting business operations with contribution to society

With the launch of the Asahi Kasei Group's new medium-term management initiative, “Cs for Tomorrow 2018” (CT2018) in April 2016, the Asahi Kasei Group adopted an operating holding company configuration and reorganized its business portfolio into the three business sectors of Material, Homes, and Health Care.

To realize our vision of achieving a portfolio of high-profitability and high value-added businesses in 2025, we will effectively respond to the changing business environment that is becoming more complex and diversified, boldly taking on challenges to create new businesses and providing solutions for various issues in society and the environment.

We are committed to providing solutions that enable a “society of clean environmental energy” and a “society of healthy/comfortable longevity with peace of mind.” The Asahi Kasei Group will continue to create new markets by leveraging the strengths of our diverse businesses and human resources to contribute to a sustainable society.

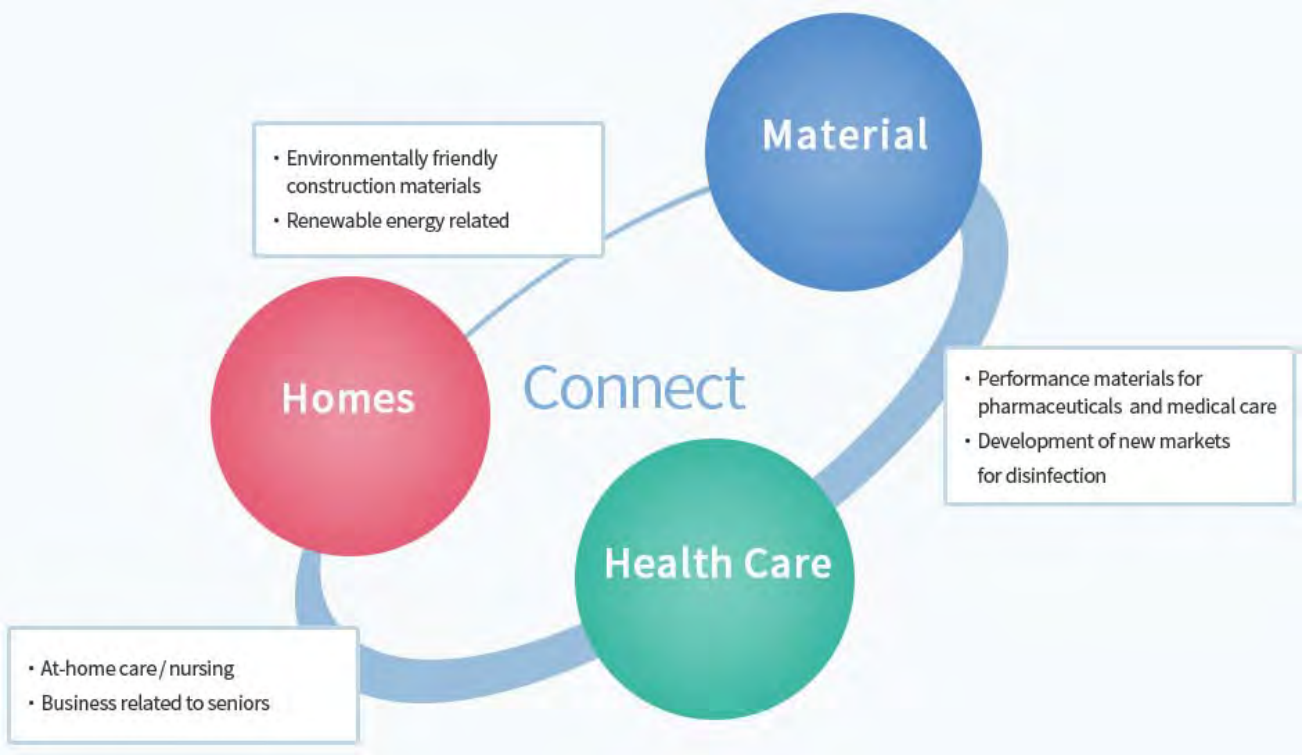
There are five “Cs” that represent important aspects of CT2018 as we advance toward our objectives. The first “C” is from our Group Slogan, Creating for Tomorrow. The second “C” is for Connections. We aim to build new connections in various aspects (external, internal, geography, technology) to facilitate the creation of new markets. The third to fifth “Cs” are for Compliance, Communication, and Challenge—key facets of our endeavor to restore trust and drive further growth.

Business operations that contribute to solutions for society

The Asahi Kasei Group has various businesses including fibers & textiles, chemicals, electronics, homes, construction materials, pharmaceuticals, medical devices, and acute critical care. Through our diverse business operations, we are committed to find solutions for various social challenges.

Creating new value among 3 business sectors

Many social challenges are complex and interrelated. Solving them requires multiple perspectives. We will connect our strengths in each business sector to create unique new businesses and provide new value to society.



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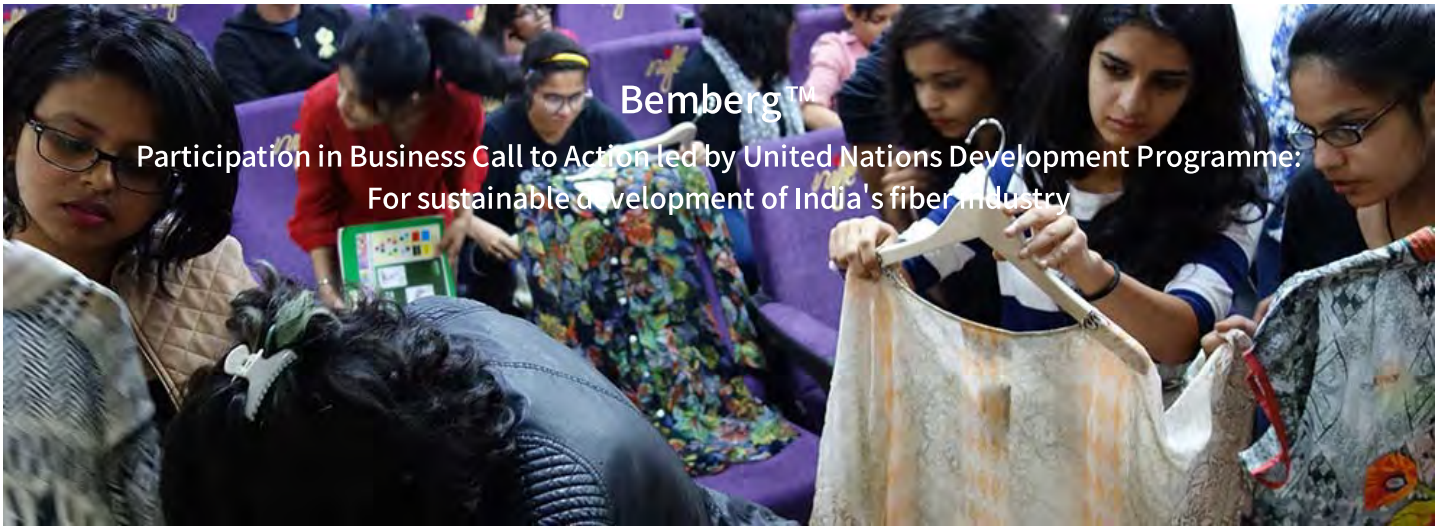
Connecting business operations with contribution to society

Material

Contributing to a rich life for people with a variety of technologies and products, opening the future by working to the limit against environmental degradation



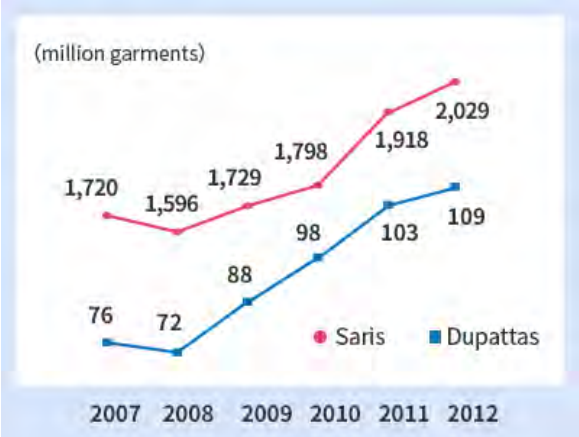
Education at a fashion university

Young women keep their eyes fixed on saris and dupattas that are woven from Asahi Kasei's Bemberg™ cupro regenerated cellulose fiber. They are pleasantly soft, drape comfortably on the skin, and have colorful patterns. This is a university classroom in India where students are studying fashion. Bemberg™ is the subject of the lecture.

Bemberg™ is the brand name for cupro. It is a regenerated cellulose fiber made from cotton linter—the short downy fibers on cotton seeds—featuring a luxurious silky feel, moisture absorption/release, and superior comfort. Being made from material of natural origin, it is an environmentally compatible fiber. Indian saris and other ethnic garments are traditionally made from silk. But silk is difficult to handle, and quite expensive. Asahi Kasei realized that Bemberg™ would be a good alternative to silk for saris and dupattas, and began selling it in India 40 years ago. Today, saris and other ethnic garments made of Bemberg™ are worn by many women.

Demand for ethnic garments in India

(Asahi Kasei estimate)



In developing the Bemberg™ business in India, Asahi Kasei became involved both directly and indirectly in the value chain from raw material to finished fabric. In order to empower the local residents through their active participation in business activities, Asahi Kasei has worked to help them develop skills, secure stable income, and create new business opportunities. Asahi Kasei also focuses on fostering young talent that will lead the future of India's fiber industry and fashion industry, providing support for university education to develop the potential of the next generation.

Providing technical guidance for inspecting collected linter

Providing technical guidance for dyeing fabric

In May 2015, Asahi Kasei joined the Business Call to Action (BCtA)[1] led by the United Nations Development Programme[2], and has been promoting inclusive business with Bemberg™ fiber. “Although corporate growth and profitability are important, in today's society a company can no longer act as a single entity seeking only its own benefits. To pursue sustainable development, a company also needs to promote initiatives that facilitate the well-being of local residents as well as the development of the community. That is the key to sustainable development of a business,” says Takehiro Kamiyama, General Manager of Bemberg Sales Dept. 2 in Asahi Kasei’s Fibers & Textiles SBU.

Day by day, Asahi Kasei's Bemberg™ business is helping India's fiber industry achieve sustainable development, while contributing to the local community.

Bemberg™ business initiatives in India

- We currently procure from India some one-third of the cotton linter used for the production of cupro yarn. To support local producers, we loan equipment to collect cotton linter free of charge, and have engineers stationed in India to provide the local workers with training and technical instructions for improving productivity.
- Cotton linter imported to Japan is processed into cupro yarn, which is exported to India and sold to weavers. We also provide continuing technical guidance on weaving and dyeing in the fabric production process in India.
- We also focus on the education of young people and students who will lead the next generation of India’s fiber industry and fashion industry, and contribute to human resource development by supporting the enhancement of skills at several Indian universities.

Female Indian students studying Bemberg™ business in Japan

Two female students majoring in Textile Design at India's National Institute of Design (NID), one undergraduate and one graduate student, came to Japan as interns of Asahi Kasei for six weeks from June 2016. The internship covered a wide range of subjects, including the production of Bemberg™ and examples of its use in its fabric. Professor Srivastava Aarti of NID, who accompanied the students, said, “Bemberg™ is a wonderful alternative to silk, it’s cool and has a soft feel. As a textile designer myself, I really want to use this material.”

The interns visit Asahi Kasei's Bemberg™ lining showroom in Tokyo

1 Business Call to Action (BCtA) : BCtA is a unique multilateral alliance by four donor governments and the United Nations Development Programme (UNDP) which hosts the secretariat. BCtA challenges companies to advance core business activities that are inclusive of poor populations and contribute to the achievement of the Sustainable Development Goals (SDGs). Worldwide, 137 companies, from SMEs to multinationals, have responded to the BCtA by making commitments to improve the lives and livelihoods of millions through commercially-viable business ventures that engage low-income people as consumers, producers, suppliers, and distributors of goods and services.

2 United Nations Development Programme (UNDP) : UNDP was founded in 1966 as one of the United Nation's subsidiary bodies under the UN General Assembly and the UN Economic and Social Council. Headquartered in New York, UNDP provides development assistance in nearly 170 countries with focuses on sustainable development; democratic governance and peacebuilding; and climate and disaster resilience.

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Connecting business operations with contribution to society

Homes

Adapting to changes in society such as the aging and declining population and diversification of lifestyles, working to provide comfortable living to as many customers as possible as quickly as possible

Several elderly women chat enjoyably in the 1st floor lobby of the newly built condominium. Some men are reading in the residents' library. The symbolic tree stretches its branches across the courtyard, slowly passing the time.

This is the Atlas Ikejiri Residence, completed in 2014 by Asahi Kasei Realty & Residence Corp. to replace the Ikejiri Danchi housing complex located here in Tokyo's Setagaya Ward. Ikejiri Danchi included shops and offices in addition to residential units, and featured excellent transport access, but the aging structure had inadequate earthquake resistance. Although talk about rebuilding it began as early as 1993, concrete plans failed to materialize for many years due to the complex relationship of ownership and lease rights among the various residents and tenants. The structure continued to age further with no resolution in sight until Asahi Kasei came to carefully listen to the assorted views of each party, and successfully craft a proposal for rebuilding that was deemed acceptable among the many concerned parties.

Aging condominiums are a challenging social issue for Japanese society. The supply of residential units in multi-dwelling structures swelled from the 1970s—including both commercially developed condominiums and publicly operated housing complexes—and condominium life became common in major urban areas. There are now over 6 million condominium units in Japan, and some 14 million people, over 1/10 of the population, live in condominiums. But over 1 million of these units are in buildings that do not meet the latest earthquake-resistance standards, and in many cases the older buildings are deteriorating beyond their age due to inadequate maintenance.

While rebuilding such older structures would greatly contribute to the safety and security of the community, there are difficult challenges to overcome. Many residents and other parties with fractional ownership rights are retirees who are unable or unwilling to make a large investment in a project to rebuild. Although amendments to relevant laws and regulations have made it easier in principle to obtain agreement to rebuild, progress has been generally slow. To craft a complex proposal that meets the various needs of the many interested parties is a time-consuming process that requires persistence. Many developers simply decided that there would not be a sufficient financial return to justify such effort.

Asahi Kasei began tackling this challenge 15 years ago, leveraging the experience and know-how gained in its housing business to sincerely appreciate the needs of each concerned party, and to craft an acceptable proposal. Having successfully completed many such condominium redevelopment projects, the company is contributing to a comfortable life with peace of mind for a large number of people, with residential environments featuring not only outstanding earthquake resistance but also barrier-free functionality and many shared facilities to foster a greater sense of community among residents.

The former Ikejiri Danchi

Atlas Ikejiri Residence

Condominium Redevelopment Research Center

The Condominium Redevelopment Research Center of Asahi Kasei Realty & Residence Corp. serves as the central base for know-how to flexibly apply to individual projects. Mr. Yugo Ohki, who spent many years in the condominium redevelopment business puts it this way, “Redeveloping a condominium requires a detailed understanding of each individual resident’s feelings, their wants, and their needs. Many people have fractional ownership of the structure, and they all have different individual circumstances. I apply my years of experience to come up with a proposal that various different parties can accept. By replacing an old worn-out building with a new one, we contribute to the safety and security of the community, which creates value for society."

Notable housing complex redevelopments by Asahi Kasei Realty & Residence Corp.

- Dojunkai Edogawa Apartment Complex, redeveloped as Atlas Edogawa Apartment Complex (Shinjuku Ward, Tokyo)
  ⇒ Achieved a redevelopment which had been in planning for 30 years
- Suwacho Housing Complex, redeveloped as Atlas Suwacho Residence (Shinjuku Ward, Tokyo)
  ⇒ The first successful redevelopment under the amended law
- Kokuryo Housing Complex, redeveloped as Atlas Kokuryo (Chofu City, Tokyo)
  ⇒ The first redevelopment to remove the legal designation of a housing complex
- Ikejiri Danchi, redeveloped as Atlas Ikejiri Residence (Setagaya Ward, Tokyo)
  ⇒ Successful redevelopment overcoming coexistence of ownership rights and lease rights
- Chofu Fuijimicho Housing Complex, redeveloped as Atlas Chofu (Chofu City, Tokyo)
  ⇒ Redevelopment removing the legal designation of a housing complex and repositioning a public road

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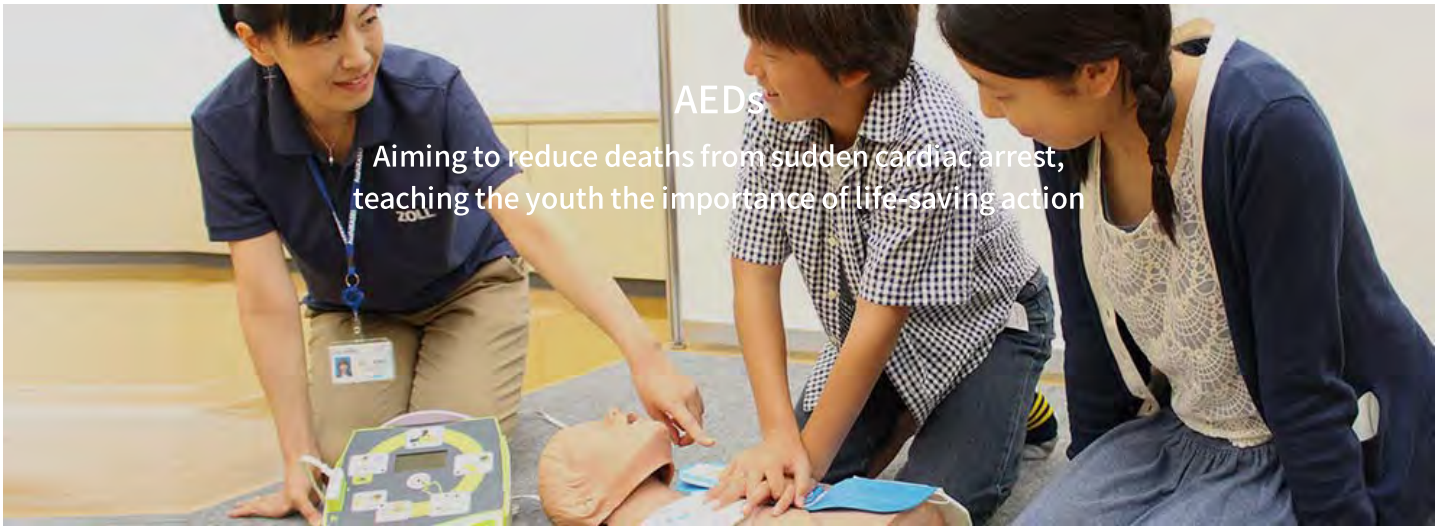
Connecting business operations with contribution to society

Health Care

Contributing to the advance of medical care for the elderly, meeting unmet medical needs, creating a society of vitality and health with unique products and technologies



AEDs

Aiming to reduce deaths from sudden cardiac arrest, teaching the youth the importance of life-saving action

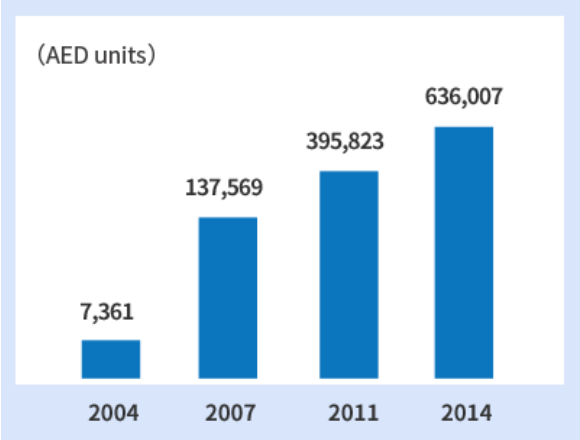
Elementary school students gathered around a manikin on the floor are practicing cardiopulmonary resuscitation (CPR) and learning how to use an automated external defibrillator (AED). "Push harder!" "It's not easy." "I did it!" Employees of Asahi Kasei ZOLL Medical Corp. are helping to teach the children how to save a life using an AED, and what to do until the ambulance arrives. "What would you do if one of your friends collapsed while playing?" The students are prompted to consider this seriously, realizing that it could really happen.

AEDs became available for use by the general public in Japan in 2004, but most people would not be confident in using one if they suddenly needed to. In 2011, an elementary school girl in Saitama prefecture became the victim of sudden cardiac arrest. Even though the school had an AED, nobody used it. This tragic case prompted various initiatives to raise general awareness and confidence in AED use. In 2014, Asahi Kasei ZOLL Medical Corp. began to help educate elementary school students about AEDs using hands-on demonstrations while distributing an easy-to-understand booklet.

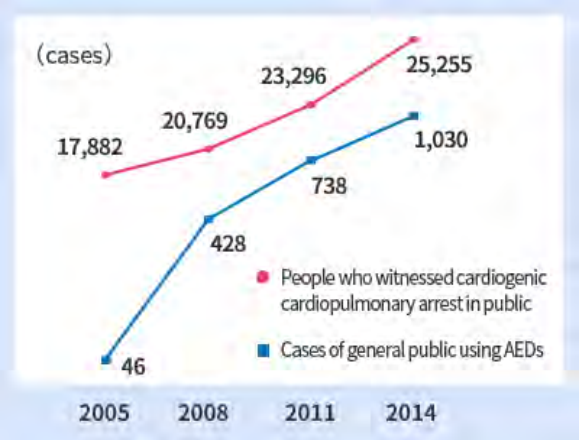
Ms. Sumie Ikeda of Asahi Kasei ZOLL Medical Corp. says, "Although AEDs are available in many public places in Japan, they are actually used only very seldom. This booklet helps make AEDs familiar to kids at an early age, so they can be prepared to use one if the need arises later in life. To really help save more lives means not only making AEDs available in more places, but also raising familiarity and confidence with AEDs among the general public. When sudden cardiac arrest strikes, every second matters. We want people to be able to act without hesitation when needed."

In addition to helping to educate the youth about AEDs, Asahi Kasei ZOLL Medical Corp. also loans AEDs free of charge at marathons and other events, and holds training sessions and demonstrations in connection with them. Through such efforts, the company continues to strive to help reduce deaths from sudden cardiac arrest.

Public accessibility of AEDs in Japan



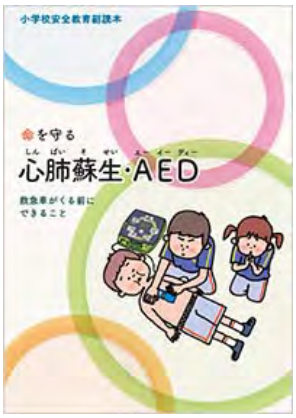
Lives saved with AEDs in Japan



AED booklet for elementary school students

The booklet was produced to be easy to understand by the intended audience of elementary students. Professor Taku Iwami of Kyoto University served as chief editor. While being easy to understand, the booklet retains detailed accuracy. It is informative for adults as well as students.

- What to do if someone suddenly collapses
- How to call an ambulance
- How to perform CPR
- How to use an AED
- How AEDs work and where they are



Support for marathons and other events

Asahi Kasei ZOLL Medical Corp. loans AEDs free of charge and holds training sessions and demonstrations at several marathons and other events throughout Japan.

AEDs loaned free of charge in fiscal 2015

May 2015: Gifu Seiryu Half-Marathon Race, 75 AEDs
May 2015: Tohoku Rokkon Festival, 15 AEDs
Nov 2015: Ibigawa Marathon, 78 AEDs
Feb 2016: Nobeoka Nishinippon Marathon, 8 AEDs
Mar 2016: Itabashi City Marathon, 50 AEDs
Mar 2016: Kagoshima Marathon, 60 AEDs

ZOLL Foundation

ZOLL Medical Corporation, parent company of Asahi Kasei ZOLL Medical Corp., established the ZOLL Foundation in December 2013 as an independent entity organized for scientific and educational purposes. The ZOLL Foundation provides grants to support research, education, and public awareness related to improving resuscitation practices, preventing patient deterioration associated with cardiac arrest and morbidity, and enhancing the care of acute patients to reduce mortality and morbidity. In fiscal 2015, grants were provided to the University of Pittsburgh, the University of Pennsylvania, and the University of Toronto.

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CSR at Asahi Kasei

We believe that CSR is achieved by raising corporate value for our various stakeholders through our business operations in accordance with our Group Mission of contributing to life and living for people around the world.

In addition, based on a clear understanding of the effects of our operations on the global environment and local communities, our efforts and actions related to CSR are focused on four CSR Fundamentals: Compliance, Responsible Care, Corporate Citizenship, and Respect for Employee Individuality.

Asahi Kasei supports the UN Global Compact and its 10 universal principles

The 10 principles of the UN Global Compact

Human Rights

Principle 1. Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2. make sure that they are not complicit in human rights abuses.

Environment

Principle 7. Businesses should support a precautionary approach to environmental challenges;

Principle 8. undertake initiatives to promote greater environmental responsibility; and

Principle 9. encourage the development and diffusion of environmentally friendly technologies.

Labor

Principle 3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4. the elimination of all forms of forced and compulsory labor;

Principle 5. the effective abolition of child labor; and

Principle 6. the elimination of discrimination in respect of employment and occupation.

Anti-Corruption

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

For more information about the UN Global Compact, please refer to

www.unglobalcompact.org

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 2010, 54 countries throughout the world have a Responsible Care program.

CSR at the Asahi Kasei Group

Our efforts and actions related to CSR are focused on our four CSR Fundamentals: Compliance, Responsible Care, Corporate Citizenship, and Respect for Employee Individuality.

Relationships with Stakeholders

We believe that CSR is achieved by raising corporate value for our various stakeholders such as customers, suppliers, shareholders, investors, the general public, local communities, and employees through our business operations in accordance with our Group Mission of contributing to life and living for people around the world.

In addition, based on a clear understanding of the effects of our operations on the global environment and local communities, our efforts and actions related to CSR are focused on four CSR Fundamentals: Compliance, Responsible Care, Corporate Citizenship, and Respect for Employee Individuality.

Structure and organization for CSR

In order to promote separate important activities regarding CSR more efficiently and decisively, we have four committees under the direct supervision of the Asahi Kasei President. The Risk Management & Compliance Committee and Responsible Care Committee are chaired by the Asahi Kasei President. The Community Fellowship Committee is chaired by an executive officer appointed by the president, and the Global Environment Committee is chaired by the executive officer of Corporate ESH & QA.

Framework for CSR advancement (as of September 6, 2016)

Asahi Kasei Corporation merged with three of its core operating companies, Asahi Kasei Chemicals, Asahi Kasei Fibers, and Asahi Kasei E-materials, on April 1, 2016.

Corporate Governance

The Asahi Kasei Group constantly endeavors to strengthen corporate governance for increased corporate value.

Basic Views

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

Basic Policies

1. Securing the Rights and Equal Treatment of Shareholders

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

2. Proper Cooperation with Stakeholders other than Shareholders

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

3. Proper Information Disclosure and Securing of Transparency

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

4. Responsibilities of the Board of Directors

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

5. Dialog with Shareholders

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

Overview of Current Corporate Governance System

1. Oversight and Audit

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

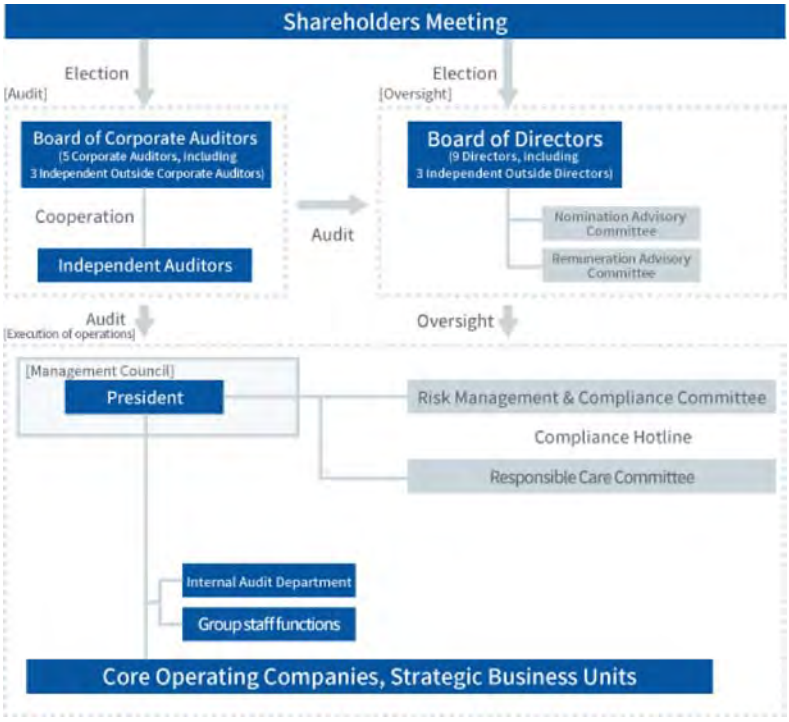
2) Under the Board of Directors, the Company has established a Nomination Advisory Committee and a Remuneration Advisory Committee, which mainly consist of Outside Directors, so that Outside Directors actively participate in consideration of the optimal makeup and size of the Board of Directors of the Company, policies to nominate candidates for Directors/Corporate Auditors, independence standards and qualification for Outside Directors/Corporate Auditors, Directors' remuneration policy/system, and evaluations of Directors for performance-based remuneration, and to provide relevant advice to the Board of Directors.
3) The Board of Corporate Auditors consists of five Corporate Auditors including three (majority) Independent Outside Corporate Auditors, and each Corporate Auditor, based on the audit policy stipulated by the Board of Corporate Auditors, oversees execution of duties by Directors by attending meetings of the Board of Directors and examining the status of execution of operations. In order to enhance the function of the Board of Corporate Auditors and to facilitate smooth cooperation and support with Outside Corporate Auditors, the Company has established a Corporate Auditors Office staffed with dedicated employees.
4) PricewaterhouseCoopers Aarata performs audits based on the Companies Act and the Financial Instruments and Exchange Act.
5) The Company has established Internal Audit Department which conducts internal audits based on an audit plan. Results of internal audits performed by each staff function are aggregated in the Internal Audit Department and reported to the Board of Directors.

2. Execution of Operation

1) The Company has adopted an Executive Officer system in order to expedite the execution of operations, as well as to clarify responsibilities and specify the roles of Directors in charge of decision-making and oversight, and of Executive Officers in charge of execution of operations.
2) The Company has established detailed standards for decision-making in its Decision-making and Approval Authority Regulations of the Group with regard to matters concerning the management plan, investment and loans, financing and fund management, the organization and management system, research and development, and production technology, and delegates authority to the Strategic Management Council and the core operating companies from the Board of Directors.

3. Risk Management and Compliance

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



As of September 30, 2016

Compliance

We earn the ongoing trust of people throughout the world 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.

1. Framework for risk management and compliance

The Asahi Kasei Group has a Risk Management & Compliance Committee to determine policies and deliberate on matters related to risk management and compliance. Chaired by the Asahi Kasei President, the committee works to identify issues and plan improvements in order to enhance risk management and compliance throughout the Asahi Kasei Group.

2. Efforts for risk management and compliance

Risk management

Compliance system

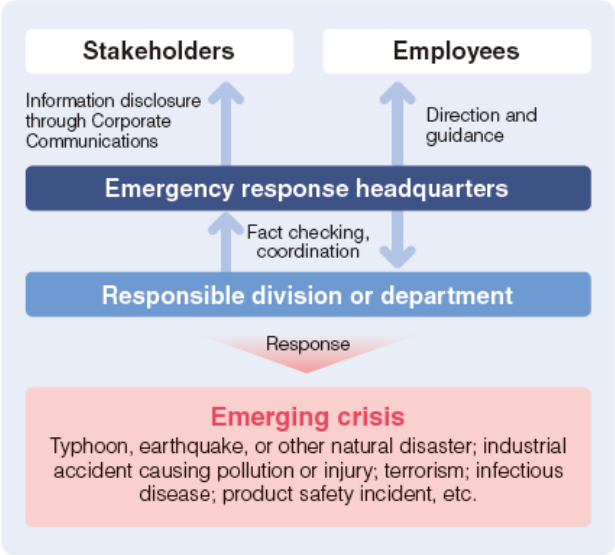
Asahi Kasei Corporation merged with three of its core operating companies, Asahi Kasei Chemicals, Asahi Kasei Fibers, and Asahi Kasei E-materials, on April 1, 2016.

Risk management

Our basic mission is to prevent operational crises and to minimize the effects should a crisis occur. Since fiscal 2007, we have operated with Basic Risk Management Regulations, authorized by the Board of Directors, which provide clear guidelines to heighten the capability and effectiveness of risk management and emergency response throughout the Asahi Kasei Group, as a key aspect of fulfilling our social responsibility.

In the event of any major accidents, incidents, or problems which cause significant damage to Asahi Kasei Group operations or which may foreseeably cause our operations to have adverse effects on the general public, we establish a group emergency response headquarters headed by the President of Asahi Kasei Corp., and the headquarters works with various divisions and departments to ensure that the proper response is taken.

Emergency response system



Strengthening the risk management and compliance system

The expansion of our global businesses through several M&As, including ZOLL Medical Corporation in 2012, and Polypore International, Inc. in 2015, and the occurrence of manipulation of precast concrete pile installation data by subsidiary Asahi Kasei Construction Materials, have prompted a review of our compliance system.

To reinforce the company-wide configuration, we established Risk Management & Compliance in January 2016 as the central hub to aggregate all risk management and compliance-related information. Managers responsible for risk management and compliance were designated in each strategic business unit and core operating company; they will lead the effort to achieve thorough compliance and perform a review to identify latent risks within each organization. We will formulate specific methods to strengthen compliance and obtain thorough risk management in accordance with the following policies.

1. Compliance
   Basic policy: Formulate and disseminate Code of Conduct for all employees in Japan and overseas
   (1) Adopt global standardized *Corporate Ethics—Basic Policy and Code of Conduct*
   (2) Formulate and implement compliance education programs
   (3) Monitor the dissemination of the above (1) and (2) among employees
2. Risk management
   Basic policy: Understand risks by business and establish a crisis response system
   (1) Identify risks in each business and each affiliated company
   (2) Formulate countermeasures to identified risks; monitor and periodically review
   (3) Establish and maintain a crisis response system

Asahi Kasei Corporation merged with three of its core operating companies, Asahi Kasei Chemicals, Asahi Kasei Fibers, and Asahi Kasei E-materials, on April 1, 2016.

Compliance system

Framework for corporate ethics

The Corporate Ethics Committee oversees education and training for compliance, and monitors the status of compliance within the Asahi Kasei Group. Chaired by the Asahi Kasei President, the committee also deliberates on matters pertaining to corporate ethics and determines company-wide policy. Where shortcomings are identified, the committee formulates and implements measures for improvement, enhancing compliance throughout the Asahi Kasei Group.

At its meeting in September 2015, the committee discussed priority issues and policies at each group company for ensuring compliance, the state of compliance with laws and regulations, the handling of personal information, and operation of the Compliance Hotline.

In September 2016, the Corporate Ethics Committee and Risk Management Committee were replaced with a Risk Management & Compliance Committee.

Corporate Ethics – Basic Policy and Code of Conduct

Established in August 1998, 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 is reviewed every year and revised as necessary to reflect changing requirements in society. Translated into English and Chinese, it or an equivalent standard applies to all companies in which our ownership exceeds 50 percent.

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 human rights
6. Ensuring transparency
7. Respecting information and intellectual property
8. Practicing corporate ethics

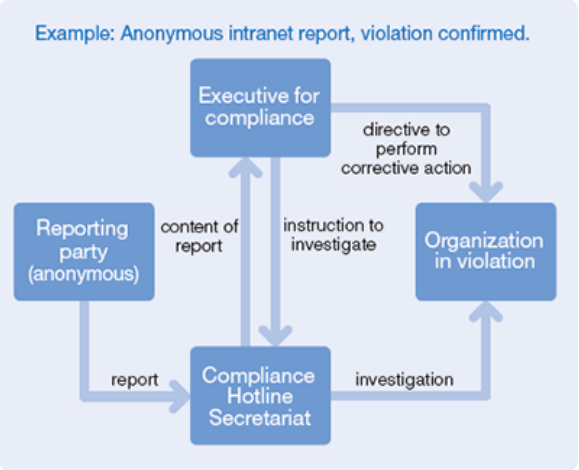
Compliance Hotline

The Asahi Kasei Group began employing a Compliance Hotline in April 2005 to ensure that any possible ethical lapses which employees may encounter or observe are dealt with swiftly and appropriately. Reports can be made through the corporate intranet or by post (to a specified law firm), 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.

In fiscal 2015, the system was expanded to enable suppliers and their employees to report or consult.

Compliance Hotline Flow



Market Compliance Committee

The Market Compliance Committee, which was formed in 1976, oversees compliance with the Antimonopoly Act (AMA). To ensure against any violation of the AMA 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 4 times in fiscal 2015, reviewing 10 cases.

Export Control Committee

The Export Control Committee, which was formed in 1987, oversees compliance with export-related regulations. Regular duties related to export control are performed by our Export Control Dept., with significant cases requiring the approval of the Export Control Committee. The Export Control Committee met twice in fiscal 2015.

Information protection and management

Information Security Countermeasures

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

Asahi Kasei Group Information Security Policy

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

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

December 1, 2016
Hideki Kobori
President
Asahi Kasei Corporation

Protection of personal information

Asahi Kasei is committed to the proper handling and use of personal information, in accordance with our Group Regulation for Management of Personal Information. Education and training for all employees—including the distribution of an information security handbook which describes our rules for handling information, and the provision of education via e-learning—is monitored by the Corporate Ethics Committee (Risk Management & Compliance Committee from September 2016).

Protection of intellectual property

The Asahi Kasei Group implements strict measures to prevent unauthorized or unintentional outflow of technological information and know-how in accordance with its basic policy and management standards for prevention of technology outflow. The Asahi Kasei Group also applies internal guidelines summarizing related precautions to take when entering business overseas as well as procedures to ensure the preservation of prior-use rights in China.

The company's internal magazine is used to raise further awareness among personnel, and workshops are held for training and education regarding protection of intellectual property.

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

Asahi Kasei Corporation merged with three of its core operating companies, Asahi Kasei Chemicals, Asahi Kasei Fibers, and Asahi Kasei E-materials, on April 1, 2016.

Responsible Care

Safety is a fundamental prerequisite for the continuation of operations as a corporate member of society. To ensure that every aspect of safety is maintained, the Asahi Kasei Group implements a Responsible Care (RC) program comprising the six pillars of operational safety, workplace safety and hygiene, environmental protection, health maintenance, product safety, and community outreach.

Message from the Executive for RC

Masafumi Nakao
Director, Primary Executive Officer
Asahi Kasei Corp.

Asahi Kasei adopted an operating holding company configuration in fiscal 2016 at the start of the three-year medium-term management initiative “Cs for Tomorrow 2018” (CT2018). During fiscal 2016, we will not only implement various measures to achieve our business targets and build the base for the next phase towards fiscal 2025, but also contribute to the society through our business operations. The operating climate is changing greatly with growing awareness for global environmental issues and corporate responsibility as a social entity. At the Asahi Kasei Group, in accordance with our Group Mission of *contributing to life and living for people around the world*, we will give due consideration to the environment, safety, and health throughout the full life cycle from R&D to manufacturing, product supply, and disposal, while focusing on the three fundamental “actuals” of the actual place, actual thing, and actual fact, as we ensure the stable provision of product quality that our customers can depend upon. While working to achieve our annual RC objectives, we will also advance RC activities from a broader perspective, reinforcing R&D to provide solutions to global warming and other environmental issues, in order to raise our corporate value for our various stakeholders.

Responsible Care at Asahi Kasei

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

Environmental protection

Our environmental protection effort includes measures to prevent pollution-causing accidents and measures to help preserve biodiversity under our ISO14001 environmental management system.

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.

Workplace safety and hygiene

Our effort to prevent workplace accidents is integrated in a comprehensive OHSMS program that combines conventional safety initiatives with risk assessments and a prevention-oriented plan-do-check-act system.

Health maintenance

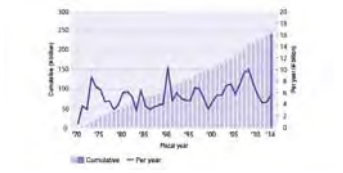
We implement various activities to help employees maintain and advance their mental and physical well-being in accordance with our health management guidelines.

Quality assurance

To deliver safe and reliable products and services to our customers, we strive to enhance our quality assurance activities.

Managing chemical substances

We manage chemical substances rigorously and responsibly throughout the product life cycle, from materials procurement and R&D to use and disposal.



Environmental and safety data

Environment-related expenditure and environmental performance data are shown here.

Asahi Kasei Corporation merged with three of its core operating companies, Asahi Kasei Chemicals, Asahi Kasei Fibers, and Asahi Kasei E-materials, on April 1, 2016.

Responsible Care at Asahi Kasei

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.

Responsible Care at the Asahi Kasei Group

* JRCC : Operated as the Japan Chemical Industry Association's RC Committee since April 2011.

Asahi Kasei Group RC Principles

RC at the Asahi Kasei Group is guided by the following principles. In April 2016, a statement regarding quality assurance was added, and the six elements were condensed into four.

We give the utmost consideration to environmental protection, quality assurance, operational safety, workplace safety and hygiene, and health maintenance, throughout the product life cycle from R&D to disposal, as preeminent management tasks in all operations.

- We give full consideration to the global environment, and make efforts to reduce the environmental burden of all operations.
- We continuously provide safe products and services with the quality that gives customers a sense of security and satisfaction.
- We strive for stable and safe operation while preventing workplace accidents and securing the safety of personnel and members of the community.
- We strive for a comfortable workplace environment, and support the maintenance and promotion of employee health.

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

Revised on April 1, 2016

Fiscal 2015 RC objectives and results

★★★Complete ★★Satisfactory ★Unsatisfactory

RC compliance

FY 2015 RC Objectives	FY 2015 Results	Attainment	FY 2016 RC Objectives
Enhance RC compliance	Emergence of pile installation data issue at Asahi Kasei Construction Materials; lessons applied in review of RC system	★	Review RC framework (including quality assurance)
			Enhance RC compliance
Advance RC education and training	■ RC training course for section managers and assistant chiefs revised ■ Group discussions enhanced ■ Follow-up enhanced	★★	Advance RC education and training

FY 2015 RC Objectives	FY 2015 Results	Attainment	FY 2016 RC Objectives
Enhance RC at affiliates	RC at affiliates enhanced through instructions and support by core operating companies	★★★	Enhance RC at affiliates
Enhance dialog with the public	RC reports of 2 core operating companies and 8 plant complex sites were used in community outreach	★★★	Continue to enhance dialog with the public

Environmental protection

FY 2015 RC Objectives	FY 2015 Results	Attainment	FY 2016 RC Objectives
Avoid all polluting accidents and minor incidents	No polluting accidents, 5 intermediate incidents (including 4 freon leaks)	★	Avoid all polluting accidents and minor incidents
Promote recycling-oriented society:	–	★★★	Promote recycling-oriented society:
■ Final disposal of 0.3% or less of generated industrial waste	■ Goal reached with final disposal rate of 0.2%		■ Maintain rate of final disposal at 0.3% or less of generated industrial waste
■ Recycling rate of at least 89%	■ Goal reached with recycling rate of 98%		■ Maintain recycling rate of at least 90%
Prevention of global warming:	–	★★	Prevention of global warming:
■ Reduce CO_2 emissions in Japan by 25% from FY 2005 level	■ 28% reduction from FY 2005 level		■ Reduce CO_2 emissions in Japan by 28% from FY 2005 level
■ Reduce CO_2 emissions in Japan and overseas by 5% from FY 2010 level	■ 17% reduction from FY 2010 level		■ Reduce CO_2 emissions in Japan and overseas by 5% from FY 2010 level
■ Reduce GHG emissions in Japan by 32% from FY 2005 level	■ 35% reduction from FY 2005 level		■ Reduce GHG emissions in Japan by 35% from FY 2005 level
■ LCA/CO_2 contribution ratio[1] of 7.9	■ LCA/CO_2 contribution ratio of 7.7		■ Achieve LCA/CO_2 contribution ratio of 8.1
Protect water resources:	–	★★★	Protect water resources:
■ Water resource contribution ratio[2] of 7.0	■ Water resource contribution ratio of 8.0		■ Water resource contribution ratio of 8.3
Control emissions of chemical substances:	–	★★★	Control emissions of chemical substances:
■ Control emissions of PRTR-specified substances	■ Release of PRTR-specified substances and emission of VOCs reduced by 91% and 87%, respectively, from FY 2000 level		■ Control emissions of PRTR specified substances
■ Control emissions of air and water pollutants			■ Control emissions of air and water pollutants
Preserve biodiversity when procuring biological resources	Investigated impact of our business activities on biodiversity, including use of new materials; no problem found	★★★	Promote preservation of biodiversity at each site
Advance CSR procurement	Implemented CSR procurement	★★★	Advance CSR procurement

Operational safety

FY 2015 RC Objectives	FY 2015 Results	Attainment	FY 2016 RC Objectives
Avoid all industrial accidents	No industrial accidents, 4 incidents	★★	Continue to avoid all industrial accidents
Continuously monitor for hazards of fire, explosion, and leaks; perform training of managers	Review performed at time of on-site confirmation for preventing abnormal reactions	★★★	Enhance risk assessment: ■ Continuously monitor for hazards of fire, explosion, and leaks
Prevent abnormal reactions, confirm interlock functions on-site	Confirmed progress in preventing abnormal reactions and securing interlock functions	★★★	Continue ongoing review to prevent abnormal reactions and confirm interlock functions Enhance pre-investment safety assessment system
Control changes to equipment and operating conditions	Control confirmed at RC Audits, etc.	★★★	Control changes to equipment and operating conditions
Review earthquake response and enhance emergency response systems:	–	★★★	Enhance earthquake response system:
■ Confirm seismic resistance of high-pressure gas facilities and formulate plans	■ Completed according to the plan		■ Review earthquake preparedness (emergency facilities, disaster response supplies)
■ Implement seismic retrofitting for specific and non-specific buildings	■ Delay in some retrofitting for FY 2016	★★	■ Advance seismic retrofitting of specific and non-specific buildings
Monitor for items in need of replacement and uninspected items, implement remediation	Ongoing review with new perspectives	★★★	Monitor for items in need of replacement and uninspected items, implement remediation

Workplace safety and hygiene

FY 2015 RC Objectives	FY 2015 Results	Attainment	FY 2016 RC Objectives
Avoid all workplace injuries:	–	★★	Avoid all workplace injuries:
■ Achieve frequency rate[3] of 0.1 or less	■ 0.28		■ Achieve frequency rate of 0.1 or less
■ Achieve severity rate[4] of 0.005 or less	■ 0.004		■ Achieve severity rate of 0.005 or less

FY 2015 RC Objectives	FY 2015 Results	Attainment	FY 2016 RC Objectives
Deepen utilization of OHSMS:	–	★★★	Deepen utilization of OHSMS:
■ Reduce latent risks at workplaces	■ Improvement in reducing latent risk confirmed at audit		■ Enhance risk assessment for workplace tasks
■ Enhance internal audits	■ Improvement confirmed at audit with reference to internal audit records		
■ Make the effects of OHSMS more visible	■ Improvement of risk level confirmed at audit		
■ Ensure thorough compliance with safe working standards	■ Compliance confirmed at audit		
Avoid all accidents in "caught in/between machinery" category:	–	★★★	Avoid all accidents in "caught in/between machinery" category: (zero lost-workday injuries):
■ No lost-workday injury due to "caught in/between machinery" accidents	■ Zero lost-workday injuries; contributive effect from mechanical equipment improvement and risk assessment		■ Perform sound risk assessment for mechanical equipment
Avoid fire, explosion, chemical burn, poisoning, etc. related to chemical substances:	–	★	Avoid chemical injury, poisoning, fire, explosion, etc. related to chemical substances (zero lost-workday injuries):
■ Zero lost-workday injuries related to chemical substances	■ 1 injury		■ Perform sound risk assessment for chemical substances
			■ Perform sound management of workplace environment
Prevent injuries during working hours unrelated to operating procedures and during commuting:	–	★	Prevent injuries during working hours unrelated to operating procedures and during commuting:
■ Prevent lost-workday injury related to stairways	■ 3 injuries		■ Prevent lost-workday injury related to stairways and walking
			■ Prevent traffic accidents resulting in harm to self or others while commuting or traveling for sales
Enhance safety management guidance of on-site contractors:	–	★★★	Enhance safety management guidance of on-site contractors:
■ Enhance safety management structure as the contracting manufacturer	■ Status and continuous improvement confirmed at audit		■ No serious accident of on-site contractors
■ Enhance safety management of on-site contractors	■ Safety management guidance at each site and continuous improvement confirmed		
Reinforce management of safety on equipment work:	–	★★	Reinforce management of safety on equipment work:
■ Enhance implementation of safety management standards	■ Progress confirmed at audit; 1 lasting injury from equipment work		■ No serious accident of equipment workers

Health maintenance

FY 2015 RC Objectives	FY 2015 Results	Attainment	FY 2016 RC Objectives
Promote health maintenance and improvement among personnel:	–	★★★	Promote health maintenance and improvement among personnel:
■ Promote the prevention of and countermeasures to lifestyle-related diseases	■ Proportion of personnel with health warning signs and ratio of employees who smoke generally unchanged; slight increase in employees with obesity		■ Promote the prevention of and countermeasures to lifestyle-related diseases
■ Prevent falls	■ Physical fitness tests performed as part of fall prevention program, follow-up implemented		■ Prevent falls
Promote countermeasures to mental health issues and enhance support system:	–	★★★	Promote countermeasures to mental health issues and enhance support system:
■ Implement company-wide stress survey, utilize its results, and perform follow-up	■ Stress survey and follow-up implemented		■ Implement company-wide stress survey, utilize its results, and perform follow-up
Develop the health management system:	–	★★★	Develop the health management system:
■ Resolve critical tasks at each site with lateral extension	■ Held internal meetings and interviews on health management activities		■ Resolve critical tasks at each site with lateral extension
■ Establish the health management system at affiliates and independent plants	■ Specialist industrial physicians supporting affiliates and independent plants		■ Establish the health management system at affiliates and independent plants

Product safety

FY 2015 RC Objectives	FY 2015 Results	Attainment	FY 2016 RC Objectives
Avoid serious product safety incidents	No product safety incidents	★★★	Maintain zero serious product safety incidents

Management of chemical substances

FY 2015 RC Objectives	FY 2015 Results	Attainment	FY 2016 RC Objectives
Enhance management of chemical substances:	–	★★	Enhance management of chemical substances:
■ Promote compliance with laws and regulations on management of chemical substances in Japan and overseas	■ Compliance maintained and system enhanced		■ Promote compliance with laws and regulations on management of chemical substances in Japan and overseas

FY 2015 RC Objectives	FY 2015 Results	Attainment	FY 2016 RC Objectives
■ Encourage JIPS[5] activities	■ Continued risk assessment and public disclosure of safety documents	★★★	■ Encourage JIPS activities
■ Promote JAMP[6] tools	■ Provided and received information via MSDSplus and AIS, participated in verification of new JAMP-IT tools		■ Promote JAMP tools

Living in health and comfort

FY 2015 RC Objectives	FY 2015 Results	Attainment	FY 2016 RC Objectives
Number of people our health care business contributed to:	–	★	Number of people our health care business contributed to:
■ 40% increase from FY 2010 level	■ 1% increase from FY 2010 level		■ FY2018 objective: maintain FY2015 level
Number of residents in Hebel Haus™ homes:	–	★★★	Number of residents in Hebel Haus™ homes:
■ 20% increase from FY 2010 level	■ 20% increase from FY 2010 level		■ FY2018 objective: 10% increase from FY 2015 level

1 LCA is used to determine the amount of reduction in CO_2 emissions enabled by Asahi Kasei products and technologies in comparison with conventional products and technologies. The ratio is calculated by dividing this amount by the global CO_2 emissions of the entire Asahi Kasei Group.
2 The water resource contribution ratio is calculated by adding up the total quantity of water clarified and recycled using Asahi Kasei filtration technology and dividing this by the quantity of the Asahi Kasei Group's water intake.
3 Number of accidental deaths and injuries resulting in the loss of one or more workdays, per million man-hours worked.
4 Lost workdays, severity-weighted, per thousand man-hours worked.
5 Japan Initiative of Product Stewardship: A chemical industry initiative promoted by the Japan Chemical Industry Association to minimize chemical risks through voluntary risk assessment and management.
6 Joint Article Management Promotion-consortium.

RC Management System

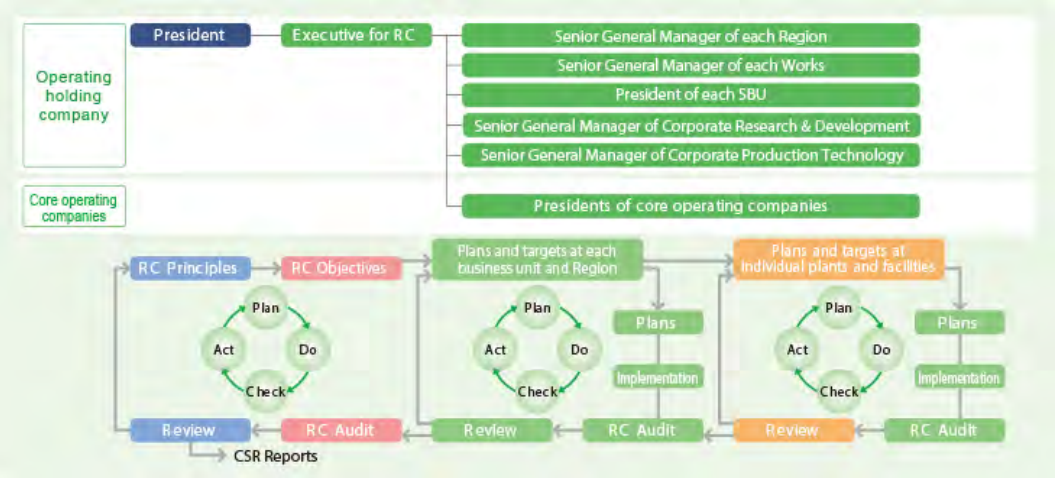
The management system of Asahi Kasei Group RC is maintained in accordance with our Group RC Management Guidelines and other internal standards. The RC Committee, a corporate organ under the direct authority of the president of Asahi Kasei, deliberates RC plans and results and ensures that continuous 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*, 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 Committee meeting

* A site or group of sites consisting of several plants and facilities of various core operating companies. The Senior General Manager of each Region is responsible for the unified implementation of RC in the respective Region.

PDCA flow for RC



RC education and training

In order to further heighten the effectiveness of our RC initiatives, we perform education and training on basic knowledge and practical application of RC activities, environmental protection, employee health, operational safety, and workplace safety. The training program applies to all key personnel including production managers and Environment, Health & Safety (EHS) managers, as well as candidates for those positions, group leaders of research departments, and EHS personnel.

Each fiscal year, we hold RC training courses especially for newly appointed managers, and in fiscal 2015, 63 personnel took part. Since the training began in fiscal 2007, a total of 725 personnel have taken the courses. In addition, a training course for assistant chiefs was formally initiated in fiscal 2012, and continues including requested improvements with some160 personnel participating each year.

In fiscal 2014, we created a basic course in order to gain fuller understanding. We will continue to adapt our RC training courses to meet requests from both inside and outside the company, enabling personnel with different duties in a wide range of fields to gain a firm grasp of RC.

RC training lecture

RC Symposiums

Every year, RC Symposiums are held at our major production Regions such as Nobeoka, Moriyama, and Fuji, with awards presented to plants which have outstanding safety performance records. 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.

Asahi Kasei RC Symposium (November 2015)

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Environmental protection

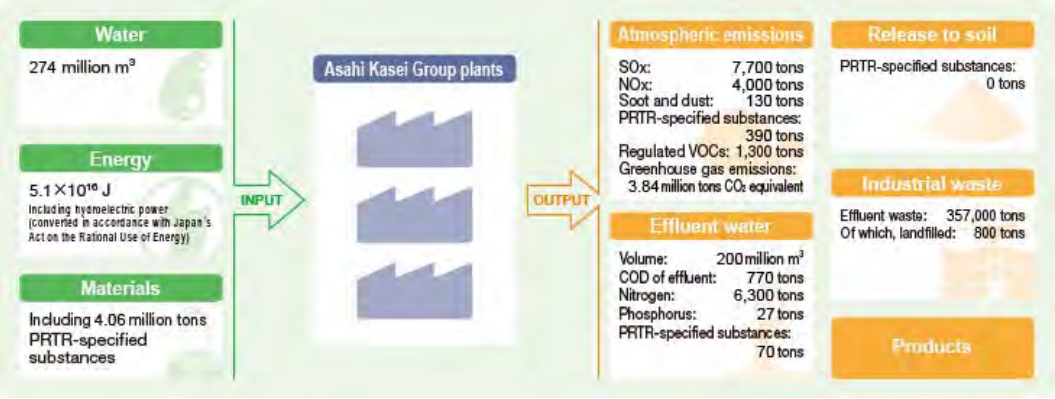
Our environmental protection measures include efforts for the achievement of a low-carbon society, the establishment of a circular economy, and the preservation of biodiversity.

Environmental impacts | Global environmental policy | Low-carbon society | Biodiversity | Recycling | Chemical substances | Air and water

The diagram below describes the environmental impacts of business activities at Asahi Kasei Group plants. As in our Group Vision of "harmony with the natural environment," the Asahi Kasei Group considers environmental protection as one of its most important tasks. Our major focuses are on: 1) prevention of global warming; 2) promotion of a recycling-oriented society; 3) management of chemical substances; and 4) Biodiversity.

For prevention of global warming, we have established new indicators and targets to curtail greenhouse gas emissions to be achieved by fiscal 2020 and fiscal 2030. Regarding promotion of a recycling-oriented society, we continue to reduce our rate of final disposal and increase our rate of recycling. Furthermore, as a chemical company, we are working to promote safe handling of chemical substances and actively provide safety information. We are also making efforts to reduce the impact of our business activities on biodiversity.

Asahi Kasei Group Main Environmental Impacts (FY 2015)



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Environmental protection

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Environmental impacts | Global environmental policy | Low-carbon society | Biodiversity | Recycling | Chemical substances | Air and water

In June 2012, we established our Global Environment Committee to oversee an expanded scope of activities related to global warming. At its second meeting, the Global Environment Committee formulated policy on environmental initiatives that apply to the entire Asahi Kasei Group (below). Quantitative indicators and targets were revised in order to clearly visualize and confirm ongoing progress of these environmental initiatives.

The Asahi Kasei Group's global environmental policy

1. Low-carbon society
   (1) Sharing the international goal of cutting worldwide greenhouse gas emissions in half by the year 2050, the Asahi Kasei Group will establish targets for reduction of emissions from its business activities by 2020 and 2030.
   (2) The Asahi Kasei Group will contribute to the establishment of a low-carbon society by providing the world with products, technologies, and services that enable reduced greenhouse gas emissions through our proprietary technology.
   (3) The Asahi Kasei Group will monitor and clearly visualize the amount of CO_2 emissions from its supply chain.
2. Preserving water resources
   The Asahi Kasei Group will help preserve water resources around the world through its domestic and international water supply filtration membrane module business and water recycling service business. The Asahi Kasei Group will measure the quantity of its water intake while striving to maintain and improve the efficiency of its water usage.
3. Recycling
   The Asahi Kasei Group will promote the reduction of environmental impacts and the efficient utilization of resources and energy throughout the entire life cycle in its business activities in order to contribute to a circular economy. Specifically, we will promote the 3Rs of reduction, reuse, and recycling, and increase the usage of resources and energy with lower environmental impacts as well as renewable resources and energy.
4. Achieving harmony with nature
   The Asahi Kasei Group will give due consideration to the conservation of natural capital and biodiversity, and promote the reduction of environmental impacts of its business activities. We will also monitor and carefully manage our use of land and biological resources.
5. Overseas locations (plants)
   The Asahi Kasei Group will create systematic monitoring items that enable environmental management practices equivalent to those at its plants in Japan.
6. Supply chain
   The Asahi Kasei Group will proactively collaborate with members of its supply chain to undertake the abovementioned activities.

Quantitative indicators and targets of environmental initiatives

1. Low-carbon society
   - Reducing CO_2 emissions
     - Reduce CO_2 emissions in Japan to 30% below the FY 2005 level by FY 2020
     - Reduce CO_2 emissions in Japan and overseas to 5% below the FY 2010 level by FY 2020
   - GHG emissions
     - Reduce GHG emissions in Japan to 35% below the FY 2005 level by FY 2020
     - Reduce GHG emissions in Japan to 10% below the FY 2013 level by FY 2030
   - Clean power generation
     - New coal-fired power plants must meet certain criteria*
     - Maintain use of biomass fuel at 60% or more by energy content in mixed combustion at the biomass power plant in Nobeoka

* Asahi Kasei Group criteria for new coal-fired power plants.

- LCA/CO_2 contribution ratio*
  - Achieve a ratio of 10.0 by FY 2020 (3.2 in FY 2010)
  - Achieve a ratio of 15.0 by FY 2030
    * LCA is used to determine the amount of reduction in CO2 emissions enabled by Asahi Kasei products and technologies in comparison with conventional products and technologies. The ratio is calculated by dividing this amount by the global CO2 emissions of the entire Asahi Group.

2. Preserving water resources

- Water resource contribution ratio*
  - Achieve a ratio of 9.3 in FY 2018 (1.2 in FY 2011)
    * The water resource contribution ratio is calculated by adding up the total quantity of water clarified and recycled using Asahi Kasei filtration technology and dividing this by the quantity of the Asahi Kasei Group's water intake.

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Environmental impacts | Global environmental policy | Low-carbon society | Biodiversity | Recycling | Chemical substances | Air and water

As a participant in the Commitment to a Low Carbon Society launched in April 2013 by the Japan Chemical Industry Association and Nippon Keidanren, the Asahi Kasei Group is implementing activities in line with this commitment. We will also pursue activities under global indicators and targets set for our overseas manufacturing sites as well.

In June 2014, we established a Global Environment Action Committee. We are now able to act more swiftly and deeply to contribute to a low-carbon society and other global environmental protection measures.

The Asahi Kasei Group's activities for building a low-carbon society

1. Reducing greenhouse gas (GHG) emissions of the Asahi Kasei Group
   (1) CO_2 and GHG emissions in Japan
   (2) Global CO_2 emissions
   (3) Scope 3 emissions
2. Helping reduce CO_2 emissions throughout the entire lifecycle of products
3. Making international contributions
4. Developing innovative new technologies

The Asahi Kasei Group's environmental initiative framework

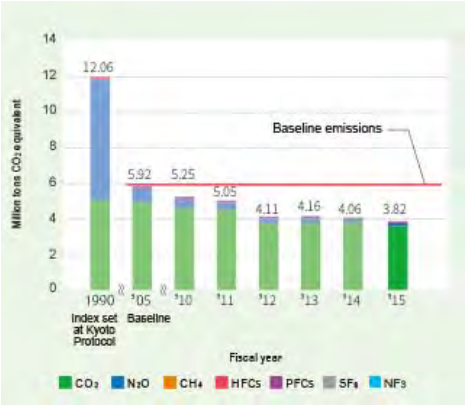
Global Environment Committee	This committee deliberates and adopts group-wide environment measures. It is chaired by the operating holding company Executive for RC, and has the Presidents of the SBUs and the Executives for RC of the core operating companies as members. It meets twice per year.
Global Environment Action Committee	This committee is chaired by the General Manager of Corporate ESH & QA, and has the RC Promoters of the SBUs, the core operating companies, and Corporate Research & Development as members. It develops concrete measures based on decisions of the Global Environment Committee. It meets twice per year.
LCA Committee	This committee consists of the chair from the operating holding company and members from the SBUs, the core operating companies, and Corporate Research & Development. It promotes LCA throughout the Asahi Kasei Group and performs LCA for the Group's products and technologies, including those under development. It meets 5 to 6 times per year, and reports results of its activities to the Global Environment Committee.

Reducing greenhouse gas (GHG) emissions of the Asahi Kasei Group

CO_2 and GHG emissions in Japan

The Asahi Kasei Group's GHG emissions in Japan from production processes in fiscal 2015 were equivalent to 3.82 million tons of CO_2, which represents a reduction of 35% compared to the 5.92 million tons from our baseline year of fiscal 2005. Significant factors that contributed to this reduction include the suspension of ammonia and benzene production, and the start of biomass power generation. Compared to the emissions level in 1990, the index year set under the Kyoto Protocol, we continue to maintain a reduction of GHG emissions by more than 50%, most notably through the development of technology for thermal decomposition nitrous oxide (N_2O) byproduct.

GHG emissions in Japan

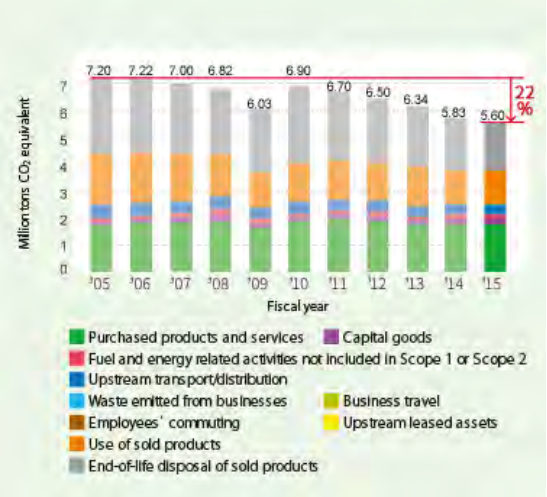


Scope 3* emissions

The domestic Japanese portion of Scope 3 emissions over time has been calculated for all operations except Asahi Kasei Pharma, yielding data on 99% of such emissions for the entire Asahi Kasei Group. Our Scope 3 emissions have steadily declined from fiscal 2005 to fiscal 2015, with some fluctuation due to the global financial crisis, and in fiscal 2015 they were some 22% lower than in fiscal 2005. This reduction can be attributed to the launch and growing sales of Hebel Haus™ products with power generation, efficiency, and conservation functions which reduced Category 11 emissions (use of sold products), and to the reduced use of fossil resources and fossil fuels which reduced Category 12 emissions (end-of-life disposal of sold products).

* Scope 3 emissions : Greenhouse gases emitted indirectly by a company throughout its supply chain. The Asahi Kasei Group's Scope 3 emissions from Category 1 (purchased products and services) in Japan in fiscal 2015 were 1.39 million t-CO_2. The emissions were independently assured by KPMG AZSA Sustainability Co., Ltd. Please refer to the Independent Assurance Report.

Scope 3 emissions in Japan



Global CO_2 emissions

Although CO_2 emissions in Japan have been decreasing by a wide margin, CO_2 emissions overseas have been increasing due to the start-up of new plants. The Asahi Kasei Group will aim to decrease total global CO_2 emissions by 5% by fiscal 2020 from the baseline year of fiscal 2010. In fiscal 2015, emissions were reduced to 13% below the baseline.
Fiscal 2015 Scope 1 CO_2 emissions were 3.28 million tons and fiscal 2015 Scope 2 CO_2 emissions were 1.04 million tons.

* Fiscal 2015 greenhouse gas emissions in Japan and fiscal 2015 global CO_2 emissions have been assured by KPMG AZSA Sustainability Co., Ltd. Please refer to the Independent Assurance Report.

Global CO_2 emissions

The Asahi Kasei Group's efforts to reduce CO_2 and GHG emissions in Japan

Alleviating the environmental effects of physical distribution

Product shipments for Asahi Kasei Group operations in Japan amounted to some 1.3 billion ton-kilometers in fiscal 2015—an 11% increase from fiscal 2014—generating approximately 100 thousand tons of CO_2 emissions—a 7% increase. 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_2 emissions for a given weight and distance than many other means of transportation.

The Eco-Rail Mark

Use of low-pollution vehicles

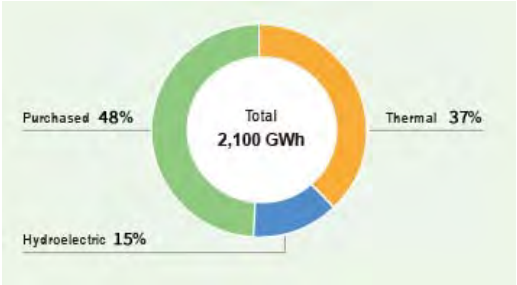
The Asahi Kasei Group is phasing in low-pollution vehicles for use in marketing and within plant grounds. In fiscal 2015, some 80% of company-owned vehicles were low-pollution vehicles.

Renewable energy

The Asahi Kasei Group has 9 hydroelectric power generation plants in the Nobeoka Region, which provided 15% of the total electricity we used in Japan in fiscal 2015. Generation of the equivalent amount of power at thermoelectric plants would result in approximately 180 thousand tons* of CO_2 emissions annually. Furthermore, our biomass power generation facility in Nobeoka started operation in August 2012.

* Using Japan's Ministry of Economy, Trade and Industry and Ministry of the Environment standard of 551 g CO_2/kWh.

Electricity sources, FY 2015



Reducing CO_2 emissions throughout the product life cycle

Life cycle assessment of reduced CO_2 emission

Although CO_2 is generated during the manufacture of materials and intermediate products in the Asahi Kasei Group, there are also many examples of products which contribute to reduced CO_2 emissions during use. LCA calculation takes such contribution into account and determines the amount of CO_2 reduction achieved over the product life cycle. By expanding sales of such products and commercializing new products and technologies that enable significant reduction of CO_2 emission based on LCA, we contribute to the overall reduction of greenhouse gas emission throughout the supply chain.

Global warming conscious products

In April 2013, we formulated guidelines on global warming conscious products. Having formulated a similar set of guidelines in 2003 for eco-friendly products, the Asahi Kasei Group decided to formulate a new set of guidelines for global warming conscious products given recent demand both in Japan and overseas.

In accordance with these guidelines, we have certified the products in the following chart as global warming conscious products.

List of global warming conscious products

Rank	Product name
A	Hall ICs and Hall elements for DC motors used in air conditioners
A	Ion-exchange membrane production process for caustic soda
A	Synthetic rubber for fuel-efficient tires
A	Phosgene-free polycarbonate production process
A	Fusion™ 3D knitted fabric for energy-saving humidifier filters
A	Hebel Haus™ with power generating, efficiency, and conservation functions
B	Hebel Haus™ with next-generation insulation
B	Hipore™ lithium-ion battery separator for electric and hybrid electric vehicles
B	Neoma™ phenolic foam insulation panels for homes
B	Heat-absorbing stretch fiber for cool-feeling innerwear
B	Sunfort™ photosensitive dry film
B	Hebel Haus™ two-generation homes
B	Asaclean™ plastic molding machine purging agent
C	Renovation to add solar panels
C	Polymer membrane for fuel cells
C	Renovation to improve window insulation

Rank A: LCA/CO_2 reduction of at least 500,000 t-CO_2/y
Rank B: LCA/CO_2 reduction of at least 100,000 t-CO_2/y
Rank C: LCA/CO_2 reduction of at least 10,000 t-CO_2/y

International contribution

Hall ICs and Hall elements for air conditioner DC motors, ion–exchange membrane process for the caustic soda production, and synthetic rubber for fuel-efficient tires are used in the US, the EU, and Asia. These products and technologies produce less CO_2 when used compared to the conventional alternatives. We continue R&D to create new eco-friendly products and technologies that will increase our contribution to reduced CO_2 emissions.

Development of innovative technologies

We are working to develop innovative technologies such as lithium-ion battery separators for electric vehicles that enable dramatically lower CO_2 emissions than conventional vehicles, and fuel cell membranes that enable lower CO_2 emissions than conventional use of city gas or propane at home.

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Basic policy

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

Notable actions in fiscal 2015

Through the examination of the impact of our business activities on biodiversity, we came to realize the extreme importance of biological resources and ecosystem services for our operations. In any case of ecosystem services being newly used or a change in use of biological resources, we confirm that no problem will be caused. Our plants and offices are undertaking a variety of initiatives to preserve biodiversity in each location.

National network to promote the Satoyama Initiative in Japan

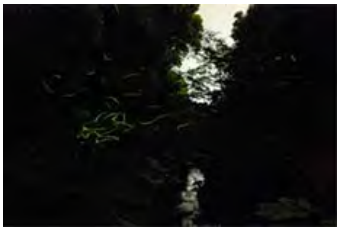
The Japan Network for Promoting the Satoyama Initiative, established in September 2013, is comprised of 107 organizations (as of January 2016) including companies, research institutions, governmental bodies, NGOs, NPOs, etc. Various organizations in Japan join together under the keyword “Satoyama” to bridge differences and build a platform to enable interactions, cooperation, and information exchange among the participants in order to make efforts to conserve and use biodiversity into a nationwide effort. Asahi Kasei is a founding corporate member of the Satoyama Initiative, and in fiscal 2015 we took part in leadership meetings, general meetings, seminars, liaison meetings, on-site observations, and production of a collection of case studies.

JAPAN NETWORK
FOR PROMOTING
THE SATOYAMA INITIATIVE

Actions in Fuji

In Fuji, the Asahi Woods of Life we created within the grounds of our plant and laboratory complex has grown vigorously over the past eight years since we planted trees together with members of the community. This pioneering effort to preserve biodiversity has drawn many visitors, and the annual firefly watching event was enjoyed by more than 3,000 people over three days. We are also working successfully with a nearby university to introduce and propagate rare species native to the area.

Releasing loaches with Tokoha University



Fireflies in the Asahi Woods of Life

A tour for prize-winners of the Japan Students Science Awards

Actions in Nobeoka

The 5th tree-planting of the Asahi Forest in Takachiho

In the Nobeoka area, we held the 5th tree-planting of the Asahi Forest in Takachiho, Miyazaki, in May 2015. Since 2006 we have supported a reforestation program led by Miyazaki prefecture to create forests in cooperation with companies. As a part of this effort, we are creating the Asahi Forest by planting broad-leaf trees and other trees native to the area on a mountain site of 40 hectors which was left bare after cedar and cypress had been harvested.

Under clear skies, a total some 550 people including many of our employees and their families, related parties, and nearby residents participated in planting 2,500 trees including oak, wild cherry, Japanese zelkova, maple, and sawtooth oak on a 1 hectare site. We will continue to contribute to the protection of the rich natural environment in the Nobeoka area through afforestation activities for the benefit of future generations.

Participants in the tree-planting

Afforestation work

Actions in Moriyama

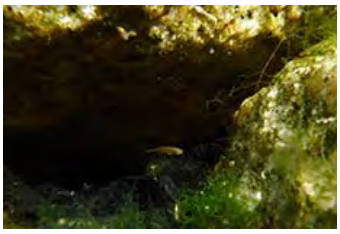
Conservation activity for endangered smallhead stickleback, a freshwater fish

In Moriyama, our industrial water coming from underground is used for cooling equipment. After use it is strictly controlled to be disposed to nearby rivers. Part of the disposed water from Moriyama plant is also used for agriculture, which has become vital for the local farmers as well as wildlife inhabiting the waterfront areas.

Against this backdrop, we started activities to protect biodiversity from fiscal 2010 focusing on water, which is intrinsically related to our business operations. In fiscal 2015, in Shiga prefecture, we started a joint project with the Lake Biwa Museum and Moriyama city community associations to revive the population of wildlife inhabiting waterways and their surround areas, including ex-situ conservation of the freshwater fish called smallhead stickleback which is designated as an endangered species.

Smallhead stickleback, related to the stickleback and 5 cm in length, is confirmed to exist only in the springs located in the eastern part of Shiga prefecture and some parts of Gifu prefecture in Japan. Records show that smallhead stickleback formerly inhabited Moriyama, Shiga, our plant location, but its wild population decreased and eventually disappeared after 1980s due to depletion of the springs and deterioration of the natural habitat.

We are now working to conserve and breed smallhead stickleback in a safe pond located in our Moriyama plant site, while promoting awareness of the preservation of biodiversity both within and outside of our company through our activities.



Smallhead stickleback

Releasing smallhead stickleback into the conservation pond

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The Asahi Kasei Group is working to reduce the amount of industrial waste for final disposal through the "3-Rs" of reduction, reuse, and recycling in order to help build a recycling-oriented society.

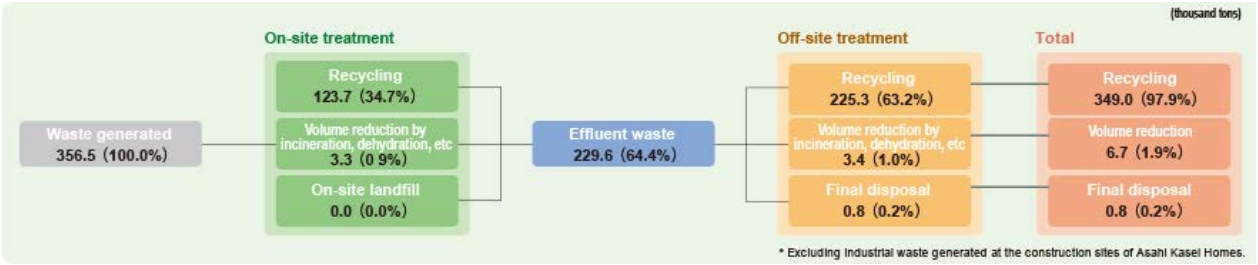
In fiscal 2015, we adopted targets of a final disposal rate of 0.3% or less and a recycling rate of 89% or more of the total amount of industrial waste generated. We achieved our targets, with a final disposal rate of 0.2% and a recycling rate of 98%. We are working to gain further improvements through increased separation and greater selectivity in disposal contractors.

Waste containing PCBs* is stored under strict control in stainless steel vessels. Plans for disposal are advancing, including for waste with minimal amounts of PCBs.

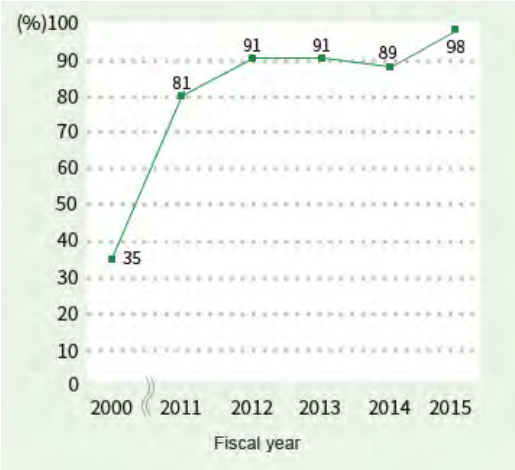
We enhanced our management of off-site treatment of industrial waste by expanding the use of electronic manifests. We also performed periodic on-site inspections of consigned firms to ensure that proper disposal is performed in accordance with sound systems of control.

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

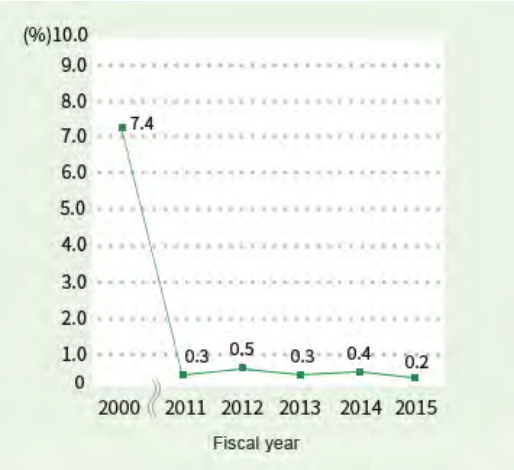
FY 2015 flow of industrial waste*



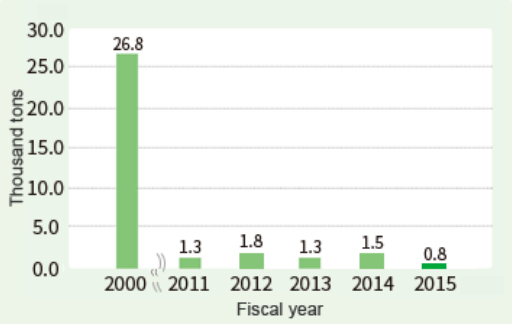
Recycling rate



Final disposal rate



Off-site final disposal volume

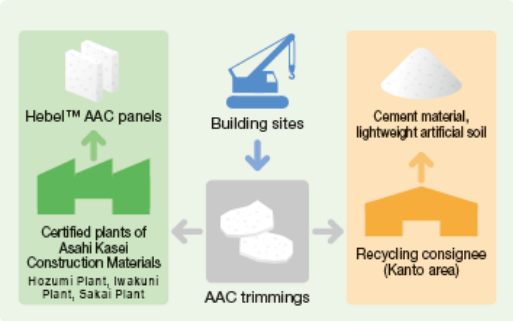


FY 2015 off-site final disposal by category of waste

Reducing industrial waste from construction materials and housing businesses

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

Recycle flow for trimmings of Hebel™ AAC panels



Final disposal industrial waste generated at construction sites

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

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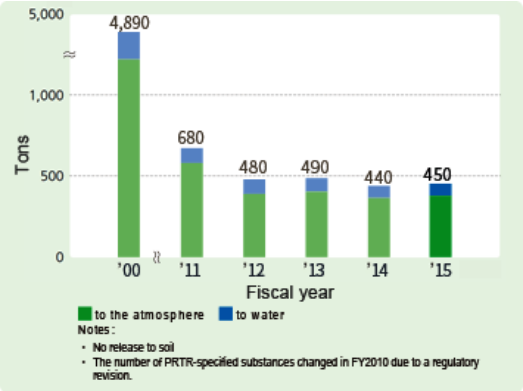
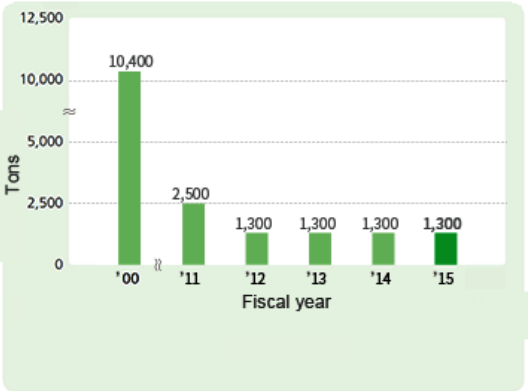
The Asahi Kasei Group makes an effort to reduce the release of chemical substances. These chemicals include substances specified in the PRTR[1] Law, and other substances which we have voluntarily designated for reduction. Priority for reduction is based on the degree of hazardousness and amount of release. As shown in the graphs below, releases of PRTR-specified substances and VOC[2] emissions were reduced by 91% and 87%, respectively from fiscal 2000. We will continue to enhance control of operation and equipment to prevent any accidental release.

Releases of PRTR-specified substances



Releases of VOCs



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

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

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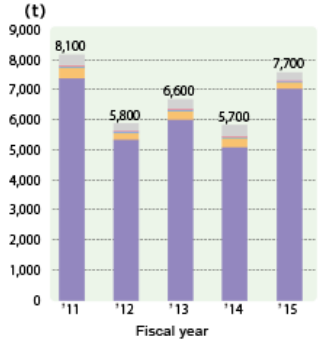
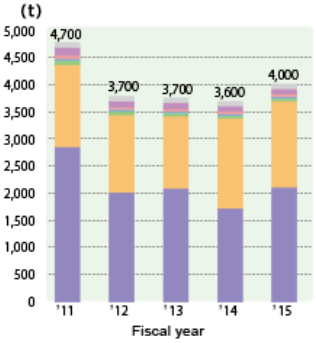
The Asahi Kasei Group works to control emissions and prevent spills in order to avoid the pollution of air, water, soil, or groundwater. Measures to prevent odors include the installation of exhaust gas absorption equipment and increasing the capacity of our wastewater treatment facilities. To prevent soil and groundwater pollution, we have performed investigation and taken appropriate measures in accordance with the Soil Contamination Countermeasures Act and related regulations.

We confirm the control of effluent water based on an internal guideline issued in 2012. Release of substances regulated by the Air Pollution Control Act and the Water Pollution Control Act are maintained below the permissible limits. Effluent water volume in Kawasaki decreased as an effect of consolidation of production facilities.

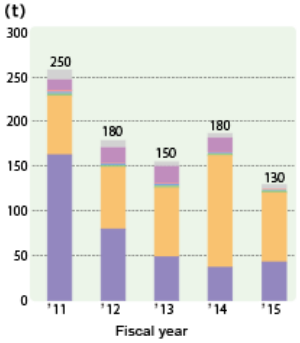
SOx emissions



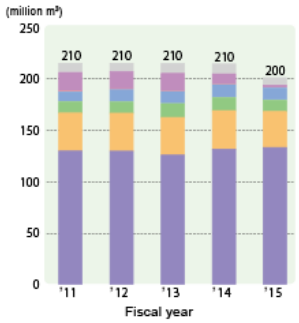
NOx emissions



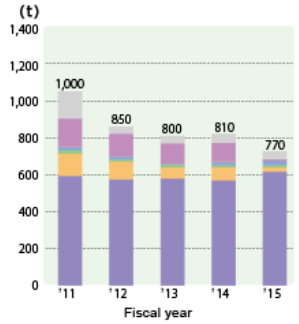
Soot and dust emissions



Effluent water volume



COD of effluent



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Operational safety

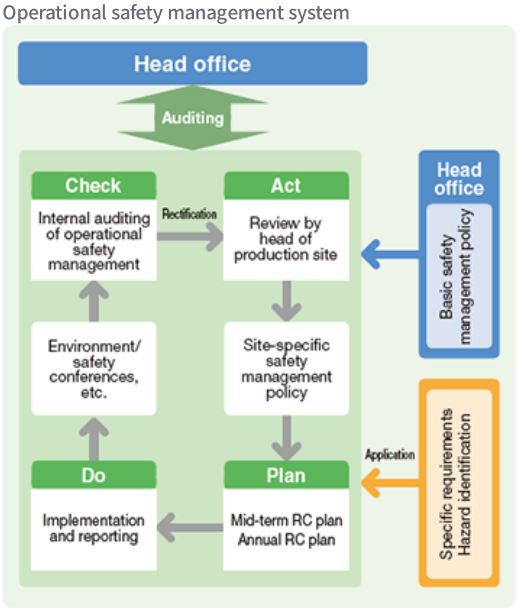
To achieve safe operations, it is essential to build highly safe plants based on process hazard assessment prior to construction, to perform sound plant maintenance, and to operate facilities in a stable and safe manner. The Asahi Kasei Group avoids operational accidents through risk assessments prior to the construction of new plants, periodic inspections of existing plants performed by auditors specialized in fire and explosion prevention, process reviews from the perspective of preventing abnormal reactions and ensuring interlock functions, and process reviews corresponding to the age of facilities.

In fiscal 2013, we completed a program of on-site confirmation to identify hazards from the perspective of preventing abnormal reactions and ensuring interlock functions. From fiscal 2013 onwards, we have been preparing technical documents on items with a high degree of hazard and on accidents and problems which occurred in the past. From fiscal 2015, we are implementing education and training for managers and operators to enable them to properly identify the cause and take appropriate action if problems occur, including problems that have not been previously encountered. There were no operational accidents during fiscal 2015.

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.

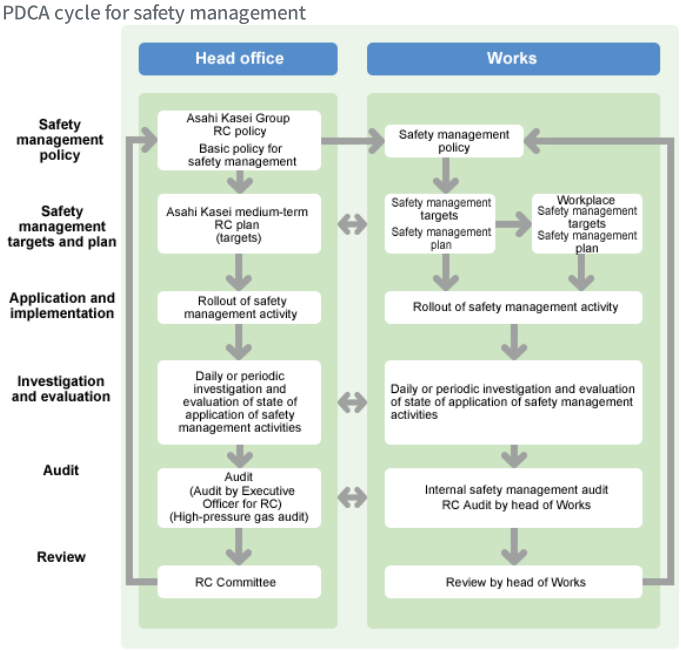
Operational safety management system



Basic policy for high-pressure gas safety

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

PDCA cycle for safety management



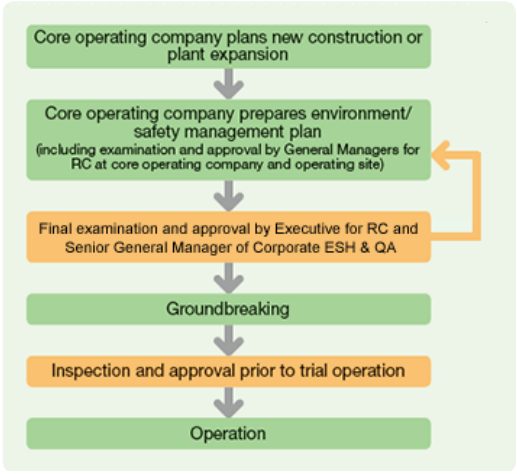
Pre-investment inspection system

Internal regulations require a pre-investment inspection to verify plant safety when there are plans to invest in a new plant, plant expansion, or plant modification of a certain scale or larger. 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* utilized in the risk assessment of high hazard facilities, and other risk assessment methods utilized for low-risk plants which are deemed to be vital.

* 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.

System for inspection prior to capital investment



Safe, stable plant operation

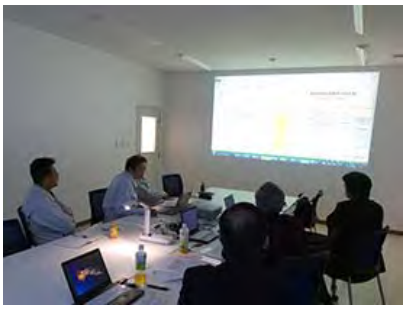
Given our diverse range of operations that include chemicals, fibers, homes, construction materials, electronics, and health care, the Asahi Kasei Group has plants with a wide variety of different characteristics. No single approach to safety would be appropriate for all plants.

We employ a systematic process to tailor the safety effort to each plant's specific requirements, including the use of PDCA cycles. One characteristic of process is the formulation of separate maintenance standards for each individual unit of equipment to ensure the appropriateness of the method and period of maintenance.

In addition, safety information and know-how are shared across the Asahi Kasei Group through a group-wide plant engineering council with 4 specialist panels: Formulation of optimum systematic maintenance programs, establishment of standards and criteria, formulation of training systems for maintenance engineers, and sharing engineering information.

Process review

Reviewing processes at our existing plants has long been performed as part of our program to monitor for items in need of replacement and uninspected items, and beginning in fiscal 2009 we began specialized RC audits focused on the risk of fires and explosions as part of our effort to eliminate industrial accidents. Inspections from the perspective of preventing abnormal reactions and ensuring interlock functions began in fiscal 2012, and a program of on-site confirmation was performed in fiscal 2013. Results of this confirmation indicated that there were no major problems. From fiscal 2013 onwards, we have been preparing technical documents on items with a high degree of hazard and on accidents and problems which have occurred in the past, and obtained third-party verification in addition to verification by Corporate ESH & QA. These documents are used in training to ensure that personnel will be able to take appropriate action if problems occur.



Third-party verification of activity to pass on technological skills (Nobeoka)

Training for maintenance

We believe that maintenance means creating the condition of equipment necessary to accomplish production objectives. Although we use a PDCA cycle for the planned maintenance system, people are the most fundamental element. It is vital for each individual to gain the essential technology and contribute to the strength of the team.

The Asahi Kasei Group launched a training program in fiscal 2009 to nurture the skills of maintenance personnel. We clarified the training principles for maintenance technicians, formulated a training curriculum for each individual based on these principles, and applied the PDCA cycle. Currently some 600 personnel are registered.

In fiscal 2014 we launched a new web-based system based on the experience gained. The new system tracks all training progress in a database that enables more efficient data entry and easier preparation of materials for training audits. Beginning in fiscal 2015, applications for classroom work are made via the website, and results of certifications acquired are managed online.

Maintenance training system

Refrigeration equipment safety training lecture in Fuji

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 and to respond it. 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.

We carry out safety training exercises in which employees are given simulated experience of workplace dangers including being caught in/between machinery, contacting hazardous liquids, tripping and falling on the same level, suffering a burn, falling from height, etc. In conjunction with this, we provide education on human behavioral characteristics and accident case studies in order to instill greater sensitivity for safety among employees and obtain strict compliance to safety rules to avoid dangers.

AOA lecture

AOA practical training session

AOA safety training (simulated experience of being caught between machinery)

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 surrounding areas, and that damage is held to a minimum, through close communication between the plants, regional management, and the head office. The plants prepare annual plans for periodic training drills, and perform drills in coordination with the head office.

Joint emergency response training drill in Mizushima (together with fire department and local emergency response cooperative)

Physical distribution safety

Asahi Kasei works closely with logistics providers contracted for storage, loading, unloading, and transportation to implement safety activities, which include physical distribution safety symposiums, safety liaison conferences, safety evaluations of logistics providers, on-board ship safety assessments, and many other safety measures. Furthermore, individual production sites hold joint training drills together with logistics providers, police departments, and fire departments to prepare for accidents that may occur and to ensure that damage from such accidents is minimized.

Training drill for physical distribution safety with a vinyl chloride tank truck

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Workplace safety and hygiene

The effort to prevent workplace accidents is integrated in our comprehensive OHSMS* program that combines conventional safety initiatives—such as tidiness/orderliness/cleanliness (3S), 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 (PDCA) system.

* 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

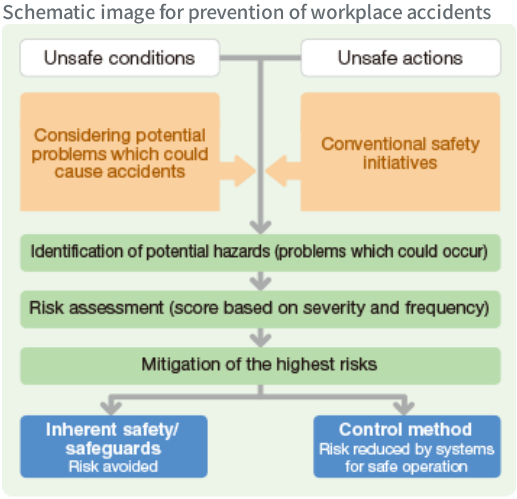
Integration of workplace safety initiatives

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.

Schematic image for prevention of workplace accidents



Risk assessment

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

Mitigation of the highest risks

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

Inherent safety and safeguards

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

Formulation of safety measures

Safety measures			Degree of safety achieved
1	Inherent safety		100%
2	Safeguards		80%
3	Control method	Indications, warnings, etc.	20%
4		Manuals, approved 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*. 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.

* 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.

Occurrence of workplace injuries

Of the 15 lost-workday injuries that occurred during fiscal 2015, none were in the "caught in/between machinery" category, which we had strived to eliminate. Although it is significant that this was achieved for the second consecutive year considering that 15% of lost-workday injuries were in this category from fiscal 2005 to 2014, we continue to reduce the risk of accidents in the "caught in/between machinery" category by eliminating sources of danger and enhancing safeguards.

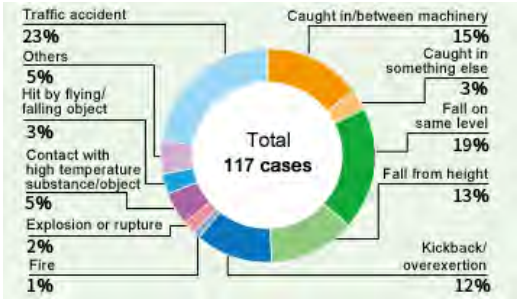
In fiscal 2012, we began an ongoing program of comprehensive plant inspections that incorporates fresh perspectives from outside experts and from our personnel of different sites and different core operating companies. We also formulated a set of guidelines on machinery safety in accordance with ISO12100* and in fiscal 2014 began machinery risk assessments by designers in the case of building new equipment or modifying existing equipment, with deliberation among related parties as part of the equipment inspection.

The 3 categories of fall on the same level, fall from height, and traffic accident accounted for 73% of all lost-workday injuries in fiscal 2015. To prevent these common accidents that could occur even in non-factory workplaces such as sales offices or headquarters, we are promoting safety activities in all workplaces and renewing our emphasis on a culture of safety.

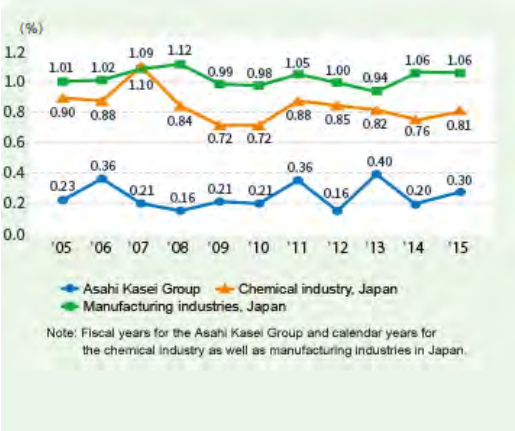
* ISO12100 specifies principles for achieving safety in machinery design and principles of risk assessment and risk reduction.

Incidence of workplace injury by event category (FY 2015 in Japan)

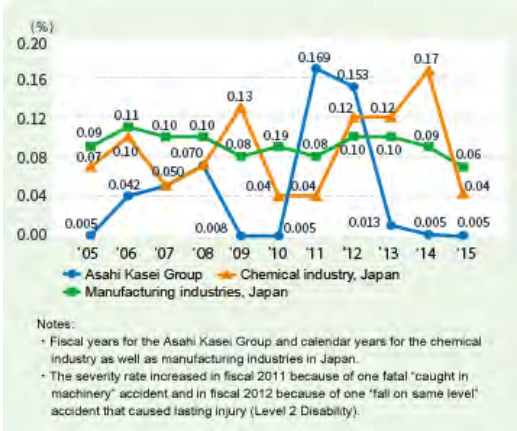
Incidence of workplace injury by event category (FY 2005–2014 in Japan)



Frequency rate[1]



Severity rate[2]



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

Occupational Health and Safety Management System (OHSMS)

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

* Occupational Health and Safety Assessment Series, number 18001. A standard for certification of OHSMS.

Maintaining workplace hygiene

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

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Health maintenance

The Asahi Kasei Group implements various activities to help employees maintain and advance their mental and physical well-being in accordance with its health management guidelines, including screening for lifestyle-related diseases and mental health checkups.

Enhanced health management framework

During fiscal 2015, interviews to monitor the effectiveness of the health management center were performed at 7 sites. The series of interviews launched in fiscal 2014 confirm whether the activities at each site, including the duties of our industrial physicians and health nurses, are being performed in accordance with the Industrial Safety and Health Law and our health management guidelines. Further guidance and support is being provided as necessary.

Health maintenance and promotion for employees

The Asahi Kasei Group has provided employees with health guidance and exercise guidance by outside experts and health maintenance staff in each site.

In fiscal 2015, the results of annual checkups indicated that the proportion of employees with health warning signs and the ratio of employees who smoke were generally unchanged, while there was slight increase in employees with obesity.

Since fiscal 2013, we have promoted the use of our health improvement program, a tool for health management that was revised to enable more easy use of specified health guidance. This program is especially useful for the maintenance and improvement of employees' health at independent plants where on-site health care staff is limited, and also as an outside resource for affiliated companies.

Ratio of employees with health warning signs

Measures to prevent falling

Based on the falling risk assessment manual issued by the Japan Industrial Safety & Health Association, in fiscal 2013 we prepared a manual for physical fitness tests to prevent falling. In fiscal 2014 we began using this manual to assess falling risks of our employees, followed-up with guidance by industrial physicians. This was continued in fiscal 2015, and extended to other sites where the system is in place.

Manual for physical fitness tests to prevent falling

Mental health and care

The Asahi Kasei Group is working to improve the workplace environment by enhancing its four complimentary approaches to care in accordance with its mental health care guidelines.

For self-care by individual employees and care by industrial medical staff, in fiscal 2013 we began full implementation of an intranet-based electronic diagnosis system developed by Fujitsu Software Technologies Ltd. Ongoing stress surveys will be performed annually at each location. In addition to surveying the stress level of individual employees, this system analyzes workplace stress to help improve the workplace environment as part of our effort for care by line of authority. The system has been used to survey stress at 31 sites, with appropriate follow-up implemented. Ongoing stress surveys are performed annually at each of our sites to comply with regulations which require their implementation.

Intranet-based electronic diagnosis system used to survey workplace stress

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. At each plant site and office location, we provide care by specialists, including training sessions by external lecturers and referral of counseling services.

Workplace revitalization at AECS

Asahi Kasei EIC Solutions Corp. (AECS) is an electrical, IT, and control engineering company that provides customers both inside and outside the Asahi Kasei Group with design and maintenance services. As more and more experienced engineers reached retirement age in recent years, the remaining employees have had to shoulder an increasing burden of work. The stress survey in fiscal 2013 indicated that the rate of employees at risk was 20% higher than the national average. High work volume and inability to obtain sufficient support from supervisors and colleagues were identified as factors leading to diminished morale.

To address this issue, in fiscal 2014 AECS began holding small-sized meetings in each workplace to facilitate conversations among personnel. AECS also renewed its HR system with the establishment of a new seniority ranking and the introduction of an employee grouping system. Thanks to such efforts, survey results in fiscal 2014 and 2015 improved. AECS will continue to utilize the intranet-based electronic diagnosis system to support its ongoing effort to further improve its workplace environment.

Increased opportunities for communication

40th anniversary party for all personnel

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Quality assurance

Upon our transition to an operating holding company configuration in April 2016, Corporate ESH & QA was reorganized, including the establishment of a new Quality Assurance Group, to place greater emphasis on quality assurance to deliver safe and reliable products to our customers. In fiscal 2015, we once again met our target of no serious product safety incidents.

Asahi Kasei Group Quality Policy

The Asahi Kasei Group creates and provides products and services with the quality to meet the needs of customers and society and ensure safety and security.

Perspective on quality assurance

Reinforcing the quality assurance system: maintaining zero serious product safety incidents

Consumer satisfaction and safety

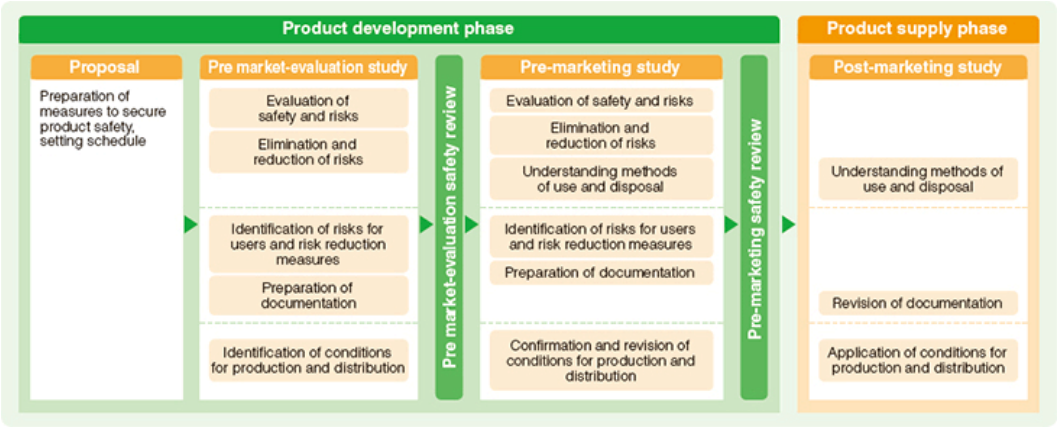
Products and services provided by the Asahi Kasei Group include materials, products, installations, various services, and after-sale support. We believe that providing products and services that satisfy our customers is our ultimate mission. We constantly strive to enhance our systems for quality assurance, including product safety.

Effort to maintain zero serious product safety incidents

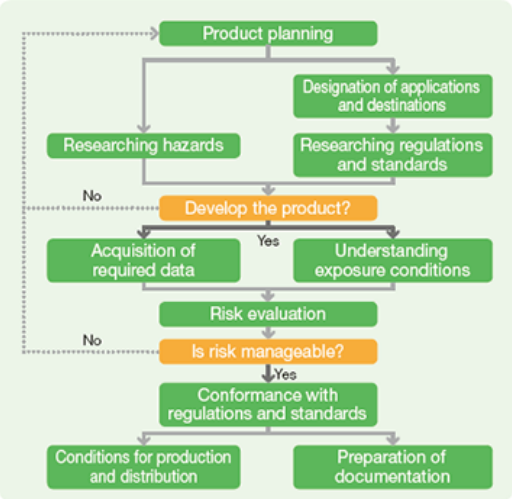
As part of the effort to prevent serious product safety incidents, we established new quality assurance bylaws that stipulate quality assurance activities for RC administrators to perform. The bylaws newly define the central role of quality assurance managers in activities to enhance quality assurance, and are applied in concert with our product safety guidelines to secure product safety and prevent the occurrence of serious product safety incidents.

All business units of the Asahi Kasei Group apply these uniform bylaws and guidelines to assure the quality of products and services.

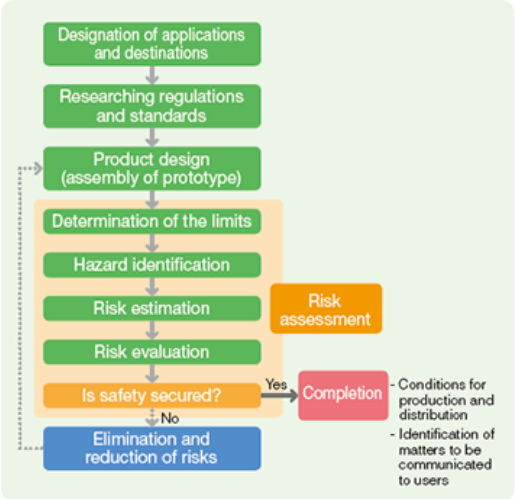
Flow of product safety measures



Product safety procedure for chemicals



Product safety procedure for equipment



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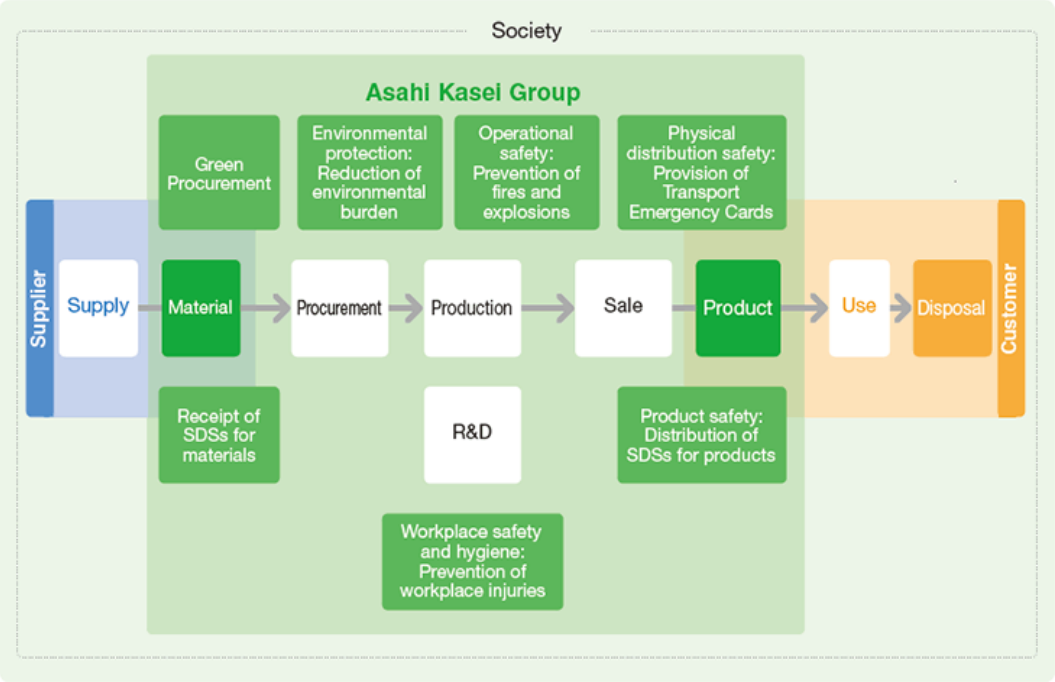
Managing chemical substances

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.

The Asahi Kasei Group's 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 below.

Chemical substance management flow



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, including intermediates, to suppress environmental release (see Environmental protection) and to prevent fires, explosions, and leaks (see Operational safety). The health of employees is protected by performing sound risk assessment for chemical substances and preventing workplace exposure to hazardous substances.

Use and disposal

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

Research and development, education and training

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.

The Asahi Kasei Group conducts extensive education and training for all personnel in research, manufacturing, and sales, to share information on the latest chemical regulations* both in Japan and overseas and study how to respond to them, and to introduce the latest chemical management subjects.

* Act on the Evaluation of Chemical Substances and Regulation of Their Manufacture etc. (Chemical Substance Control Law), Industrial Safety and Health Act, Product Liability Act, etc.

Education on management of chemical substances at the former Asahi Kasei Chemicals

Education on the Chemical Substance Control Law at the former Asahi Kasei Chemicals

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 in supply chains.

Developments in management of chemical substances

Organization	Related items	Development
UN	Resolutions at international conferences concerning global environment	• Resolution to minimize adverse effects on human health and the environment due to production, handling, and use of chemical substance; implementation of Action Plans to achieve certain targets by 2020 • Implementation of Globally Harmonized System (GHS) for the classification and labeling of chemicals
OECD	Safety checks on existing chemicals	• Collection of safety data under the High Production Volume (HPV) Chemicals initiative by each member country and its chemical industry
EU	Implement new regulation on chemicals	• REACH Regulation for the registration, evaluation, authorization, and restriction of chemicals • RoHS Directive for the restriction of the use of certain hazardous substances in electrical and electronic equipment

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. When the RC Global Charter was amended in 2014, the President of Asahi Kasei Corp. again signed it on November 19, 2014.

Industry-wide initiatives

Japan Initiative of Product Stewardship

The Japan Initiative of Product Stewardship (JIPS)* is a voluntary program by the JCIA to promote voluntary risk assessment and management of chemical substances, and to encourage enhanced product stewardship. In fiscal 2015, Asahi Kasei continued its active involvement in the JIPS Implementation Panel, supporting efforts to communicate information and taking part in activities in accordance with the panel's schedule.

Going forward, we will apply our guidance-based risk assessment work within the Asahi Kasei Group to promote further disclosures of risk assessments and safety summaries as we advance full-scale implementation. Through our involvement in JIPS activities, we will share information both internally and externally on the Asahi Kasei Group's chemical management activities, contributing to environmental protection.

* JIPS (Japan Initiative of Product Stewardship) is a chemical industry initiative promoted by the Japan Chemical Industry Association to minimize chemical risks with the aim of achieving the 2020 targets set by the World Summit on Sustainable Development.

Globally Harmonized System (GHS)*

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

* Globally Harmonized System of Classification and Labeling of Chemicals (GHS) : An international system of standardized hazard categories for chemical products, together with harmonized labeling.

REACH compliance[1]

Relevant business units conduct internal education and training on REACH requirements and periodically hold meetings among related parties. We are making preparations to register chemical substances imported into the EU in annual quantities of 1–100 tons. To fulfil our obligations related to SVHC[2] which include transmission of information, we gather information on chemical substances that are newly added as candidates for authorized regulation, and provide it to the users who request it. At the same time, we continue to move forward with preparations for CLP regulations[3].

1 REACH compliance : Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) is a regulation in Europe on chemical substances. It obliges registration of the usage and safety of chemical substances imported to or produced in Europe. Substances judged to pose high risks are subject to authorization and restriction.
2 SVHC : Substances of Very High Concern. Substances added to a list of candidates for authorized regulation.
3 CLP regulations : CLP is a regulation in Europe on classification, labeling, and packaging of substances and mixtures in accordance with GHS.

Joint Article Management Program (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. In fiscal 2015, we continued to provide JAMP Tools via the JAMP-IT platform to convey relevant information on hazardous chemicals and share information externally.

As a major upstream company, we will continue to work with the JAMP Office toward the greater adoption of the JAMP-IT platform as a means of information sharing. In fiscal 2015, we also took part in verification of information transmission tools for a new scheme called “chemSHERPA” promoted by the Ministry of Economy, Trade and Industry, and actively participated in detailed discussions about the new tools and the list of chemical substances. We are also working on the transition process from the current JAMP scheme to chemSHERPA which is being performed over two years from fiscal 2016.

Outline of efforts for 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 have revised our SDSs for compatibility with GHS and have labeled our chemical products to make safety information more visible.

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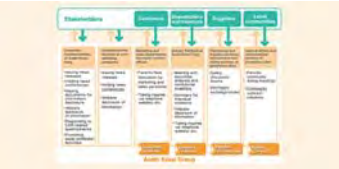
Organizations implementing Responsible Care

Prefecture	Location	Business category	Company	Plant, laboratory, or department	Main products/business line
Gunma	Ota	Chemicals	Asahi Kasei Pax Corp.	Gunma Plant	Molded plastic containers
Ibaraki	Kasama	Chemicals	Asahi Kasei Metals Ltd.	Tomobe Plant	Aluminum paste
			Asahi SKB Co., Ltd.	–	Shotgun cartridges, igniters
	Sakai	Construction Materials	Asahi Kasei Construction Materials Corp.	Sakai Plant	Autoclaved aerated concrete panels
				Neoma Foam Plant	Phenolic foam insulation panels
				Materials Tech. Dept.	Improvement of construction materials and development of new products
			Sakai Kako Co., Ltd.	–	Construction materials processing
Tochigi	Mibu	Chemicals	Asahi Kasei Color Tech Co., Ltd.	Mibu Plant	Plastic coloring & compounding
Saitama	Kamisato	Chemicals	Asahi Kasei Techno Plus Co., Ltd.	Saitama Plant	Molded plastic products
	Ageo	Chemicals	Asahi Kasei Pax Corp.	Ageo Plant	Film lamination
	Kawagoe	Health Care	Med-Tech Inc.	–	Manufacture and sale of medical devices
Yamanashi	Fujiyoshida	Fibers	Fuji Seisen Co., Ltd.	–	Dyeing and finishing of yarns and fabrics
Chiba	Chiba	Chemicals	Asahi Kasei Chemicals Corp.	Chiba Polymer Prod. Dept.	Acrylic resin and polystyrene resin
				Utilities of Polymer Prod. Dept.	Utilities (electricity, steam, water)
				Compound Prod. Coordination Dept.	Development of compound production technology, support for processing facilities
				Performance Plastics Dev. Dept.	Applied research for performance plastics and plastic processing
			Asahi Kasei Color Tech Co., Ltd.	Sodegaura Plant	R&D for plastic compounding technology
			PS Japan Corp.	Chiba Plant	Product management and production technology development for polystyrene
			Asahi Kasei Energy Service Corp.	–	Operation of power plant of Nakasode Clean Power Corp. and Shin Nakasode Power Corp.
		Electronics	Asahi Kasei E–materials Corp.	Electronics & Functional Products Div.	R&D for plastic optical fiber
			Asahi Kasei EMS Co., Ltd.	Chiba Plant	Plastic optical fiber
		Others	Asahi Kasei Advance Corp.	Kashiwa PDC	Processing of construction materials
Tokyo	Tokyo	Chemicals	Asahi Kasei Geotechnologies Co., Ltd.	–	Sale of civil engineering materials
			Asahi Kasei Home Products Corp.	–	Development and sale of cling film and other household products
		Electronics	Sun Delta Corp.	–	Sale of synthetic resin products
		Construction Materials	Asahi Kasei Foundation Systems Co., Ltd.	–	Installation of piles
			Asahi Kasei Extech Corp.	–	Installation of exterior wall panels
		Others	Sun Associates Co., Ltd.	–	Technical information searching, patent and trademark application and management
			Asahi Kasei Advance Corp.	–	Trading company handling fibers, resins, chemicals, construction materials, etc. of Asahi Kasei
			Asahi Kasei Create Co., Ltd.	–	Management and sales of real estate, insurance agency, subcontracted office work
			Asahi Kasei Amidas Co., Ltd.	–	Personnel placement, agency and training; ISO consulting
			Asahi Kasei Ability Corp.	–	Printing, bookbinding, and office work
			Asahi Research Center Co., Ltd.	–	Information and analysis
			Asahi Kasei Benefits Management Corp.	–	Company housing, recreational facilities
Kanagawa	Kawasaki	Chemicals	Asahi Kasei Chemicals Corp.	Monomers Prod. Dept.	Methyl methacrylate, cyclohexyl methacrylate, acetonitrile
				ABS & SB Latex Prod. Dept.	Styrene–acrylonitrile resin, styrene–butadiene latex
				Synthetic Rubber Prod. Dept.	Synthetic rubber, utilities (electricity, steam, water)
				Ion Exchange Membranes Prod. Dept.	Ion–exchange membranes
				R&D units	Creation of new high performance materials, R&D for performance products and systems, applied research for plastics and plastic processing
			PS Japan Corp.	R&D Dept.	Polystyrene R&D
		–	Asahi Kasei Corp.	Energy & Environment R&D Ctr.	Development of water electrolysis system
		Electronics	Asahi Kasei E–materials Corp.	Dev. Project	Development of energy–related materials
		Others	Asahi Kasei Engineering Corp.	–	Development, design, installation, inspection, and maintenance of equipment and systems
	Kawasaki	Others	Asahi Kasei Engineering Corp.	–	Plant, equipment, process engineering, and related work/development
	Atsugi	–	Asahi Kasei Corp.	Synergistic Solutions Initiative	Establishment of new solution–oriented businesses
		Homes	Asahi Kasei Jyuko Corp.	Atsugi Prod. Dept.	Assembly of steel frames and processing of insulation for homes
Shizuoka	Fuji	Chemicals	Asahi Kasei Chemicals Corp.	Microza Plant	Filtration membranes and modules
				Fuji Power Supply Dept.	Utilities (electricity, steam, water)
			Asahi Kasei Clean Chemical Co., Ltd.	–	Environmental chemicals, water treatment equipment
		Homes	Asahi Kasei Homes Corp.	Housing Tech. R&D Labs.	R&D to actualize and advance the Long Life Home
		Health Care	Asahi Kasei Pharma Corp.	Fuji Pharmaceuticals Plant	Bulk pharmaceuticals
			Asahi Kasei Medical Co., Ltd.	Bioprocess Div./Product Dev. Dept.	Development of filters and absorbents for separation and purification in manufacture of biopharmaceuticals
		Electronics	Asahi Kasei E–materials Corp.	Operation Tech. Ctr./Fuji Plant	Photosensitive polyimide, liquid photosensitive resin, photosensitive printing plates
				Operation Tech. Ctr./Fuji 2nd Plant	Photosensitive dry film, fuel cell materials
				WGF Project	Optical materials and components
				New Business Dev.	Development of electronic and energy–related materials
				R&D units	Development of electronic materials
			Asahi Kasei Microdevices Corp.	R&D Ctr.	R&D for compound semicondoctors
				Fab 3	Wafers of Hall elements and infrared sensors
			Asahi Kasei Epoxy Co., Ltd.	Fuji Plant	Epoxy curing agent
		Others	Asahi Kasei Engineering Corp.	–	Design, construction, and development of facilities and development of information systems
			Asahi Kasei Benefits Management Corp.	–	Management of benefits
		–	Asahi Kasei Corp.	Energy & Environment R&D Ctr.	Medium to long term R&D, advancement of synergy and creation of new busines
				Health Care R&D Center	Health Care sector R&D (diagnostic reagents, regenerative medicine, etc.)
				Analysis & Simulation Ctr.	Analysis and computer simulation
	Ohito	Health Care	Asahi Kasei Pharma Corp.	Ohito Pharmaceuticals Plant	Pharmaceutical intermediates
				Ohito Diagnostics Plant	Diagnostic enzymes, diagnostic reagent kits
				Pharmaceuticals Research Ctr.	New pharmaceuticals R&D
		Others	Asahi Kasei Benefits Management Corp.	–	Management of benefits
			Toyo Kensa Center Co., Ltd.	–	Measurement, evaluation, analysis, clinical testing
			Asahi Kasei Create Co., Ltd.	–	Insurance agency
Aichi	Miyoshi	Health Care	Asahi Kasei Pharma Corp.	Nagoya Pharmaceuticals Plant	Pharmaceuticals
Gifu	Hozumi	Construction Materials	Asahi Kasei Construction Materials Corp.	Hozumi Plant	Autoclaved aerated concrete panels
			Hozumi Kako Co., Ltd.	–	Construction materials processing
Ishikawa	Hakui	Others	Daiwa Sizing Co., Ltd.	–	Processing and sale of synthetic fibers
Fukui	Echizen	Fibers	Kyokujitsu Textile Mills Co., Ltd.	–	Woven fabrics
	Fukui	Others	Asahi Kasei Advance Corp.	–	Trading company handling fibers, resins, chemicals, construction materials, etc. of Asahi Kasei
			Asahi Kasei Advance Fukui Corp.	–	Processing of industrial materials and nonwovens
	Awara	Others	Asahi Kasei Advance Corp.	Kanazu Logistics Center	Storage of fiber products
Shiga	Moriyama	Chemicals	Asahi Kasei Chemicals Corp.	Moriyama Power Supply Dept.	Utilities (electricity, steam, water)
		Fibers	Asahi Kasei Fibers Corp.	Spunbond Plant	Spunbond
				Roica Plant	Elastic polyurethane filament
				R&D Lab. for Applied Product	Apparel and industrial functional textiles R&D
		Electronics	Asahi Kasei E–materials Corp.	Hipore Plant	Microporous membrane
				Electronics Materials Prod. Dept.	Photosensitive polyimide
				Hipore R&D Dept.	Development of electronic and energy–related materials
			Asahi–Schwebel Co., Ltd.	Moriyama Plant	Glass fabric

Prefecture	Location	Business category	Company	Plant, laboratory, or department	Main products/business line
		Others	Asahi Kasei Amidas Co., Ltd.	Moriyama Office	Contract work
			Asahi Kasei Engineering Co., Ltd.	–	Development, design, installation, inspection, and maintenance of equipment and systems
	Higashiomi	Homes	Asahi Kasei Jyuko Co., Ltd.	Shiga Plant	Steel frames, roofing, insulation, opening panels
Mie	Suzuka	Chemicals	Asahi Kasei Chemicals Corp.	Suzuka Plant	Cling film, plastic foam and film
			Suzuka Sun Business Co., Ltd.	–	Plastic processing
			Sundic Inc.	Mie Plant	Polystyrene sheet
Wakayama	Gobo	Chemicals	Asahi Kasei Chemicals Corp.	Wakayama Plant	Acrylic latex, performance paper
Osaka	Osaka	Chemicals	Asahi Kasei Finechem Co., Ltd.	Osaka Plant	Specialty chemicals
		Others	Asahi Kasei Advance Corp.	–	Trading company handling fibers, resins, chemicals, construction materials, etc. of Asahi Kasei
Hyogo	Ono	Chemicals	Asahi Kasei Pax Corp.	Ono Plant	Molded plastic containers
Okayama	Mizushima	Chemicals	Asahi Kasei Chemicals Corp.	Monomers Prod. Dept. 1	Ethylene, cyclohexanol
				Monomers Prod. Dept. 2	Acrylonitrile, methacrylonitrile, sodium cyanide, acetonitrile, styrene, polycarbonatediol
				Polymers Prod. Dept. 1	Acrylonitrile–butadiene–styrene, styrene–butadiene latex, epoxy
				Polymers Prod. Dept. 2	High density polyethylene, low density polyethylene, polyacetal
				Polyolefins Development Dept.	Research on polyolefins
				Power Supply Dept.	Utilities (electricity, steam, water)
				Chemistry & Chemical Process Lab.	Research on chemical processes and functional products
				Catalyst Lab.	Research on monomers and catalysts
			PS Japan Corp.	Mizushima Plant	Polystyrene
			Mizushima Sun Business Co., Ltd.	–	Subcontracting
		Others	Asahi Kasei Engineering Corp.	–	Development, design, installation, inspection, and maintenance of equipment and systems
			Asahi Kasei AS Tech Co., Ltd.	–	Processing of polyethylene pipe
Yamaguchi	Iwakuni	Construction Materials	Asahi Kasei Construction Materials Corp.	Iwakuni Plant	Autoclaved aerated concrete panels
			Kyowa Kogyo Co., Ltd.	–	Construction materials processing
			Iwakuni Sun Products Co., Ltd.	–	Construction materials processing
Fukuoka	Chikushino	Chemicals	Asahi Kasei Chemicals Corp.	Chikushino Plant	Metal cladding
Oita	Oita	Chemicals	Asahi Kasei Chemicals Corp.	Oita Plant	Defense explosives
			Japan Elastomer Co., Ltd.	Oita Plant	Synthetic rubber
		Health Care	Asahi Kasei Medical MT Corp.	Sepacell Plant	Leukocyte reduction filters
				Planova Oita Plant	Virus removal filters
				Dialysis Products Plant	Artificial kidneys and other medical devices
				Therapeutic Apheresis Plant	Therapeutic apheresis devices
Kumamoto	Amakusa	Fibers	Kyuasa Co., Ltd.	–	Stockings and innerwear
	Yatsushiro	Others	Asahi Kasei Advance Corp.	Yatsushiro Chemical Center	Storage of caustic soda
Miyazaki	Nobeoka/Hyuga	Chemicals	Asahi Kasei Chemicals Corp.	Atago Plant	Nitric acid, caustic soda, chlorine, hydrochloric acid, vinylidene chloride resin and latex
				Electrolysis Systems Tech. Dept.	Electrolyzers for chlor–alkali
				Ceolus Plant	Microcrystalline cellulose
				Leona Plastics & Materials Plant	AH salt, adipic acid, hexamethylenediamine, polyamide 66
				Fastening Prod. Planning & Tech. Dept.	Resin anchors
				Hyuga Chemicals Plant	Coating materials
				Nobeoka Power Supply Dept.	Utilities (electricity, steam, water)
			Asahi Kasei New Port Terminal Co., Ltd.	–	Receiving and storage of fuel and feedstocks
			Nobeoka Plastic Processing Co., Ltd.	–	Polyamide 66 compounding
			Asahi Chemitech Co., Ltd.	–	Resin anchors, detonator housings/leads
			Asahi Kasei NS Energy Corp.	–	Electricity and steam
			Asahi Kasei Hydropower Technoservice Co., Ltd.	–	Operation and facilities management of hydropower plants
			Asahi Kasei Finechem Co., Ltd.	Nobeoka Plant	Specialty chemicals
				Nobeoka Pharmaceuticals Plant	Bulk pharmaceuticals
			Kayaku Japan Co., Ltd.	Tohmi Plant	Industrial explosives
				Detonator Plant	Detonators
		Health Care	Asahi Kasei Medical Co., Ltd.	Medical Technology and Materials Lab.	R&D for medical materials
			Asahi Kasei Medical MT Corp.	Tsunetomi Plant	Artificial kidneys and other medical devices
				Okatomi Plant	Artificial kidneys and other medical devices
				Planova Plant	Virus removal filters
		Fibers	Asahi Kasei Fibers Corp.	Leona Filament Plant	Nylon 66 filament
				Bemberg Plant	Cuprammonium rayon, nonwoven cellulose filament
				Nonwovens Plant	Artificial suede, melt–blown and spunlace nonwovens
				R&D Lab. for Fibers & Textiles Tech.	R&D for new fibers
				Eltas Plant	Spunbond
			Asahi Kasei Fibers Nobeoka Co., Ltd.	–	Cellulosic filament, synthetic nonwovens
			Asahi Kasei Leona Filament Co., Ltd.	–	Nylon 66 filament
			Asahi Cord Co., Ltd.	–	Processing of nylon 66 filament
			Asahiozu Corp.	–	Processing of nonwoven cellulosic filament
		Electronics	Asahi Kasei E–materials Corp.	Hipore Hyuga Plant	Microporous membrane
			Asahi Kasei Microdevices Corp.	Fab 1	Hall elements
				Fab 2	LSIs
				Fab FP	Fine pattern coils
			Asahi Kasei Electronics Co., Ltd	Nobeoka Manufacturing	Magnetic sensors
			Asahi Kasei Microsystems Co., Ltd	Nobeoka Manufacturing	LSIs
			Asahi Kasei FP Corp.	–	Fine pattern coils
			Asahi Kasei Technosystem Co., Ltd.	Nobeoka Plant	Plant diagnostic and environmental surveillance devices
			Asahi Kasei EMS Co., Ltd.	Hyuga Plant	Fine pattern coils
				Nobeoka Plant	Pellicles
		Others	Asahi Kasei Kankyoujigyou Co., Ltd.	–	Disposing of Asahi Kasei Group industrial waste
			Asahi Kasei Office One Co., Ltd.	–	Utilization of Asahi Kasei Group assets, subcontracting
			New Asahi Services Co., Ltd.	–	Insurance agency, cellular phone sales, bowling alley
			Asahi Kasei Engineering Corp.	–	Development, design, installation, inspection, and maintenance of equipment and systems
			Toyo Kensa Center Co., Ltd.	Nobeoka Office	Measurement, evaluation, analysis
			Asahi Kasei Benefits Management Corp.	–	Company housing, recreational facilities
			Asahi Kasei Ability Corp.	–	Printing, bookbinding, and office work
			Asahi Kasei Networks Corp.	–	IT-related business
			Cable Media Waiwai Co., Ltd.	–	Cable TV
			Asahi Kasei Advance Corp.	South Kyushu Office	Sale of pharmaceuticals (reagents)
	Miyazaki	Others	Asahi Kasei Advance Corp.	Miyazaki Chemical Center	Repackaging sodium hypochlorite and PAC

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.



Stakeholder dialog

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

Customer relations

We strive for sincere communication with the customer as vital to the provision of valuable products, technologies, and services.

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.

Supplier relationships

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

Public outreach

We work to maintain effective dialog and communication with community members.

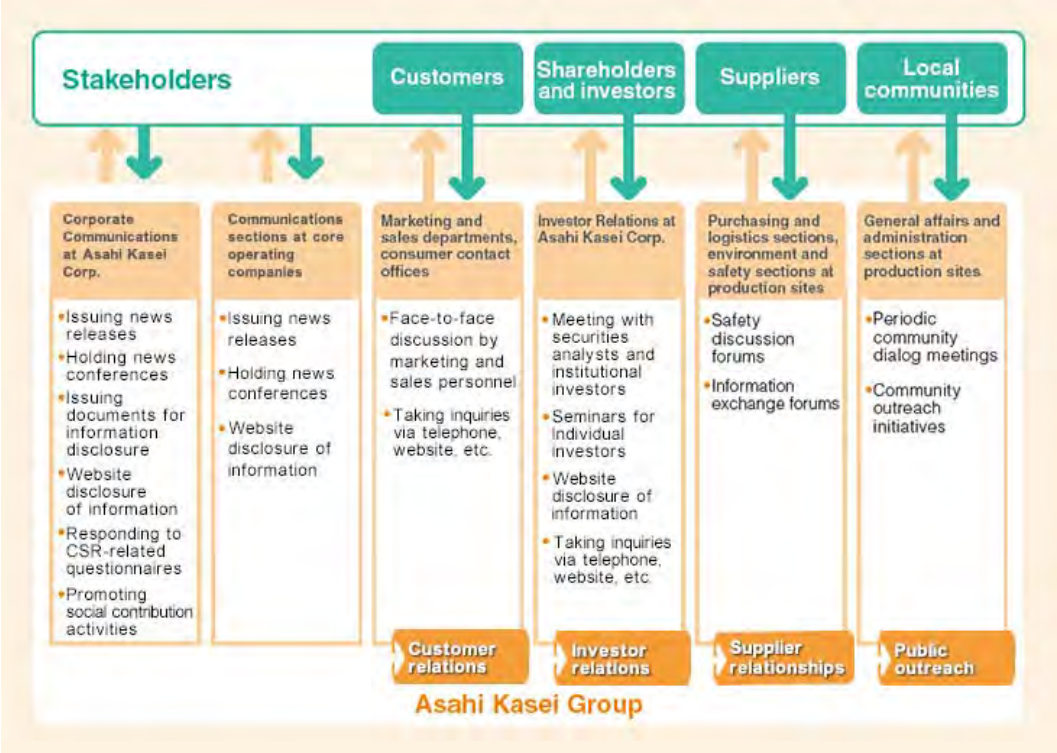
Community fellowship

The Asahi Kasei Group is involved in a wide range of community-focused activities inside and outside Japan, under our Community Fellowship Policy.

Asahi Kasei Corporation merged with three of its core operating companies, Asahi Kasei Chemicals, Asahi Kasei Fibers, and Asahi Kasei E-materials, on April 1, 2016.

Stakeholder dialog

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

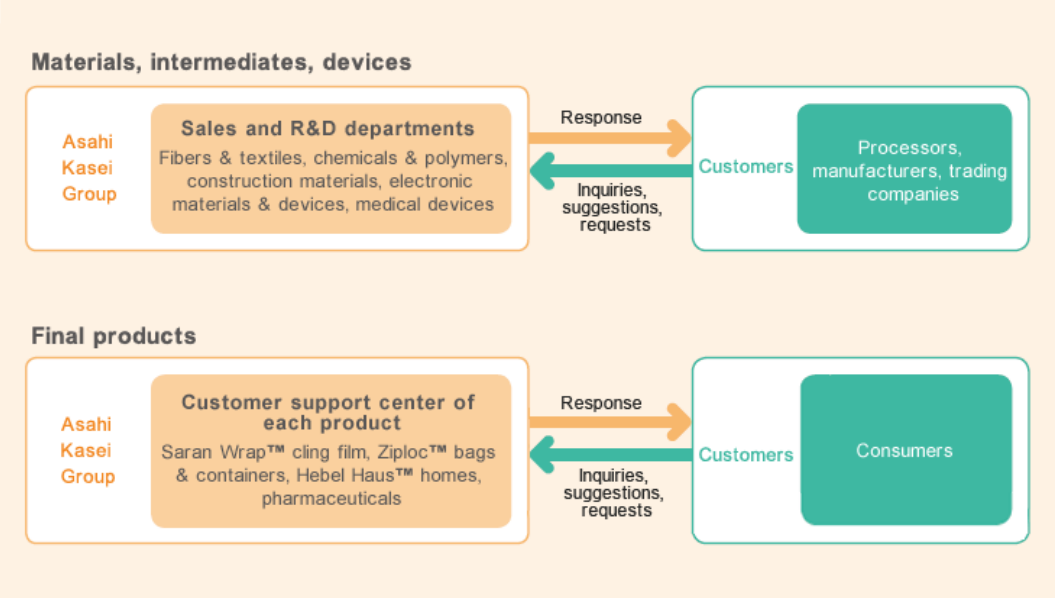


Asahi Kasei Corporation merged with three of its core operating companies, Asahi Kasei Chemicals, Asahi Kasei Fibers, and Asahi Kasei E-materials, on April 1, 2016.

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



Asahi Kasei Corporation merged with three of its core operating companies, Asahi Kasei Chemicals, Asahi Kasei Fibers, and Asahi Kasei E-materials, on April 1, 2016.

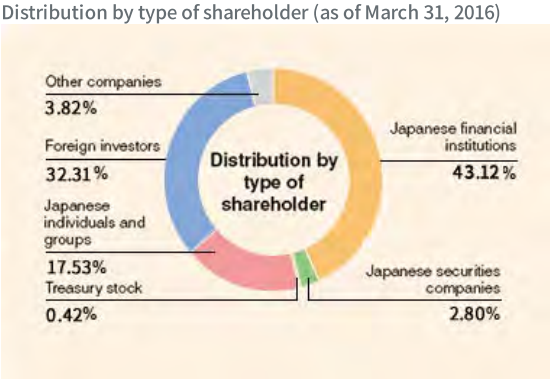
Investor relations

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

Shareholder distribution

Asahi Kasei Corp. has some 90 thousand shareholders. At the end of March 2016, approximately 43% of our shares were held by Japanese financial institutions, 17% by Japanese individuals and groups, and 32% by foreign investors. The total dividend for fiscal 2015 was 20 yen per share.

Distribution by type of shareholder (as of March 31, 2016)



IR Meetings with institutional investors and securities analysts

In fiscal 2015, Investor Relations (IR) held 296 meetings with institutional investors and securities analysts in Japan, including quarterly results briefings and an annual management briefing with the President. To deepen understanding of Asahi Kasei among investors, we held factory tours in Singapore and Nobeoka, Miyazaki, Japan, in addition to individual meetings. In addition, 52 meetings were held overseas.

Through such meetings, we directly provided information to institutional investors and securities analysts with a cumulative attendance of 1,534 during the year. We also provide a wide variety of information for investors on our website.

Seminars for individual investors

To provide individual investors with a better understanding of the operations of the Asahi Kasei Group, 11 seminars were held in fiscal 2015, with cumulative attendance of 1,187 individual investors*. We will continue to provide accurate and timely information to individual investors through direct communications, the corporate website, and articles published in magazines for individual investors.

* Excluding participants of the 124th Ordinary General Meeting of Shareholders.

A seminar held in Osaka for individual investors

Asahi Kasei Corporation merged with three of its core operating companies, Asahi Kasei Chemicals, Asahi Kasei Fibers, and Asahi Kasei E-materials, on April 1, 2016.

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.

The Asahi Kasei Group Purchasing and Procurement Policy

Purchasing departments throughout the Asahi Kasei Group regard suppliers as important partners and work to build relationships with them based on sincerity in accordance with our Group Philosophy. To this end, we are placing greater emphasis on CSR in accordance with our Procurement Policy.

The Asahi Kasei Group Purchasing and Procurement Policy

Basic Policy

1 Compliance
We uphold all laws relevant to purchasing transactions as well as the Asahi Kasei Group's internal regulations.

2 Fairness and impartiality
Selection of bids and conclusion of contracts are performed in a fair and impartial manner.

3 Open door principle
We provide fair opportunities to any potential supplier, both domestic and overseas.

4 CSR-focused procurement
We perform purchasing in close coordination with our group-wide activities for CSR.

5 Partnership
We strive to deepen mutual understanding and build relationships of trust with our suppliers.

Focus on CSR in purchasing and procurement

Our purchasing departments conduct a CSR survey every year in order to better understand our suppliers' efforts to promote CSR, and identify any areas where improvement may be requested.

In fiscal 2015, we asked 53 major suppliers of raw materials to participate in a CSR survey, and 51 of them responded. Survey results were scored on a scale, and feedback was given to the 51 responding suppliers including requests for improvement.

Survey items covered:

- CSR promotion systems
- Ethics and compliance
- Operational safety and environmental safety
- Risk management
- Stakeholder dialog
- Product safety and quality assurance
- Human rights and labor
- Information security management
- Intellectual property management

Supplier relations at production sites

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

A safety seminar in Nobeoka, Miyazaki Prefecture

Asahi Kasei Corporation merged with three of its core operating companies, Asahi Kasei Chemicals, Asahi Kasei Fibers, and Asahi Kasei E-materials, on April 1, 2016.

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.

Plant tours

We offer plant tours to provide better understanding of our operations and the measures we implement for the environment and safety. (Tours are not available at all plants.)

Plant tour for community members in Fuji, Shizuoka

Plant tour for students in Kawasaki, Kanagawa

Dialog and interaction

Measures for community dialog and interaction include regularly held forums and meetings with representatives of local governments and members of local residents associations. We also open our gymnasiums, sports fields, parking lots, and other facilities for public use and enjoyment, and host a variety of events.

Community dialog meeting (Kawasaki, Kanagawa)

Local residents at a cherry blossom event (Suzuka, Mie)

Local residents enjoying the plant grounds (Izunokuni, Shizuoka)

Neighborhood clean-up and greenery planting

Employees at our main production sites periodically clear the plant vicinities and nearby areas of litter, rubbish, and weeds as part of our interaction with the surrounding communities. We also actively participate in a variety of projects for planting trees and greenery both within plant grounds and in the surrounding area. Volunteer employees working at the Tokyo head office located in Chiyoda ward join the ward-wide cleaning activities.

Clean-up around the factory (Kawasaki, Kanagawa)

Clean-up at Lake Biwa (Moriyama, Shiga)

Clean-up at the head office (Chiyoda, Tokyo)

Tree planting in the community (Suzuka, Mie)

Local emergency response initiatives

Construction of evacuation towers

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

Evacuation tower in Nobeoka, Miyazaki Prefecture

Installation of independent drinking water supply systems

We have installed independent drinking water supply systems at Asahi Kasei Group plant sites in Moriyama, Suzuka, and Nobeoka. The systems utilize our 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 backup as a secure source of safe drinking water for local communities in the event of a disaster.

Independent drinking water supply system in Moriyama, Shiga Prefecture

Disaster volunteer organization

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

Training to use an automated external defibrillator (AED) in Nobeoka, Miyazaki Prefecture

Crime and Disaster Prevention Exhibition

Asahi Kasei Homes took part in the Crime and Disaster Prevention Exhibition in Osaka on June 11 and 12, 2015. Since 2012, a cooperative among the Osaka Prefectural Police, home builders, security companies, and banks has exhibited at the event, with Asahi Kasei personnel helping with the exhibit. The exhibit shows ways to prevent criminal intrusion into a home, and booklets describing disaster prevention tips were distributed to visitors. While most exhibits at this event are used as promotional tools for the sale of security goods, the exhibit we participate in has a pure focus on education and raising awareness for the public good.

An Asahi Kasei employee explains crime prevention tips to a visitor

Asahi Kasei Corporation merged with three of its core operating companies, Asahi Kasei Chemicals, Asahi Kasei Fibers, and Asahi Kasei E-materials, on April 1, 2016.

Community fellowship

The Asahi Kasei Group is involved in a wide range of community-focused activities in accordance with its Basic Framework focused on the three themes of Nurturing the Next Generation, Coexistence with the Environment, and Promotion of Culture, Art, and Sports, under our Community Fellowship Policy.

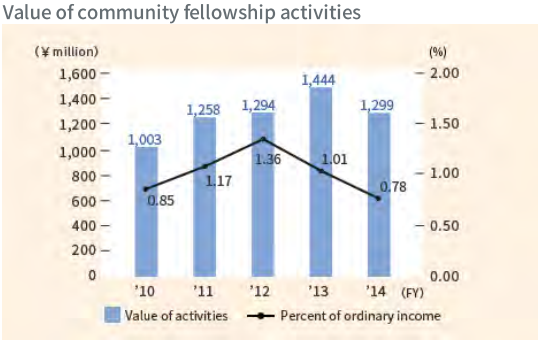
Community Fellowship Policy

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

Value of community fellowship activities

We participate in the One-Percent Club of the Keidanren (Japan Business Federation), and convert our social contribution activities into monetary value by a method set forth in its annual Survey of Expenditure for Corporate Philanthropic Activities.

Value of community fellowship activities



Nurturing the Next Generation

School visits and science lab for students

To promote understanding and heighten interest in science and technology among elementary, junior high, and high school students, we visit schools and host visits by students at our plants to give explanations and demonstrations of science and technology and on environmental issues. We also support career development with occupational lectures and problem-solving training, and host visits by students to our offices. In fiscal 2015, a total of some 2,650 students from 92 schools participated.

Nobeoka, Miyazaki Prefecture

Kurashiki, Okayama Prefecture

Kawasaki, Kanagawa Prefecture


Fuji, Shizuoka Prefecture


Moriyama, Shiga Prefecture


Izunokuni, Shizuoka Prefecture


Higashiomi, Shiga Prefecture


Koshigaya, Saitama Prefecture


Itabashi Ward, Tokyo

Holding exhibits and sponsoring science-related events

The Asahi Kasei Group provides sponsorship for science-related events that give children and their parents an opportunity to learn about science and chemistry in a fun way. In fiscal 2015, we exhibited at a children's chemistry experiment show. On October 23, we again exhibited at the Chemistry Day Children's Chemistry Experiment Show in Osaka.

We also continued to sponsor the Japan Science and Technology Agency's high-school chemistry tournament, which began in fiscal 2011. In fiscal 2015, 365 representative high school students from each of Japan's prefectures competed in chemistry knowledge and skills. We presented the Asahi Kasei Award, recognizing the school that had the best teamwork, of Aomori Prefectural Hachinohe High School.


Exhibit at the children's chemistry experiment show in Tokyo


Chemistry Day Children's Chemistry Experiment Show in Osaka


The award ceremony at the high-school chemistry tournament in Ibaraki

Sponsoring a university course

The Asahi Kasei Group sponsors a course at Fuji Tokoha University in Shizuoka Prefecture. In fiscal 2015, our scientific personnel gave lectures in the course entitled "Modern Society and Scientific Technologies," for which we dispatched 11 personnel for 13 lectures.


Lecture at Fuji Tokoha University

Miraikan corporate partnership

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 interest in science and technology among children and other visitors.

Under this partnership, we have exhibited at exhibitions held by the Miraikan, donated products for use in demonstrations, and participated in various events.

The National Museum of Emerging Science and Innovation (Miraikan)

Sponsoring educational programs on science and the environment by newspaper companies

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

Supporting the Japan Student Science Awards

The Asahi Kasei Group was again the sole sponsor of The Yomiuri Shimbun newspaper's Japan Student Science Awards for fiscal 2015, including the Asahi Kasei Award, which are given in recognition of outstanding study of science at junior high schools and high schools.

Asahi Kasei President (at the time) Toshio Asano presenting the Asahi Kasei Award at the Japan Student Science Awards in Tokyo

Planet Earth Classroom

We again provided sponsorship in fiscal 2015 for "Planet Earth Classroom," a series of environmentally themed events for elementary school students planned and managed by the Asahi Shimbun newspaper. We supported the events by editing an environmental study textbook for distribution to about 2,400 elementary schools and other educational institutions nationwide (215 thousand copies distributed), giving lectures focused on energy conservation at elementary schools, and dispatching personnel as instructors for environmental study events for families.

Lecture at "Planet Earth Classroom"

(left) An environmental study event for elementary school students in Tokyo
(right) Environmental study textbook

Supporting young women in science and technology careers

In support of a national campaign to encourage young women to pursue careers in science and technology, we held an event for female high school students who are interested in such careers. The campaign led by Japanese government agencies and supported by the Keidanren aims to inform young women of career options in science and technology and support them in pursuing careers in these fields. Asahi Kasei endorses the objectives of this campaign, and began participating from the beginning.

On August 27, 2015, we held a laboratory tour for female high school students at our research complex in Fuji, Shizuoka, together with informal discussion with our female researchers, as part of this campaign. The event was attended by 19 students and 7 of their guardians from the Tokyo metropolitan area and the region around Fuji.

Operating laboratory equipment

Discussion with female researchers

Support for career education

Under the “Twice Plan” initiative of Twice Research Institute Co., Ltd., we took part in a “company intern” work program to support career education for junior high and high school students. In this program, about 5 companies visit a school, and the students form groups which pretend to be employees of the company they choose. Then, they are given tasks to solve by performing research and proposing product ideas, followed by presentations of results. Fiscal 2015 was our first year to take part, with 8 junior high and high schools choosing Asahi Kasei for their work program.

Training programs and factory tours for school teachers

Asahi Kasei Group participates in a program by the Japan Institute for Social and Economic Affairs to provide school teachers with training at private-sector firms.

On July 22, 2015, 9 teachers from the board of education of Takatsuki, Osaka, visited our Moriyama plant site for an overall description of the Asahi Kasei Group and our CSR activities. On the following day, the teachers were given a tour of the fibers R&D laboratory and spunbond plant to deepen their understanding of our business as a manufacturer. The teachers were also given a demonstration of the science lab we provide in our school visits and a tour of the environmental protection facilities at the plant site to deepen their understanding of our community fellowship and environmental protection activities.

Touring the fibers product showroom

Demonstration of membrane filtration

Scholarship program

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

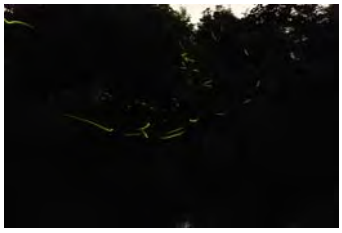
Coexistence with the Environment

Forest planting at the Asahi Forest in Miyazaki

On May 10, 2015, Asahi Kasei planted trees at the Asahi Forest in Takachiho as part of a reforestation program organized by Miyazaki Prefecture. This was the 5th year of the project which aims to regenerate a broad-leaf forest where cedar and cypress had been cultivated previously. Some 500 people including Asahi Kasei Group employees, retirees, and local residents participated in the program, planting 2,500 trees such as oak, Japanese zelkova, maple, and Japanese chestnut oak over a 1 hectare area at an elevation of 1,300 meters.

Firefly Watching Festival at the Asahi Woods of Life

Asahi Kasei held the 8th Firefly Watching Festival at the Asahi Woods of Life at its site in Fuji, Shizuoka Prefecture, on May 28–30, 2015. During the 3 days, some 3,700 people enjoyed the flickering lights of flying fireflies nurtured by Asahi Kasei employees in the biotope.



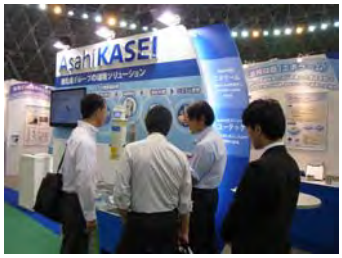
Exhibiting at Eco-Products 2015

The Asahi Kasei Group exhibited at "Eco-Products 2015" organized by the Environmental Management Association for Industry and Nikkei Inc. The event was attended by some 170,000 people including businesspeople, consumers, elementary, junior high, high school, and college students, educators, government officials, and members of NPOs and NGOs. The Asahi Kasei exhibit focusing on our environmental products, technologies, and services, drew over 5,000 visitors.

The Asahi Kasei Group exhibit at Eco-Products 2015

Exhibiting at Biwako Business Messe 2015

In October 2015, the Asahi Kasei Group exhibited at "Biwako Business Messe 2015," an environmental business exhibition in Nagahama, Shiga Prefecture. Our exhibit was themed on environmental solutions of the Asahi Kasei Group that contribute to the preservation of water quality in Shiga Prefecture, showcasing products and technologies such as our phosphorus recovery systems, bipolar electrodialysis equipment to desalinate aqueous solutions and recover and concentrate valuable substances, oil leak detectors, and oil-water separation filters.



The Asahi Kasei Group exhibit at Biwako Business Messe 2015

Disaster relief

Support for areas affected by the Great East Japan Earthquake

Disaster Relief Market

To support areas affected by the Great East Japan Earthquake, in October 2015 we participated in a Disaster Relief Market outside our Tokyo Head Office building featuring produce of Iwate, Miyagi, and Fukushima prefectures. This event was co-hosted by Mitsui Fudosan Building Management Co., Ltd.

Support for areas affected by the 2016 Kumamoto Earthquake

To support the relief effort in areas affected by the 2016 Kumamoto Earthquake, we made a donation of ¥50 million to the government of Kumamoto Prefecture. We also decided to donate 100,000 rolls of Saran Wrap™ to support people living in evacuation shelters.

Blood donation

In fiscal 2015 we cooperated with the Japan Red Cross Society by hosting 30 blood donation drives at 16 of our office and plant locations around Japan. Each year, we aim to hold the blood donation drive at our Tokyo head office between February and March, when donated blood tends to be in short supply.

Blood donation at the Tokyo head office

Community fellowship around the world

Many offices and production sites of the Asahi Kasei Group in the United States, Europe, China, Korea, Taiwan, and Southeast Asia, engage in a variety of community fellowship activities as suited to their individual circumstances and locations. These include neighborhood clean-up, support for welfare and education, and donation to local organizations and schools.

Asahi Kasei Water Environment Preservation Foundation

We established the Asahi Kasei Water Environment Preservation Foundation in August 2009 to promote youth education and to support research in China related to the water environment. Since 2010 we have presented Water Environment Preservation Awards each year to people and companies that have contributed to preservation of the water environment in China.

In fiscal 2015, the award ceremony was held in Peking on December 8, with awards given to 5 volunteer groups. In addition, special awards were given to an individual and a group involved in environmental protection activities in Qinghai province and Chengdu city.

The 2015 Water Environment Preservation Award Ceremony

Forest planting in China

Since June 2011, the Asahi Kasei Group and China Business News, China's leading business media group, have jointly advanced an environmental public service project to raise awareness in China for the preservation of natural forest and water environments. As part of the project, we participated in an afforestation program in the Horqin Desert of Inner Mongolia, planting 7,500 trees on April 11 and 12, 2015. This was the 5th year of the program, in which 26,430 trees have been planted in total.

Forest planting in China

Promotion of Culture, Art, and Sports

Corporate sports activities

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

In February 2016 we held a long-distance relay for junior high students in the Miyazaki and Oita areas to run alongside young members of our distance running team. In August 2015 we held a judo workshop in Nobeoka for over 300 children up to high school from around Miyazaki prefecture, with All-Japan Judo Head Coach Kosei Inoue and Coach Keiji Suzuki as special guests.

The Golden Games in Nobeoka

Long-distance relay for junior high students

Kenzo Nakamura, gold medalist at the Atlanta Olympics and Head Coach of Asahi Kasei's judo team, at the judo workshop for students

Promotion of sports in the local community

The Mizushima Works of Asahi Kasei in Kurashiki, Okayama, has a Junior Volleyball Tournament since fiscal 2012, and the 4th tournament was held on February 20, 2016. Some 120 members of boys volleyball teams from 7 junior high schools in Kurashiki participated in a volleyball lesson and competed in a tournament at our company gymnasium. The tournament was themed "Realize Your Dreams through Sports," with a skills workshop in the morning and competition in the afternoon. Former members of the corporate volleyball provided guidance on techniques. Mr. Katsuyuki Minami, former Asahi Kasei employee who competed in the Olympics, appeared as a special guest to explain about spiking and receiving.

Students compete in the tournament

Asahi Kasei Himuka Cultural Foundation

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

In fiscal 2015, the foundation sponsored a concert by IlluminArt Philharmic Orchestra, conducted by Ms. Tomomi Nishimoto, on October 11, 2015, and a theatrical performance by the Shiki Theatre Company on February 12, 2016.

(Photo by Yukan Daily)
IlluminArt Philharmic Orchestra, conducted by Ms. Tomomi Nishimoto

(Photo by Yukan Daily)
A theatrical performance by the Shiki Theatre Company

Asahi Kasei Corporation merged with three of its core operating companies, Asahi Kasei Chemicals, Asahi Kasei Fibers, and Asahi Kasei E-materials, on April 1, 2016.

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.

Our human resources policies are focused on the maintenance and reinforcement of a corporate culture emphasizing Asahi Kasei characteristics, the personal growth of each employee, and the creation and expansion of business through superior people and organizations, based on the understanding that the exceptional power of our people and organizations is the source of our competitive strength.

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.

Corporate Commitment

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

Basic Expectations

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

Expectations of Leaders

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

(Established March 2006)

Human resources development

We provide various forms of support and opportunities for personnel to enhance their skill and ability to perform their duties.

Valuing human rights and diversity

We ensure that there will be no unreasonable discrimination on the basis of gender, nationality, age, or otherwise, and to maintain a lively workplace culture which enables personnel to perform at their best.

Balancing work and family life

We encourage personnel to reevaluate their working habits from the perspective of balancing work and family life, to raise productivity.

Communication between management and labor

Discussions between management and labor are held on a regular basis to ensure that a constructive partnership is maintained.

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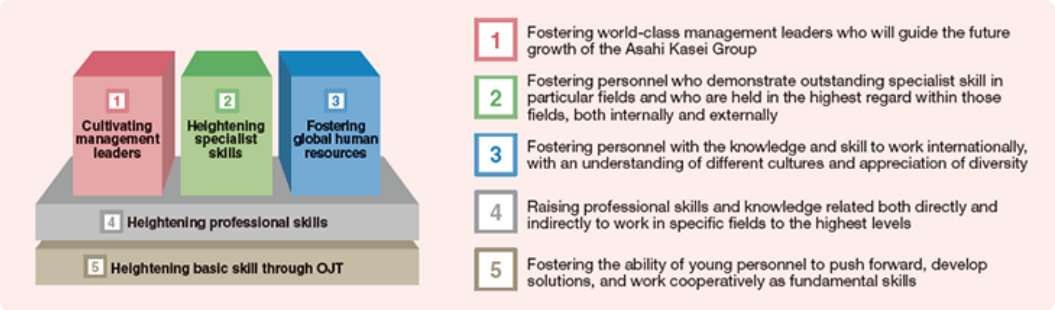
Human resources development

The human resources development program at the Asahi Kasei Group is structured with enhancing basic skills through OJT and heightening professional skills as a 2-layer foundation, with 3 pillars of cultivating management leaders, heightening specialist skills, and fostering global human resources.

Two-foundation, three-pillar structure



Human resource development

A wide range of training programs

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 stages—upon hiring, promotion to manager, promotion to department general manager, promotion to division general manager, and appointment to an executive position. From fiscal 2016 we are placing greater emphasis on "Management by Objectives" training to enhance the management skills of section managers and general managers. 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.

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. As of May 2016, 86 Group Masters are designated: 1 as a Group Fellow, 23 as Senior Group Experts, and 62 as Group Experts, with rank and remuneration commensurate with senior general manager, general manager, and section manager, respectively.

Development of global human resources

To support the expansion of world-leading businesses under our "For Tomorrow 2015” and “Cs for Tomorrow 2018" medium-term management initiatives, from the perspective of human resources, we are implementing measures such as internship programs for young personnel, and holding training sessions for personnel at overseas subsidiaries on subjects such as dissemination of corporate philosophy and intercultural communication.

Development of engineers and technical specialists

One objective of the previous medium-term management initiative "For Tomorrow 2015" was to accelerate the creation of new businesses which provide new value for society. This remains an objective of the "Cs for Tomorrow 2018" initiative which was launched in fiscal 2016. Engineers and technical specialists in R&D and manufacturing are essential human resources for successful business development, and therefore we are reinforcing measures to create better, more vibrant workplaces for them as well as examining programs that provide a wide range of career opportunities to enable their personal and professional growth.

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.

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Valuing human rights and diversity

Basic policy

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

Hiring

The Asahi Kasei Group is expanding business in the 3 strategic fields of the Environment & Energy, Residential Living, and Health Care, to create new value for society by enabling *living in health and comfort* and *harmony with the natural environment*. We strive to hire motivated and capable personnel who will successfully execute our strategy on a global scale.

We continue to hire graduates from overseas universities every year, and the overall makeup of our personnel is becoming more global. We are also strengthening our ties to universities both in Japan and overseas, through career briefing sessions and student internships, as part of an ongoing effort to attract talent.

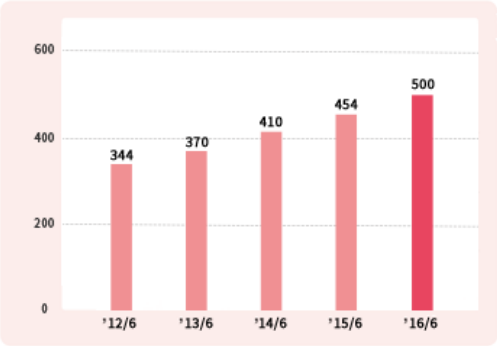
In April 2016, 351 new graduates were hired: 272 men and 79 women. In addition, 71 persons joined the Asahi Kasei Group as mid-career hires between April 2015 and March 2016.

Expansion of opportunities for women

In 1993, we established a dedicated corporate organ (now Diversity Promotion Group) to promote equal opportunity, and have proactively increased the proportion of women hired and expanded the distribution of job assignments for women. While only five employees at the rank of manager or above were women in 1993, this has risen to 500 in June 2016. The variety of posts where women are assigned also continues to expand. Measures to support female personnel in their careers include a mentor program, seminars on returning to work after maternity leave, and diversity training for General Managers.

In fiscal 2016, we also formulated an action plan and targets in accordance with the Act to Advance Women's Success in Their Working Life.

Number of women as managers*



* Results as of June 30 each year for personnel employed by Asahi Kasei Corp., Asahi Kasei Microdevices Corp., Asahi Kasei Homes Corp., Asahi Kasei Construction Materials Corp., Asahi Kasei Pharma Corp., and Asahi Kasei Medical Co., Ltd. (Asahi Kasei Chemicals Corp., Asahi Kasei Fibers Corp., Asahi Kasei E-materials Corp. are included up to June 30, 2015).

■ Asahi Kasei Group Action Plan*
We will nurture employees and provide an employment environment to enable women to perform in managerial positions equivalently to men in accordance with the following Action Plan.

■ Term
April 1, 2016 – March 31, 2021

■ Content
Objective 1: Aim to have women performing in managerial positions equivalently to men; double the number of women in managerial positions from March 31, 2015, to March 31, 2021
Objective 2: Provide a workplace environment that enables both men and women to maintain their careers while raising children

* Action Plan for Asahi Kasei Corp., Asahi Kasei Microdevices Corp., Asahi Kasei Pharma Corp., Asahi Kasei Medical Co., Ltd., Asahi Kasei Homes Corp., and Asahi Kasei Construction Materials Corp.

Preventing harassment

Sexual harassment, discriminatory words and deeds, and other forms of harassment are clearly prohibited in the Asahi Kasei Group 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. A central point of contact is established for consultation about related issues and concerns in the Asahi Kasei Group.

Training and consultation are also provided for staff from placement agencies and employees of affiliated companies, as part of a comprehensive effort to prevent the occurrence of harassment.

Employment of persons with disabilities

Asahi Kasei Ability Corp. was established in 1985 for the employment of persons with disabilities, performing a wide range of services for the Asahi Kasei Group, including data entry, digitizing documents, website design, printing of business cards, document printing and binding, dispatch of sample products, cleaning, copying, and planter box gardening.

On April 1, 2013, the legal minimum proportion for employment of persons with disabilities was revised upward from 1.8% to 2.0%. As of June 1, 2016, the proportion for applicable companies of the Asahi Kasei Group stood at 2.12% (529.0 persons), exceeding the legal requirement.

The 21 applicable companies are Asahi Kasei Corp., Asahi Kasei Homes Corp., Asahi Kasei Construction Materials Corp., Asahi Kasei Microdevices Corp., Asahi Kasei Pharma Corp., Asahi Kasei Medical Co., Ltd., Asahi Kasei Amidas Co., Ltd., Asahi Kasei Engineering Corp., Asahi Kasei Reform Co., Ltd., Asahi Kasei Realty & Residence Corp. Asahi Kasei Electronics Co., Ltd., Asahi Kasei Microsystems Co., Ltd., Asahi Kasei Home Construction Corp., Asahi Kasei Fibers Nobeoka Co., Ltd., and Asahi Kasei Medical MT Corp., AKM Technology Corp.*, Asahi Kasei EIC Solutions Corp.*, Asahi Kasei Techonosystem Co., Ltd.*, Asahi Kasei Advance Corp.*, Asahi Kasei Leona Filament Co., Ltd.*, and Asahi Kasei Ability Corp. We continue recruitment activities to further increase the employment of persons with disabilities at other subsidiaries and affiliates as well.

* Newly added in April 2015.

Rate of employment of disabled persons at applicable Group companies*

* Results as of June 1 each year at applicable Group companies. Calculation based on total employment of 25,000.5 persons in the 21 applicable companies. As of June 1, 2016, the number of persons with disabilities employed by Asahi Kasei Ability Corp. stood at 334.0 of the total 529.0 employees with disabilities. Calculated in accordance with the Act on Employment Promotion etc. of Persons with Disabilities.

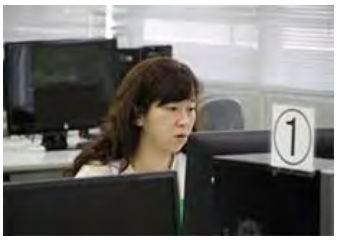
Competing in the 2015 Prefectural Abilympics

The National Abilympics in Japan was not held due to the International Abilympics France. Instead, Asahi Kasei employees participated in several prefectural Abilympics held throughout Japan. There were 40 employees of Asahi Kasei Ability who competed in the DTP, word processing, building cleaning, computer data entry, sewing, and tea service competitions, winning 9 gold medals, 8 silver medals, and 4 bronze medals.

18 employees competed in the Miyazaki Abilympics, winning 4 gold medals, 5 silver medals, and 4 bronze medals

Sewing competition

8 employees competed in the Okayama Abilympics, winning 3 gold medals and 1 silver medal



DTP competition

11 employees competed in the Shizuoka Abilympics, winning 2 gold medals and 2 silver medals

4 employees competed in the Tokyo Abilympics

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Balancing work and family life

Basic policy

We provide various forms of support for personnel to work with security and vitality in accordance with their individual circumstances and values from the perspective of balancing work and family life.

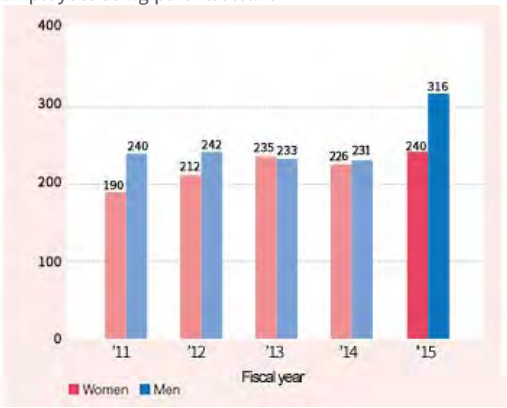
Helping employees balance work and family life

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. The corporate intranet is used to raise awareness of the available provisions and benefits, and to support managers whose personnel utilize them.

Parental leave

Our parental leave is available through the fiscal year in which the child turns 3 years old. In fiscal 2015, 556 personnel utilized parental leave. This is included 316 men, 40% of those who were qualified, and 240 women.

Employees using parental leave*

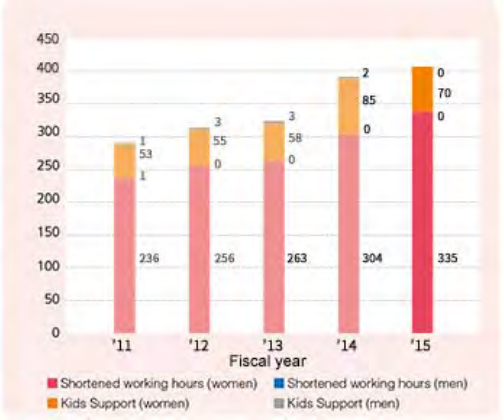


* Results for personnel employed by Asahi Kasei Corp., Asahi Kasei Chemicals Corp., Asahi Kasei Fibers Corp., Asahi Kasei Homes Corp., Asahi Kasei Construction Materials Corp., Asahi Kasei Microdevices Corp., Asahi Kasei E-materials Corp., Asahi Kasei Pharma Corp., and Asahi Kasei Medical Co., Ltd.

Shortened working hours for child care

Personnel are able to utilize shortened working hours to care for preschoolers, with the working day shortened by up to 2 hours until the child enters elementary school. In September 2007, a provision called "Kids Support" was added to enable 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 care*



* Results for personnel employed by Asahi Kasei Corp., Asahi Kasei Chemicals Corp., Asahi Kasei Fibers Corp., Asahi Kasei Homes Corp., Asahi Kasei Construction Materials Corp., Asahi Kasei Microdevices Corp., Asahi Kasei E-materials Corp., Asahi Kasei Pharma Corp., and Asahi Kasei Medical Co., Ltd.

Platinum Kurumin certification mark

In 2016, we received the Platinum Kurumin certification mark from the Ministry of Health, Labor and Welfare.* Platinum Kurumin certification is awarded in recognition of proactive support for the development of the next generation which is superior to the previously received Kurumin certification.

* Certification received for Asahi Kasei Corp., Asahi Kasei Microdevices Corp., Asahi Kasei Homes Corp., Asahi Kasei Pharma Corp., Asahi Kasei Medical Co., Ltd., and Asahi Kasei Ability Corp. Asahi Kasei Ability Corp. is the first company in Miyazaki prefecture to receive Platinum Kurumin certification.

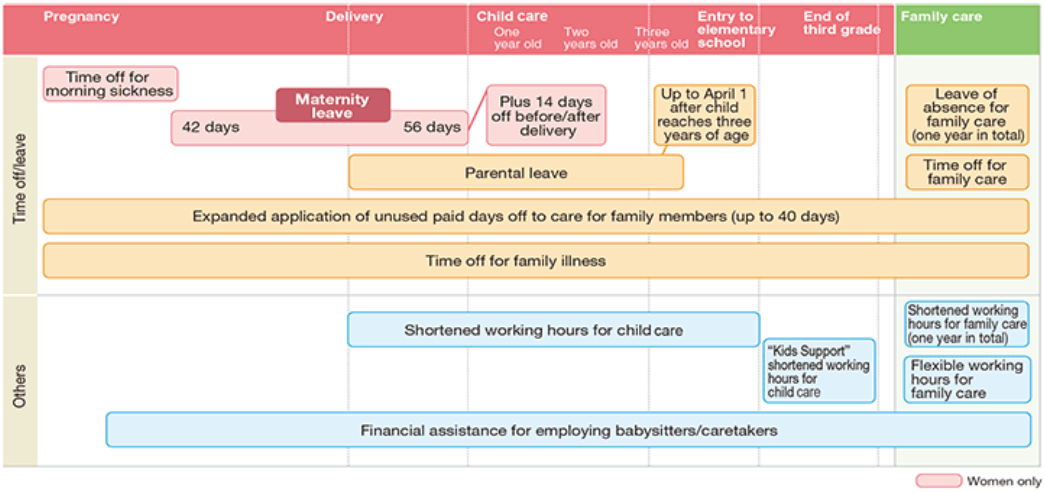
Support for family care

In fiscal 2015, 6 personnel utilized leave of absence for family care. Our personnel are allowed to take leave of up to 1 year for the purpose of attending to any family member who requires care. Enhanced provisions for days off and flexible working hours are also available to help personnel continue working while providing care for family members. Information about these provisions and how to balance work and family care is provided through our enhanced corporate intranet as well.

In January 2013, we distributed a booklet on balancing work with care for family members. We have also brought in an outside expert for seminars on family care each year since fiscal 2011.

Booklet on balancing work with care for family members

Main provisions to support balance in work and family life



Leave of absence to accompany spouse on overseas assignment

As globalization continues to advance, an increasing number of personnel have a spouse who is transferred to an overseas assignment. In fiscal 2013 we adopted a provision for such personnel to take a leave of absence to accompany their spouses living overseas. In fiscal 2015, 10 personnel utilized this provision.

Employee survey

Management and labor work in concert to resolve people-related issues based on mutual understanding and awareness. We regularly perform a survey of employees to gauge improvements to previously identified problems and track changes in employee perceptions over time. Survey results are also utilized in the evaluation of various measures and the consideration of new measures.

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Communication between management and labor

Discussions between management and labor union representatives are held on a regular basis to ensure that a constructive partnership based on mutual understanding is maintained. Annual discussions are held between the management of Asahi Kasei Corp. and labor union representatives. Discussions between the management of the core operating companies and representatives of the respective labor unions are also held on a regular basis.

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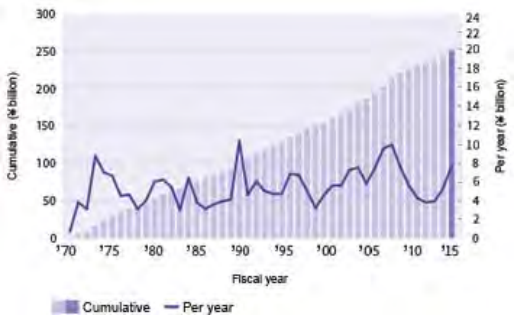
Environmental and safety data

Expenditure for environment and safety

Investments in modification for environmental protection and safety in fiscal 2015 were as shown below.

Investment in environmental and safety modification



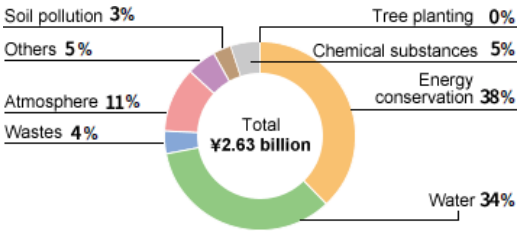
Breakdown of investment

(¥ billion)

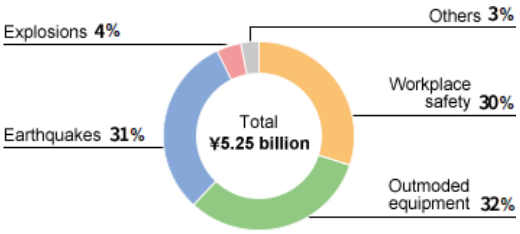
Fiscal year	2011	2012	2013	2014	2015
Environmental	2.18	1.77	2.16	2.42	2.63
Safety	2.08	2.03	1.75	2.78	5.25
Total	4.26	3.80	3.90	5.20	7.88

Note: Sums may not equal totals due to rounding, also with other tables hereinafter.

FY 2015 environmental investment



FY 2015 safety investment



Environmental accounting

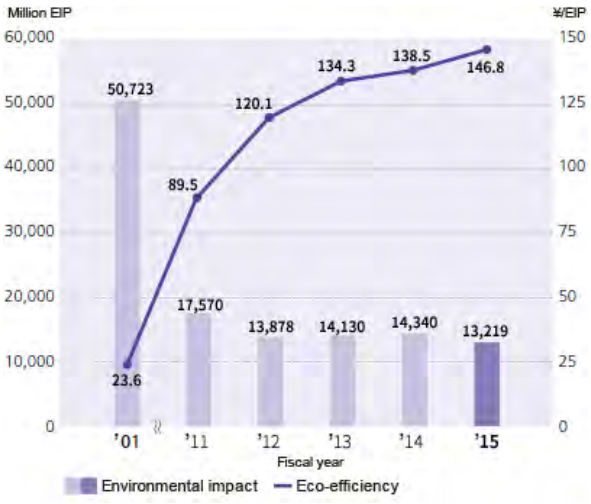
We classify the cost of our measures for environmental protection in accordance with cost classification standards promulgated by the Ministry of the Environment.

Environmental accounting

Cost class	Asahi Kasei Chemicals		Asahi Kasei Fibers		Asahi Kasei Microdevices		Asahi Kasei E-materials		Others		Total	
	Investment (¥ million)	Expense (¥ million)	Investment (¥ million)	Expense (¥ million)	Investment (¥ million)	Expense (¥ million)	Investment (¥ million)	Expense (¥ million)	Investment (¥ million)	Expense (¥ million)	Investment (¥ million)	Expense (¥ million)
Combined operating area	1,034	4,224	326	2,125	134	113	209	526	258	348	1,961	7,335
Pollution prevention	819	2,607	221	1,442	83	58	152	232	64	124	1,339	4,464
Global environmental protection	70	239	86	200	12	14	58	71	184	165	411	688
Resource circulation	145	1,378	19	483	38	41	0	223	10	59	211	2,184
Upstream and downstream	0	37	0	4	0	0	0	90	0	0	0	131
Management	11	987	0	24	0	8	0	57	0	2	11	1,078
Research and development	0	291	0	48	0	22	272	5,411	56	8	329	5,781
Community outreach	5	30	0	8	0	0	0	0	0	0	5	38
Environmental damage	44	195	0	0	0	0	0	0	0	0	44	195
Total	1,094	5,763	326	2,209	134	142	482	6,085	314	359	2,349	14,557

Environmental performance data

JEPIX performance*



* Japan Environmental Policy Index, developed by teams under the leadership of Professor Nobuyuki Miyazaki at the Japan Science and Technology Agency and Sustainable Management Forum Japan. Environmental performance data are converted to an environmental impact point (EIP) scale and aggregated to determine total environmental impact. Eco-efficiency is determined by dividing an economic indicator, in our case consolidated net sales, by total EIP. Eight aspects of environmental impact (including chemical releases, greenhouse gas emissions, landfill wastes, and COD load) are evaluated. A new accounting policy is applied to net sales from fiscal 2011.

JEPIX-method eco-efficiency

Fiscal year	2001	2011	2012	2013	2014	2015
Environmental impact (million EIP)	50,723	17,570	13,878	14,130	14,340	13,219
Sales (¥ million)	1,195,393	1,573,230	1,666,640	1,897,766	1,986,405	1,940,914
Eco-efficiency (¥/EIP)	23.6	89.5	120.1	134.3	138.5	146.8

Treatment and disposal of industrial waste* by business unit

(thousand tons)

	On-site				Effluent	Off-site		
	Waste generated	Recycling	Volume reduction	Landfill		Recycling	Volume reduction	Final disposal
Asahi Kasei Chemicals	206.7	54.9	0.6	0.0	151.2	147.8	2.9	0.5
Asahi Kasei Homes	7.4	0.0	0.0	0.0	7.4	7.4	0.0	0.0
Asahi Kasei Pharma	0.7	0.0	0.0	0.0	0.7	0.6	0.2	0.0
Asahi Kasei Medical	5.3	0.0	0.0	0.0	5.3	5.3	0.0	0.0
Asahi Kasei Fibers	38.6	24.5	0.0	0.0	14.1	14.0	0.0	0.1
Asahi Kasei Microdevices	20.8	0.0	0.0	0.0	20.8	20.6	0.1	0.0
Asahi Kasei E-materials	1.8	0.0	0.0	0.0	1.8	1.7	0.1	0.0
Asahi Kasei Construction Materials	66.3	44.3	2.7	0.0	19.2	19.1	0.1	0.1
Others	8.9	0.0	0.0	0.0	8.9	8.8	0.0	0.2
FY2015	356.5	123.7	3.3	0.0	229.6	225.3	3.4	0.8
FY2014	388.5	114.6	36.4	0.0	237.3	231.7	4.1	1.5
FY2013	386.3	112.4	29.0	0.0	244.7	240.3	3.1	1.3
FY2012	387.9	99.0	27.2	0.0	261.6	255.4	4.4	1.8
FY2011	441.8	105.1	73.5	0.0	263.1	254.1	7.8	1.3
FY2000	361.9	3.5	187.5	0.1	170.8	122.0	21.9	26.8

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

FY 2015 off-site final disposal by category of waste*

	Sludge	Plastic waste	Controlled mixed waste	Debris	Others	Total
Volume (thousand tons)	0.1	0.3	0.0	0.2	0.2	0.8
Percent of total	11.5	34.9	0.5	26.6	26.6	100.0

* Excluding waste generated at the construction sites of Asahi Kasei Homes.

Final disposal of industrial waste generated at construction sites of Asahi Kasei Homes

(thousand tons)

Fiscal year	2000	2011	2012	2013	2014	2015
New construction	16.6	0	0	0	0	0
Dismantling	39.1	11.8	12.3	12.3	12.3	10.2
Total	55.7	11.8	12.3	12.3	12.3	10.2

ALC trimmings recycled by Asahi Kasei Construction Materials

(tons)

Fiscal year	2011	2012	2013	2014	2015
Hebel™ panels	450	520	310	370	450
Cement material	4,700	4,200	3,900	3,400	2,300
Lightweight artificial soil	0	0	0	0	0
Total	5,200	4,720	4,210	3,700	2,800

FY 2015 release and transfer of PRTR-specified substances

Core operating company	Sites	Substance	Release to: Air	Water	Soil	Total	Transfer
Asahi Kasei Chemicals	Nobeoka	1,1-Dichloroethylene (vinylidene chloride)	6	0	0	6	0
		Chloroethylene (vinyl chloride)	7	0	0	7	1
		Chlorodifluoromethane (HCFC-22)	0	7	0	7	0
		Toluene	29	0	0	29	177
		n-Hexane	9	0	0	9	37
		Boron compounds	6	0	0	6	0
	Mizushima	Styrene	10	1	0	11	2
		n-Hexane	6	0	0	6	14
		Molybdenum and its compounds	0	8	0	8	0
		Vinyl acetate	21	0	0	21	50
	Kawasaki	n-Hexane	62	0	0	62	15
		Methyl methacrylate	0	15	0	15	3
Asahi Kasei Fibers	Nobeoka	Water-soluble copper salts (except complex salts)	5	0	0	5	0
	Moriyama	N,N-dimethylacetamide	110	0	0	110	19
	Other	Toluene	17	0	0	17	1
Asahi Kasei E-materials	Nobeoka	Dichloromethane (methylene chloride)	25	0	0	25	0
	Moriyama	Dichloromethane (methylene chloride)	0	9	0	9	0
Asahi Kasei Homes	Other	Xylene	6	0	0	6	197
		Toluene	8	0	0	8	0
Asahi Kasei Medical	Nobeoka	N,N-dimethylacetamide	10	0	0	10	0
Asahi Kasei Microdevices	Nobeoka	Hydrogen fluoride and its water-soluble salts	2	20	0	22	680

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

Release and transfer of PRTR-specified substances by fiscal year

(tons)

Fiscal year		2000	2011	2012	2013	2014	2015
Release to:	Air	4,720	580	390	400	360	390
	Water	170	94	90	86	80	70
	Soil	0	0	0	0	0	0
Total		4,890	680	480	490	440	450
Transfer		2,100	4,200	3,200	3,300	3,100	2,300

VOC* emissions

Fiscal year	2000 baseline year	2011	2012	2013	2014	2015
Volume (tons)	10,400	2,500	1,300	1,300	1,300	1,300
Reduction rate (%)	—	76	88	87	87	87

* 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.

Release of air and water pollutants by fiscal year

	Unit	2011	2012	2013	2014	2015
SOx[1]	tons	8,100	5,800	6,600	5,700	7,700
NOx[2]	tons	4,700	3,700	3,700	3,600	4,000
Soot and dust[3]	tons	250	180	150	180	130
Waste water effluence	million m³	210	210	210	210	200
COD[4]	tons	1,000	850	800	810	770
Nitrogen	tons	6,500	6,200	6,000	5,900	6,300
Phosphorus	tons	27	25	26	32	27

FY 2015 release of air and water pollutants by site

	Unit	Nobeoka	Mizushima	Moriyama	Fuji	Ohito	Kawasaki	Others	Total
SOx	tons	7,000	260	0	11	5	0	340	7,700
NOx	tons	2,200	1,600	40	12	45	6	80	4,000
Soot and dust	tons	40	90	1	1	0	0	3	130
Waste water effluence	million m³	140	40	11	11	0	1	9	200
COD	tons	650	60	10	17	0	5	40	770
Nitrogen	tons	6,000	220	10	80	1	2	5	6,300
Phosphorus	tons	16	3	2	5	0	0	0	27

1 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 (SO_2) is most common, but some sulfur trioxide (SO_3) also forms. The term SOx is inclusive of both of these.
2 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 (NO_2).
3 Soot and dust are fine particles formed in the combustion of fuel and other materials.
4 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.

Water usage and effluence

(million m³)

		2011	2012	2013	2014	2015
Domestic	Usage	266	268	271	272	274
	Effluence	210	210	210	210	200
Overseas	Usage	—	—	6	6	6
	Effluence	—	—	6	6	6

Greenhouse gas emissions in Japan by fiscal year

(million tons CO_2 equivalent)

	Index set at Kyoto Protocol (1990)	Baseline (2005)	2011	2012	2013	2014	2015
Carbon dioxide	5.06	4.96	4.47	3.74	3.77	3.76	3.53
Nitrous oxide	6.82	0.76	0.38	0.19	0.22	0.15	0.12
Methane	0	0.01	0.002	0	0	0	0
HFCs	0.16	0.02	0.03	0.02	0.03	0.03	0.03
PFCs	0.01	0.14	0.14	0.13	0.12	0.10	0.12
Sulfur hexafluoride	0	0.04	0.03	0.03	0.02	0.01	0.01
Nitrogen trifluoride	-	-	-	-	-	0	0
Total	12.06	5.92	5.05	4.11	4.17	4.06	3.82

Calculation standards for greenhouse gas emissions: For greenhouse gases covered by the Act on the Rational Use of Energy and the Act on Promotion of Global Warming Countermeasures, calculations are in accordance with the methods stipulated by these laws. For gases not covered by either law, calculation methods are based on considerations such as chemical reactions.
Fiscal 2015 greenhouse gas emissions in Japan and Fiscal 2015 overseas CO_2 emissions have been assured by KPMG AZSA Sustainability Co., Ltd. Please refer to the Independent Assurance Report.

Overseas CO_2 emissions by fiscal year

	2011	2012	2013	2014	2015
Energy consumed (thousand GJ)	4,583	4,426	5,420	5,986	9,053
CO_2 emissions (million tons)	0.43	0.40	0.49	0.67	0.79

Calculation standards for overseas CO_2 emissions: Overseas CO_2 emissions are calculated, in principle, based on the provisions given by the Act on the Rational Use of Energy and the Act on Promotion of Global Warming Countermeasures. CO_2 emissions from the burning of by-product gases are mainly calculated by material balance. CO_2 emissions associated with purchased electricity are calculated with the latest available coefficients given in International Energy Agency's CO_2 Emissions from Fuel Combustion.

FY2015 greenhouse gas emissions in Japan by business unit

(million tons CO_2 equivalent)

	Asahi Kasei Chemicals	Asahi Kasei Homes	Asahi Kasei Pharma	Asahi Kasei Medical	Asahi Kasei Fibers	Asahi Kasei Microdevices	Asahi Kasei E-materials	Asahi Kasei Construction Materials	Others	Total
Carbon dioxide	2.74	0.01	0.02	0.13	0.33	0.09	0.09	0.10	0.02	3.53
Nitrous oxide	0.12	0	0	0	0	0	0	0	0	0.12
Methane	0	0	0	0	0	0	0	0	0	0
HFCs	0.03	0	0	0	0	0	0	0	0	0.03
PFCs	0	0	0	0	0	0.12	0	0	0	0.12
Sulfur hexafluoride	0	0	0	0	0	0.01	0	0	0	0.01
Nitrogen trufluoride	0	0	0	0	0	0	0	0	0	0
Total	2.89	0.01	0.02	0.13	0.33	0.22	0.09	0.10	0.02	3.82

FY 2015 CO_2 emissions by overseas affiliates

Business Unit	Asahi Kasei Chemicals	Asahi Kasei Medical	Asahi Kasei Fibers	Asahi Kasei E-materials	Total
Energy consumed (thousand GJ)	6,256	53	1,998	747	9,053
CO_2 emissions (million tons)	0.63	0.004	0.11	0.05	0.79

CO_2 emissions from product shipment

Core operating companies	FY 2011		FY 2012		FY 2013		FY 2014		FY 2015	
	Shipment volume (million ton-km)	CO_2 emissions (tons)	Shipment volume (million ton-km)	CO_2 emissions (tons)	Shipment volume (million ton-km)	CO_2 emissions (tons)	Shipment volume (million ton-km)	CO_2 emissions (tons)	Shipment volume (million ton-km)	CO_2 emissions (tons)
Asahi Kasei Chemicals	932	50,400	741	42,800	781	44,100	696	44,100	839	51,300
Asahi Kasei Homes	193	22,900	187	23,400	229	26,300	258	29,000	276	30,100
Asahi Kasei Pharma	7	700	6	700	6.8	650	5.9	710	4.8	600
Asahi Kasei Medical	23	1,100	24	1,200	24	1,200	28	1,500	2	250
Asahi Kasei Fibers	50	3,900	47	3,600	48	3,800	47	3,800	45	3,600
Asahi Kasei Microdevices	2	1,000	2	800	1.2	690	0.7	650	1	630
Asahi Kasei E-materials	6	1,200	6	1,200	7.5	1,500	8.4	1,600	7.8	1,400
Asahi Kasei Construction Materials	116	10,900	112	10,800	120	10,600	121	11,400	116	11,100
Total	1,329	92,100	1,125	84,500	1,219	88,800	1,165	92,700	1,291	99,000

Low-pollution vehicles*

	Fiscal year	2011	2012	2013	2014	2015
Used on public roads	Low-pollution vehicles	1,047	1,029	1,046	1,035	1,170
	Other vehicles	116	89	88	89	93
	Subtotal	1,163	1,118	1,134	1,124	1,263
Used within plant grounds	Low-pollution vehicles	447	251	317	373	398
	Other vehicles	251	448	316	322	297
	Subtotal	698	699	633	695	695
Total	Low-pollution vehicles	1,494	1,280	1,363	1,408	1,568
	Other vehicles	367	537	404	411	390
	Total vehicles	1,861	1,817	1,767	1,819	1,958
Proportion of low-pollution vehicles (%)	Used on public roads	90	92	92	90	93
	Used within plant grounds	64	36	50	54	57
	Total	80	70	77	77	80

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

Referenced guidelines:
Our Scope 3 GHG emissions are calculated in accordance with the *Corporate Value Chain (Scope 3) Accounting and Reporting Standard* and its technical guidance issued by the Greenhouse Gas Protocol. For the greenhouse gas emission factors, we use data available in the *Carbon Footprint Communication Program* database prepared by the Japan Environmental Management Association for Industry and the *Embodied Energy and Emission Intensity Data for Japan Using Input-Output Tables (3EID): Inventory Data for LCA* prepared by the National Institute for Environmental Studies, Japan.

Calculation method for Category 1 (purchased goods and services):
Calculated by multiplying the amounts, either in physical or monetary units, of the largest 20 raw materials and services (30 in the case of Asahi Kasei Chemicals), in terms of GHG emissions or purchase amount, purchased from outside the Asahi Kasei Group by Asahi Kasei Chemicals, Asahi Kasei Fibers, Asahi Kasei Homes, Asahi Kasei Construction Materials, Asahi Kasei Microdevices, Asahi Kasei E-materials, and Asahi Kasei Medical, by the respective emission factor for each type of raw material or service.

Lost workday injury indices

(calendar year)

		2011	2012	2013	2014	2015
Frequency rate	Asahi Kasei Group	0.23	0.24	0.40	0.16	0.32
	Chemical industry, Japan	0.88	0.85	0.82	0.76	0.81
	Manufacturing industries, Japan	1.05	1.00	0.94	1.06	1.06
Severity rate	Asahi Kasei Group	0.003	0.308	0.015	0.002	0.007
	Chemical industry, Japan	0.04	0.12	0.12	0.17	0.04
	Manufacturing industries, Japan	0.08	0.10	0.10	0.09	0.06

Asahi Kasei Corporation merged with three of its core operating companies, Asahi Kasei Chemicals, Asahi Kasei Fibers, and Asahi Kasei E-materials, on April 1, 2016.

Correspondence with GRI G4 and ISO 26000

General Standard Disclosures

ISO26000 Core Subjects and Issues	7.2: The relationship of an organization's characteristics to social responsibility

Strategy and Analysis

ISO26000 Core Subjects and Issues	4.7: Respect for international norms of behavior 6.2: Organizational governance 7.4.2: Setting the direction of an organization for social responsibility

G4-1 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 the organization’s strategy for addressing sustainability

Corresponding content in:	Asahi Kasei Report 2016 >

G4-2 Description of key impacts, risks, and opportunities

Corresponding content in:	Risk Analysis >

Organizational Profile

ISO26000 Core Subjects and Issues	6.3.10: Fundamental principles and rights at work 6.4.1-6.4.2: Labour practices 6.4.3: Employment and employment relationships 6.4.4: Conditions of work and social protection 6.4.5: Social dialogue 6.8.5: Employment creation and skills development 7.8: Voluntary initiatives for social responsibility

G4-3 Name of the organization

Corresponding content in:	Corporate Profile > Group Companies >

G4-4 Primary brands, products, and services

Corresponding content in:	Asahi Kasei Products and Technologies in Everyday Life > Products >

G4-5 Location of organization’s headquarters

Corresponding content in:	Corporate Profile >

G4-6 Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report

Corresponding content in:	Asahi Kasei Worldwide >

G4-7 Nature of ownership and legal form

Corresponding content in:	Group Companies > Corporate Governance >

G4-8 Markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)

Corresponding content in:	Asahi Kasei Worldwide > Products >

G4-9 Scale of the organization

Corresponding content in:	Corporate Profile > Financial Information >

G4-10

- Total number of employees by employment contract and gender
- Total number of permanent employees by employment type and gender
- Total workforce by employees and supervised workers and by gender
- Total workforce by region and gender
- Whether a substantial portion of the organization's work is performed by workers who are legally recognized as selfemployed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors
- Any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries)

Corresponding content in:	Corporate Profile >

G4-13 Significant changes during the reporting period regarding the organization’s size, structure, ownership, or its supply chain

Corresponding content in:	Editorial policy >

Commitments to External Initiatives

G4-14 Whether and how the precautionary approach or principle is addressed by the organization

Corresponding content in:	CSR at the Asahi Kasei Group > Compliance > Responsible Care at Asahi Kasei >

G4-15 Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses

Corresponding content in:	CSR › Managing chemical substances › Biodiversity ›

G4-16 Memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization:

- Holds a position on the governance body
- Participates in projects or committees
- Provides substantive funding beyond routine membership dues
- Views membership as strategic

Corresponding content in:	Responsible Care at Asahi Kasei › Managing chemical substances › Biodiversity ›

Identified Material Aspects and Boundaries

ISO26000 Core Subjects and Issues	5.2: Recognizing social responsibility 7.3.2: Determining relevance and significance of core subjects and issues to an organization 7.3.3: An organization's sphere of influence 7.3.4: Establishing priorities for addressing issues

G4-17

- All entities included in the organization’s consolidated financial statements or equivalent documents
- Whether any entity included in the organization’s consolidated financial statements or equivalent documents is not covered by the report

Corresponding content in:	Group Companies › Asahi Kasei Worldwide ›

G4-18

- The process for defining the report content and the Aspect Boundaries
- How the organization has implemented the Reporting Principles for Defining Report Content

Corresponding content in:	Editorial policy › CSR at the Asahi Kasei Group ›

G4-22 The effect of any restatements of information provided in previous reports, and the reasons for such restatements

Corresponding content in:	Editorial policy ›

Stakeholder Engagement

ISO26000 Core Subjects and Issues	5.3: Stakeholder identification and engagement

G4-24 List of stakeholder groups engaged by the organization

Corresponding content in:	CSR at the Asahi Kasei Group › Stakeholder dialog ›

G4-26 The organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group

Corresponding content in:	Stakeholder dialog ›

G4-27 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

Corresponding content in:	Corporate Citizenship ›

Report Profile

ISO26000 Core Subjects and Issues	7.5.3: Types of communication on social responsibility 7.6.2: Enhancing the credibility of reports and claims about social responsibility

G4-28 Reporting period (such as fiscal or calendar year) for information provided

Corresponding content in:	Editorial policy ›

G4-29 Date of most recent previous report (if any)

Corresponding content in:	Editorial policy ›

G4-30 Reporting cycle (such as annual, biennial)

Corresponding content in:	Editorial policy ›

G4-31 The contact point for questions regarding the report or its contents

Corresponding content in:	Inquiries ›

GRI Content Index

G4-32

- The 'in accordance' option the organization has chosen
- The GRI Content Index for the chosen option
- The reference to the External Assurance Report, if the report has been externally assured

Corresponding content in:	Correspondence with GRI G4 and ISO 26000 >

Assurance

G4-33

- The organization's policy and current practice with regard to seeking external assurance for the report
- If not included in the assurance report accompanying the sustainability report, the scope and basis of any external assurance provided
- The relationship between the organization and the assurance providers
- Whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report

Corresponding content in:	Independent review and report >

Governance

ISO26000 Core Subjects and Issues	6.2: Organizational governance 7.4.3: Building social responsibility into an organization’s governance, systems and procedures 7.7.5: Improving performance

Governance Structure and Composition

G4-34 The governance structure of the organization, including committees of the highest governance body

Corresponding content in:	Corporate Governance >

G4-35 The process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees

Corresponding content in:	Corporate Governance > CSR at the Asahi Kasei Group >

G4-36 Whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body

Corresponding content in:	CSR at the Asahi Kasei Group >

G4-37 Processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics

Corresponding content in:	Corporate Governance >

G4-38 The composition of the highest governance body and its committees

Corresponding content in:	Corporate Governance >

G4-39 Whether the Chair of the highest governance body is also an executive officer

Corresponding content in:	Corporate Governance >

G4-40 The nomination and selection processes for the highest governance body and its committees

Corresponding content in:	Corporate Governance >

G4-41 Processes for the highest governance body to ensure conflicts of interest are avoided and managed

Corresponding content in:	Corporate Governance >

Highest Governance Body's Role in Setting Purpose, Values, and Strategy

G4-42 The highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts

Corresponding content in:	CSR > CSR at the Asahi Kasei Group >

Highest Governance Body's Competencies and Performance Evaluation

G4-44

- The processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics
- Actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics

Corresponding content in:	Corporate Governance >

Highest Governance Body's Role in Risk Management

G4-45

- The highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities
- Whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks, and opportunities

Corresponding content in:	Corporate Governance > Risk management >

G4-46 The highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics

Corresponding content in:	CSR at the Asahi Kasei Group >

Highest Governance Body's Role in Sustainability Reporting

G4-48 The highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered

Corresponding content in:	CSR at the Asahi Kasei Group >

Highest Governance Body's Role in Evaluating Economic, Environmental and Social Performance

G4-49 The process for communicating critical concerns to the highest governance body

Corresponding content in:	Compliance system >

Remuneration and Incentives

G4-51 Remuneration policies for the highest governance body and senior executives

Corresponding content in:	Corporate Governance Report >

G4-52 The process for determining remuneration

Corresponding content in:	Corporate Governance Report >

Ethics and Integrity

ISO26000 Core Subjects and Issues	4.4: Ethical behaviour 6.6.3: Anti-corruption

G4-56 The organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics

Corresponding content in:	Group Philosophy > CSR > Compliance system > Responsible Care at Asahi Kasei > Supplier relationships > Community fellowship > Respect for Employee Individuality >

G4-57 The internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines

Corresponding content in:	Compliance system >

G4-58 The internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines

Corresponding content in:	Compliance system >

Specific Standard Disclosures

Category: Economic

Aspect: Economic Performance

G4-EC1 Direct economic value generated and distributed

Corresponding content in:	Financial Information >
ISO26000 Core Subjects and Issues	6.8.1-6.8.2: Community involvement and development 6.8.3: Community involvement 6.8.7: Wealth and income creation 6.8.9: Social investment

G4-EC2 Financial implications and other risks and opportunities for the organization’s activities due to climate change

Corresponding content in:	Environmental protection >
ISO26000 Core Subjects and Issues	6.5.5: Climate change mitigation and adaptation

G4-EC4 Financial assistance received from government

Corresponding content in:	Not applicable

Aspect: Indirect Economic Impacts

G4-EC7 Development and impact of infrastructure investments and services supported

Corresponding content in:	Public outreach > Community fellowship >
ISO26000 Core Subjects and Issues	6.3.9: Economic, social and cultural rights 6.8.1-6.8.2: Community involvement and development 6.8.7: Wealth and income creation 6.8.9: Social investment

Aspect: Procurement Practices

G4-EC9 Proportion of spending on local suppliers at significant locations of operation

Corresponding content in:	Supplier relationships >
ISO26000 Core Subjects and Issues	6.4.3: Employment and employment relationships 6.6.6: Promoting social responsibility in the value chain 6.8.1-6.8.2: Community involvement and development 6.8.7: Wealth and income creation

Category: Environmental

Aspect: Materials

G4-EN1 Materials used by weight or volume

Corresponding content in:	Environmental protection >
ISO26000 Core Subjects and Issues	6.5.4: Sustainable resource use

G4-EN2 Percentage of materials used that are recycled input materials

Corresponding content in:	Recycling >
ISO26000 Core Subjects and Issues	6.5.4: Sustainable resource use

Aspect: Energy

G4-EN3 Direct energy consumption within the organization

Corresponding content in:	Environmental protection >
ISO26000 Core Subjects and Issues	6.5.4: Sustainable resource use

G4-EN7 Reductions in energy requirements of products and services

Corresponding content in:	Low-carbon society >
ISO26000 Core Subjects and Issues	6.5.4: Sustainable resource use 6.5.5: Climate change mitigation and adaptation

Aspect: Water

G4-EN8 Total water withdrawal by source

Corresponding content in:	Environmental protection >
ISO26000 Core Subjects and Issues	6.5.4: Sustainable resource use

G4-EN9 Water sources significantly affected by withdrawal of water

Corresponding content in:	Not applicable
ISO26000 Core Subjects and Issues	6.5.4: Sustainable resource use

Aspect: Biodiversity

G4-EN11 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas

Corresponding content in:	Not applicable
ISO26000 Core Subjects and Issues	6.5.6: Protection of the environment, biodiversity and restoration of natural habitats

G4-EN12 Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas

Corresponding content in:	Biodiversity >
ISO26000 Core Subjects and Issues	6.5.6: Protection of the environment, biodiversity and restoration of natural habitats

G4-EN13 Habitats protected or restored

Corresponding content in:	Biodiversity >
ISO26000 Core Subjects and Issues	6.5.6: Protection of the environment, biodiversity and restoration of natural habitats

G4-EN14 Total number of IUCN Red List species and national conservation list species with habitats in areas affected by operations

Corresponding content in:	Not applicable
ISO26000 Core Subjects and Issues	6.5.6: Protection of the environment, biodiversity and restoration of natural habitats

Aspect: Emissions

G4-EN15 Direct greenhouse gas (GHG) emissions (Scope 1)

Corresponding content in:	Environmental protection › Low-carbon society › Environmental and safety data ›
ISO26000 Core Subjects and Issues	6.5.5: Climate change mitigation and adaptation

G4-EN17 Other indirect greenhouse gas (GHG) emissions (Scope 3)

Corresponding content in:	Low-carbon society ›
ISO26000 Core Subjects and Issues	6.5.5: Climate change mitigation and adaptation

G4-EN19 Reduction of greenhouse gas (GHG) emissions

Corresponding content in:	Responsible Care at Asahi Kasei › Low-carbon society › Environmental and safety data ›
ISO26000 Core Subjects and Issues	6.5.5: Climate change mitigation and adaptation

G4-EN20 Emissions of ozone-depleting substances (ODS)

Corresponding content in:	Not applicable
ISO26000 Core Subjects and Issues	6.5.3: Prevention of pollution 6.5.5: Climate change mitigation and adaptation

G4-EN21 NOx, SOx, and other significant air emissions

Corresponding content in:	Environmental protection › Managing chemical substances › Air and water › Environmental and safety data ›
ISO26000 Core Subjects and Issues	6.5.3: Prevention of pollution

Aspect: Effluents and Waste

G4-EN22 Total water discharge by quality and destination

Corresponding content in:	Environmental protection › Air and water › Environmental and safety data ›
ISO26000 Core Subjects and Issues	6.5.3: Prevention of pollution 6.5.4: Sustainable resource use

G4-EN23 Total weight of waste by type and disposal method

Corresponding content in:	Recycling › Environmental and safety data ›
ISO26000 Core Subjects and Issues	6.5.3: Prevention of pollution

G4-EN24 Total number and volume of significant spills

Corresponding content in:	Not applicable
ISO26000 Core Subjects and Issues	6.5.3: Prevention of pollution

Aspect: Products and Services

G4-EN27 Extent of impact mitigation of environmental impacts of products and services

Corresponding content in:	Low-carbon society ›
ISO26000 Core Subjects and Issues	6.5.3: Prevention of pollution 6.5.4: Sustainable resource use 6.5.5: Climate change mitigation and adaptation 6.7.5: Sustainable consumption

G4-EN28 Percentage of products sold and their packaging materials that are reclaimed by category

Corresponding content in:	Recycling › Environmental and safety data ›
ISO26000 Core Subjects and Issues	6.5.3: Prevention of pollution 6.5.4: Sustainable resource use 6.7.5: Sustainable consumption

Aspect: Compliance

G4-EN29 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations

Corresponding content in:	Not applicable
ISO26000 Core Subjects and Issues	4.6: Respect for the rule of law

Aspect: Transport

G4-EN30 Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce

Corresponding content in:	Low-carbon society >
ISO26000 Core Subjects and Issues	6.5.4: Sustainable resource use 6.6.6: Promoting social responsibility in the value chain

Aspect: Overall

G4-EN31 Total environmental protection expenditures and investments by type

Corresponding content in:	Environmental and safety data >
ISO26000 Core Subjects and Issues	6.5.1-6.5.2: The environment

Category: Social

Sub-Category: Labor Practices and Decent Work

Aspect: Employment

G4-LA1 Total number and rate of new employee hires and employee turnover by age group, gender, and region

Corresponding content in:	Valuing human rights and diversity >
ISO26000 Core Subjects and Issues	6.4.3: Employment and employment relationships

G4-LA2 Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation

Corresponding content in:	Human resources development › Balancing work and family life ›
ISO26000 Core Subjects and Issues	6.4.4: Conditions of work and social protection 6.8.7: Wealth and income creation

G4-LA3 Return to work and retention rates after parental leave, by gender

Corresponding content in:	Balancing work and family life ›
ISO26000 Core Subjects and Issues	6.4.4: Conditions of work and social protection

Aspect: Occupational Health and Safety

G4-LA5 Percentage of total workforce represented in formal joint management–worker health and safety committees that help monitor and advise on occupational health and safety programs

Corresponding content in:	Not applicable
ISO26000 Core Subjects and Issues	6.4.6: Health and safety at work

G4-LA6 Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender

Corresponding content in:	Workplace safety and hygiene ›
ISO26000 Core Subjects and Issues	6.4.6: Health and safety at work 6.8.8: Health

G4-LA7 Workers with high incidence or high risk of diseases related to their occupation

Corresponding content in:	Health maintenance ›
ISO26000 Core Subjects and Issues	6.4.6: Health and safety at work 6.8.8: Health

G4-LA8 Health and safety topics covered in formal agreements with trade unions

Corresponding content in:	Workplace safety and hygiene ›
ISO26000 Core Subjects and Issues	6.4.6: Health and safety at work

Aspect: Training and Education

G4-LA9 Average hours of training per year per employee by gender, and by employee category

Corresponding content in:	Human resources development >
ISO26000 Core Subjects and Issues	6.4.7: Human development and training in the workplace

G4-LA10 Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career ending

Corresponding content in:	Human resources development > Valuing human rights and diversity >
ISO26000 Core Subjects and Issues	6.4.7: Human development and training in the workplace 6.8.5: Employment creation and skills development

Aspect: Diversity and Equal Opportunity

G4-LA12 Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity

Corresponding content in:	Corporate Governance Report > Corporate Profile > Valuing human rights and diversity >
ISO26000 Core Subjects and Issues	6.2.3: Decision-making processes and structures 6.3.7: Discrimination and vulnerable groups 6.3.10: Fundamental principles and rights at work 6.4.3: Employment and employment relationships

Sub-Category: Human Rights

Aspect: Child Labor

G4-HR5 Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor

Corresponding content in:	Not applicable
ISO26000 Core Subjects and Issues	6.3.3: Due diligence 6.3.4: Human rights risk situations 6.3.5: Avoidance of complicity 6.3.7: Discrimination and vulnerable groups 6.3.10: Fundamental principles and rights at work 6.6.6: Promoting social responsibility in the value chain 6.8.4: Education and culture

Aspect: Forced or Compulsory Labor

G4-HR6 Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor

Corresponding content in:	Not applicable
ISO26000 Core Subjects and Issues	6.3.3: Due diligence 6.3.4: Human rights risk situations 6.3.5: Avoidance of complicity 6.3.10: Fundamental principles and rights at work 6.6.6: Promoting social responsibility in the value chain

Aspect: Indigenous Rights

G4-HR8 Total number of incidents of violations involving rights of indigenous peoples and actions taken

Corresponding content in:	Not applicable
ISO26000 Not applicable	6.3.4: Human rights risk situations 6.3.6: Resolving grievances 6.3.7: Discrimination and vulnerable groups 6.3.8: Civil and political rights 6.6.7: Respect for property rights 6.8.3: Community involvement

Sub-Category: Society

Aspect: Local Communities

G4-SO1 Percentage of operations with implemented local community engagement, impact assessments, and development programs

Corresponding content in:	Public outreach › Community fellowship ›
ISO26000 Core Subjects and Issues	6.3.9: Economic, social and cultural rights 6.5.1-6.5.2: The environment 6.5.3: Prevention of pollution 6.8: Community involvement and development

G4-SO2 Operations with significant potential or actual negative impacts on local communities

Corresponding content in:	Not applicable
ISO26000 Core Subjects and Issues	6.3.9: Economic, social and cultural rights 6.5.3: Prevention of pollution 6.8: Community involvement and development

Aspect: Compliance

G4-SO8 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations

Corresponding content in:	Report on Pile Installation Issue at Asahi Kasei Construction Materials >
ISO26000 Core Subjects and Issues	4.6: Respect for the rule of law

Sub-Category: Product Responsibility

Aspect: Customer Health and Safety

G4-PR1 Percentage of significant product and service categories for which health and safety impacts are assessed for improvement

Corresponding content in:	Quality assurance >
ISO26000 Core Subjects and Issues	6.7.1-6.7.2: Consumer issues 6.7.4: Protecting consumers' health and safety 6.7.5: Sustainable consumption 6.8.8: Health

G4-PR2 Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes

Corresponding content in:	Quality assurance >
ISO26000 Core Subjects and Issues	4.6: Respect for the rule of law 6.7.1-6.7.2: Consumer issues 6.7.4: Protecting consumers' health and safety 6.7.5: Sustainable consumption 6.8.8: Health

Aspect: Product and Service Labeling

G4-PR3 Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements

Corresponding content in:	Managing chemical substances >
ISO26000 Core Subjects and Issues	6.7.1-6.7.2: Consumer issues 6.7.3: Fair marketing, factual and unbiased information and fair contractual practices 6.7.4: Protecting consumers' health and safety 6.7.5: Sustainable consumption 6.7.9: Education and awareness

G4-PR4 Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes

Corresponding content in:	Customer relations >
ISO26000 Core Subjects and Issues	4.6: Respect for the rule of law 6.7.1-6.7.2: Consumer issues 6.7.3: Fair marketing, factual and unbiased information and fair contractual practices 6.7.4: Protecting consumers' health and safety 6.7.5: Sustainable consumption 6.7.9: Education and awareness

Aspect: Marketing Communications

G4-PR7 Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes

Corresponding content in:	Not applicable
ISO26000 Core Subjects and Issues	4.6: Respect for the rule of law 6.7.1-6.7.2: Consumer issues 6.7.3: Fair marketing, factual and unbiased information and fair contractual practices

Asahi Kasei Corporation merged with three of its core operating companies, Asahi Kasei Chemicals, Asahi Kasei Fibers, and Asahi Kasei E-materials, on April 1, 2016.

Independent review and report

An independent review and independent report with respect to the *Asahi Kasei Group CSR Report* are available below.

Independent Review (Japan Chemical Industry Association)

Independent review

[translation from Japanese]

Asahi Kasei Group CSR Report 2016 Internet Edition
Independent Review

August 9, 2016

Hideki Kobori
President
Asahi Kasei Corporation

Junji Takase
Chief Director
Responsible Care Verification Center
Japan Chemical Industry Association

Objectives of Verification

Responsible Care Report Verification was performed by the Responsible Care Verification Center with respect to the *Asahi Kasei Group CSR Report 2016 Internet Edition* (the "Report") prepared by Asahi Kasei Corporation, with the objective of expressing an opinion as a chemical industry specialist on the matters as stated below.

1) Reasonableness of methods of calculation and aggregation of performance metrics (numerical values), and the accuracy of numerical values.
2) Accuracy of reported information other than numerical values.
3) Evaluation of Responsible Care (RC) and Corporate Social Responsibility (CSR) 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 as well as receipt of internal documents and explanations thereof from each of the responsible parties and compilers.
- At the Kawasaki Works: Examination of the reasonableness of methods of calculation and aggregation 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 explanations thereof from each of the 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 Kawasaki Works have been calculated and aggregated using a reasonable method.
   - It is noteworthy that the company uses an RC Performance Data Collection System throughout the company for accurate and efficient aggregation, including on-screen displays of changes and errors.
   - Numerical values within the scope of our examination have been calculated and aggregated accurately.

2) Accuracy of reported information other than numerical values
   - Information contained in the Report was confirmed to be accurate. Some minor issues related to appropriateness of expression and ease of understanding were identified in the draft stages, but these have been revised in the present Report.

3) Evaluation of RC and CSR activities
   - It is noteworthy that the company has a framework for CSR advancement with 5 committees reporting to the President to oversee efforts for CSR Fundamentals and CSR in Action.
   - It is noteworthy that the company makes efforts for respect for employee individuality that include human resources development, valuing human rights and diversity, and balancing work and family life.
   - The company's efforts to prevent workplace accidents, operational accidents, and environmental accidents include measures to prevent recurrence as part of its RC program with a PDCA cycle of systematic and concrete measures, and further improvements are expected.
   - The RC Report issued annually by the Kawasaki Works is rich with content, with much concrete information clearly described. Periodic dialog with the local community is also performed.
   - The Kawasaki Works holds a safety experience course including simulated experience which is utilized for systematic safety technology training to replace OJT and for the elimination of accidents and injuries.

4) Characteristics of the Report
   - The Report shows the company's record of community fellowship activities, an important aspect of CSR, and the company issues a booklet describing community fellowship activities in detail.

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

Independent Assurance Report

To the President & Representative Director of Asahi Kasei Corp.

We were engaged by Asahi Kasei Corp. (the "Company") to undertake a limited assurance engagement of the Asahi Kasei Group's greenhouse gas emissions (total of Scopes 1 and 2) in Japan, global CO_2 emissions (in Scopes 1 and 2), overseas CO_2 emissions (total of Scopes 1 and 2) and Scope 3 greenhouse gas emissions from Category 1 in Japan for the period from April 1, 2015 to March 31, 2016 (the "GHG emissions") included in its website found under: www.asahi-kasei.co.jp/asahi/en/csr/ (the "Website").

The Company's Responsibility

The Company is responsible for the preparation of the GHG emissions in accordance with its own reporting criteria (the "Company's reporting criteria"), as described in the Website.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the GHG emissions based on the procedures we have performed. We conducted our engagement in accordance with 'International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information', 'ISAE 3410, Assurance Engagements on Greenhouse Gas Statements', issued by the International Auditing and Assurance Standards Board, and the 'Practical Guidelines for the Assurance of Sustainability Information' of the Japanese Association of Assurance Organizations for Sustainability Information. The limited assurance engagement consisted of making inquiries, primarily of persons responsible for the preparation of information presented in the Website, and applying analytical and other procedures, and the procedures performed vary in nature from, and are less in extent than for, a reasonable assurance engagement. The level of assurance provided is thus not as high as that provided by a reasonable assurance engagement. Our assurance procedures included:

- Interviewing with the Company's responsible personnel to obtain an understanding of its policy for the preparation of the Website and reviewing the Company's reporting criteria.
- Inquiring about the design of the systems and methods used to collect and process the GHG emissions.
- Performing analytical reviews of the GHG emissions.
- Examining, on a test basis, evidence supporting the generation, aggregation and reporting of the GHG emissions in conformity with the Company's reporting criteria, and also recalculating the GHG emissions.
- Visiting to the Nobeoka Power Plant of Asahi Kasei NS Energy Corp., Polyxylenol Singapore Pte. Ltd. and Asahi Kasei Plastics Singapore Pte. Ltd., selected on the basis of a risk analysis.
- Evaluating the overall statement in which the GHG emissions are expressed.

Conclusion

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the GHG emissions in the Website are not prepared, in all material respects, in accordance with the Company's reporting criteria as described in the Website.

Our Independence and Quality Control

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. In accordance with International Standard on Quality Control 1, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

KPMG AZSA Sustainability Co., Ltd.

KPMG AZSA Sustainability Co., Ltd.
Tokyo, Japan
January 17, 2017

Asahi Kasei Corporation merged with three of its core operating companies, Asahi Kasei Chemicals, Asahi Kasei Fibers, and Asahi Kasei E-materials, on April 1, 2016.