

Asahi**KASEI**

Care for People, Care for Earth



Sustainability Report 2020

Asahi Kasei Group



ASAHI KASEI CORPORATION

INDEX

Editorial policy	1	Human Resources	66
Management Message	2	Approach to human resources and employment	66
Asahi Kasei Products and Technologies in Everyday Life	3	Human resources development and active engagement	69
Contribution through Business Activities	5	Diversity	73
The Asahi Kasei Group's Environmental Contribution Products	8	Human Rights	78
Description of Environmental Contribution Products	10	Occupational Health and Safety	80
Sustainability at the Asahi Kasei Group	14	Process Safety	88
Asahi Kasei Group's Responsible Care Program	21	Social Activities	94
Organizations implementing Responsible Care	24	Local communities	94
Fiscal 2019 RC targets and results	27	Community fellowship	96
Environment	29	Governance	105
Environmental Management	30	Corporate Governance	106
Climate Change	33	Compliance	114
Pollution and Natural Resources	41	Risk Management	118
Water Resource Preservation	45	Tax Policy	121
Biodiversity	48	ESG Data	123
Society	56	Environment	123
Quality Assurance	57	Society	133
CSR Procurement	63	Governance	137
		Policy Statements	138
		GRI Standards Content Index	139
		SASB Content Index	150
		Independent Review and Independent Assurance Report	153

Note on PDF functions:

This PDF document contains links you can click to view related pages.
By clicking the arrow in the lower left corner, you can return to the previously viewed page.

Editorial Policy

Introduction

The Asahi Kasei Group issued our first Environment Report in 1991, and we began issuing a CSR Report in 2006 with content expanded to include social responsibilities. Through these reports, we have further enriched communication with our stakeholders and continually fulfilled our accountability.

In line with a trend mainly 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. At the same time, since then we disclose information on the details of our CSR activities using this website.

Since fiscal 2019, we have termed this report the "Sustainability Report" both on our website and in its downloadable form. In the report, we present the Group's approach to sustainability and contributions to achieving a sustainable society, in accordance with the concept "Care for People, Care for Earth" presented in our Medium-term Management Initiative "Cs+ for Tomorrow 2021," which was launched in fiscal 2019. At the same time, we report information on our policies, frameworks, activities and numerical data in a more holistic manner by organizing activities in fiscal 2020 according to the three areas of environmental (E), social (S) and governance (G).

Reporting period

The primary focus is fiscal 2019 (April 2019 – March 2020). Some information pertains to the period subsequent to this.

Organizational boundary

Information herein pertains to Asahi Kasei Corp. and consolidated subsidiaries as of March 31, 2020, 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.

Data with differing scopes or coverage is presented in footnotes.

With respect to Responsible Care reporting, the scope is operations inside and outside of Japan which implement the Asahi Kasei Group's Responsible Care program. A list of the business sites implementing the program is presented below.

➤ Asahi Kasei Group's Responsible Care

Inquiries

Please contact us via the website or telephone if you have an inquiry.

To submit an inquiry through the website, please use the following form:

➤ https://www.asahi-kasei.com/contact_us/contact/

Guidelines consulted

We reference the following guidelines and framework when disclosing information related to sustainability.

- GRI "Sustainability Reporting Standards (2016)"
- Ministry of the Environment "Environmental Reporting Guidelines (2018)"
- SASB (Sustainability Accounting Standards Board) Standards
- International Organization for Standardization "ISO 26000"

Publication

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Previous publication: October 2019

Management Message



We will face common issues for all humanity to contribute to sustainable society through our business activities.

There has been rising global awareness of social issues, particularly environmental problems, as symbolized by the sustainable development goals (SDGs) adopted by the UN. While humanity has made great steps forward with the progress of technology, some regions and people in the world have been left behind. Meanwhile, the fact that conventional development is approaching the limits of the Earth must be clearly recognized as a common issue for all humanity. Moreover, falling birthrates and aging populations, primarily in developed nations, are presenting new challenges that are different from those presented by the globally rising population. As a company, we need to face these realities squarely.

The Asahi Kasei Group has set "contributing to life and living for people around the world" as our Group Mission, and we have developed businesses that meet global challenges. This means that ever since our company was founded nearly 100 years ago with the aim of "improving human culture," we have taken strides to meet changing social needs, which have included establishment of livelihood base, abundance of goods, comfort and convenience, and demand in emerging countries. Now the Asahi Kasei Group is committed to sustainable society and pursuing sustainability.

To this end, through our medium-term management initiative "Cs+ for Tomorrow 2021," which we have been in effect since 2019, we aim to achieve sustainability, which is positioned at the core, through the two mutually reinforcing aspects: "contributing to sustainable society" and "sustainable growth of corporate value."

In particular, Asahi Kasei will focus on the five categories of "Environment & Energy," for reducing our environmental impact; "Mobility," for achieving safe and comfortable travel; "Life Material," for bringing about comfortable lifestyles; "Home & Living," for underpinning secure and affluent living; and "Health Care," for contributing to a society with healthy longevity.

The changes happening throughout the world due to COVID-19 represent a seismic shift the likes of which we have never experienced. However, the importance of contributing to a sustainable society remains unchanged. Going forward, we will strive to communicate with our stakeholders and disclose information appropriately while contributing to both life and living through our medium-term management initiative, "Cs+ for Tomorrow 2021."


Hideki Kobori

Kitchen



Living room



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.”

Office



Hospital

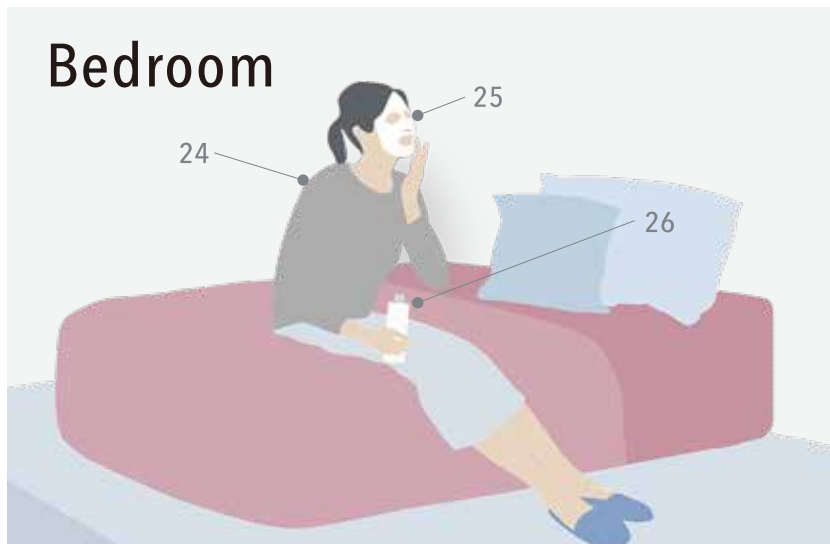
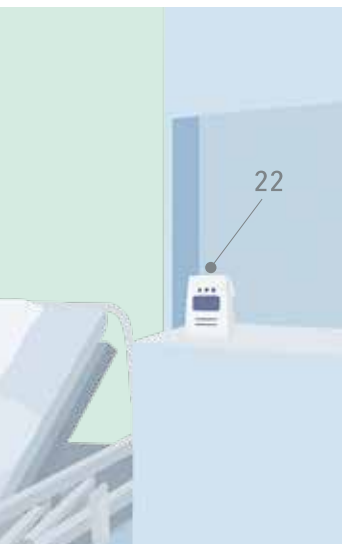
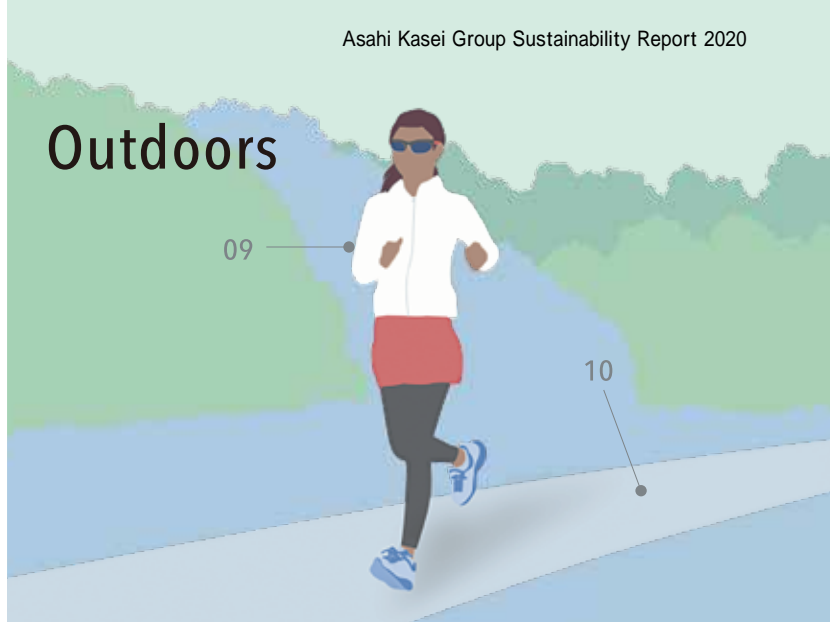
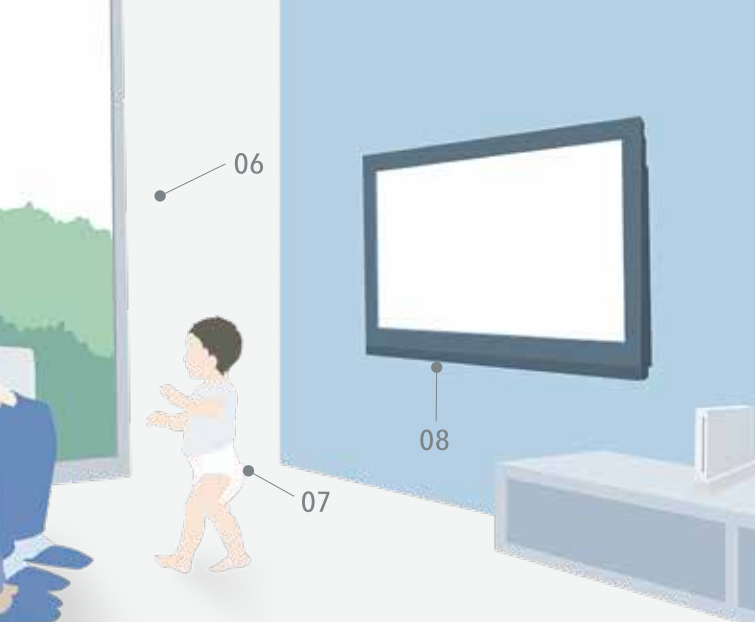


Asahi Kasei Products and Technologies in Everyday Life

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)
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,
spandex fiber)
- 08** Home electronics
(polystyrene, ABS resin)



Automobile

Outdoors

Bathroom

Bedroom

Electronic parts
(LSIs, Hall elements)

09 Sportswear
(premium stretch fiber, 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 PET bottle shrink labels
(styrenic copolymer)

17 Food storage bags and containers

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

19 Suit linings
(cupro fiber)

20 Defibrillators

21 Medical devices
(dialyzers, therapeutic apheresis devices)

22 Prescription drugs
Diagnostic reagents
Drug manufacture
(virus removal filters)

23 Shampoo
(low-irritation surfactant)

Dispenser bottles
(polyethylene)

24 Innerwear
(cupro fiber)

25 Facial mask
(cupro nonwoven fabric)

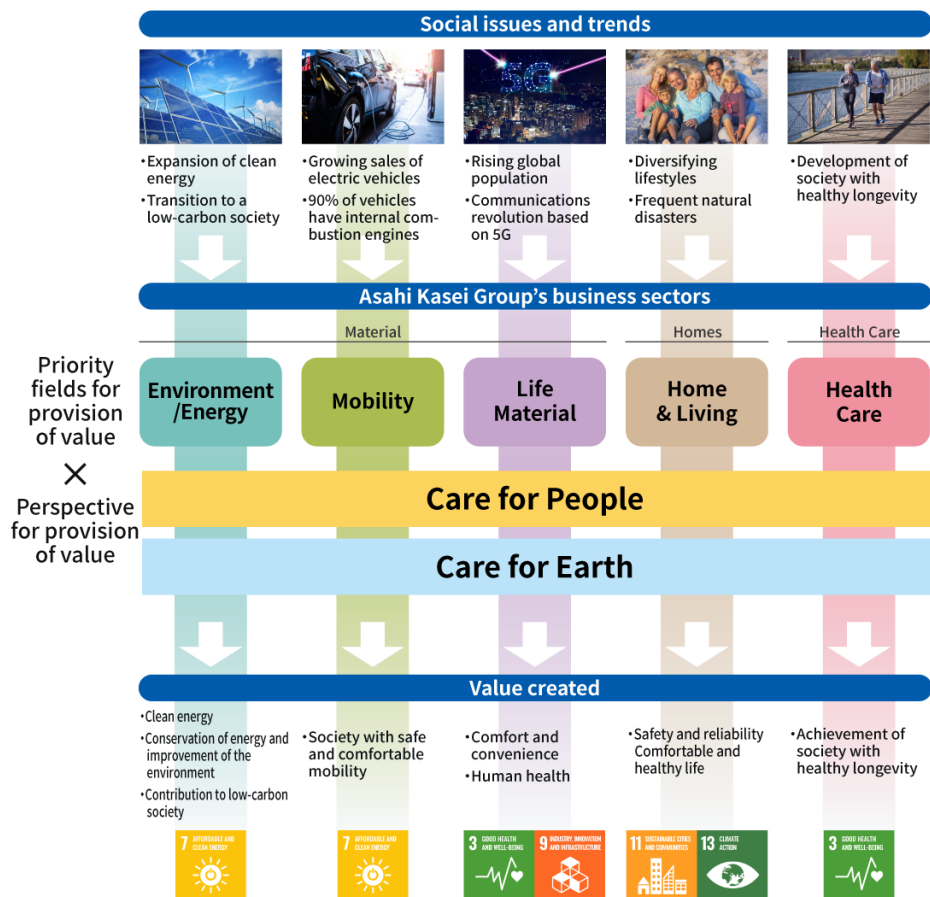
26 Skin care products
(cosmetics raw materials)

Contribution through Business Activities



The Asahi Kasei Group launched the "Cs+ for Tomorrow 2021" three-year medium-term management initiative centered on sustainability in fiscal 2019. In order to contribute to building a sustainable society, Asahi Kasei will continue contributing to the solutions of diverse social issues through our business activities.

In our medium-term management initiative, we expressed the stance of the Asahi Kasei Group, which will continue contributing to sustainable development for people and the Earth going forward, in the phrase "Care for People, Care for Earth." With this as a perspective on the provision of value that is shared throughout our business activities, we will create new value that leads to a sustainable future in diverse locations and fields.



Areas of Contribution and Business Examples

* Under development

Priority fields for provision of value		Care for People	Care for Earth
Material	Environment & Energy		<p>Clean energy</p> <ul style="list-style-type: none"> • Battery separators <ul style="list-style-type: none"> > Hipore™ □ > Celgard™ □ > Daramic™ □ > Alkaline water electrolysis system (green hydrogen)* □ <p>Conservation of energy and improvement of the environment</p> <ul style="list-style-type: none"> > CO₂ sensors □ > Water filtration modules □ > Ion-exchange membranes □ <p>Contribution to low-carbon society</p> <ul style="list-style-type: none"> • Next-generation CO₂ chemistry* • New CO₂ separation and recovery system*
	Mobility	<p>Safety and reliability</p> <ul style="list-style-type: none"> > Airbag material □ > Alcohol sensor □ • Contactless pulse sensing* <p>Comfortable space</p> <ul style="list-style-type: none"> > Lamous™ artificial suede □ • Low VOC material > Air conditioning CO₂ sensors □ 	<p>Fuel efficiency</p> <ul style="list-style-type: none"> > S-SBR for tires □ • Weight-saving materials > Daramic™ lead-acid battery separator □ <p>EV/HEV</p> <ul style="list-style-type: none"> • Lithium-ion battery (LIB) separators <ul style="list-style-type: none"> > Hipore™ □ > Celgard™ □ • LIB-related materials

Priority fields for provision of value		Care for People	Care for Earth
	Life Material	<p>Comfort and convenience</p> <ul style="list-style-type: none"> ➤ Disposable diaper material ☐ • 5G-related (glass fabric, etc.) ➤ Regenerated cellulose fiber ☐ <p>Health</p> <ul style="list-style-type: none"> • Pharmaceutical and food additives ➤ UVC LEDs for disinfection ☐ 	<p>Food loss reduction and low environmental impact</p> <ul style="list-style-type: none"> • Saran Wrap™ • Ziploc™ ➤ Water-washable printing plates ☐
Homes	Home & Living	<p>Safety and reliability/Comfort and health</p> <ul style="list-style-type: none"> • Hebel Haus™ unit homes • Hebel Maison™ apartment buildings • High-quality pre-owned Hebel Haus™ homes 	<p>Contribution to the environment</p> <ul style="list-style-type: none"> ➤ Net zero energy houses/solar power generation systems, etc. ☐ ➤ High-performance insulation ☐
Health Care	Health Care	<p>Acute conditions (critical care and circulatory)</p> <ul style="list-style-type: none"> ➤ Recomodulin™ anticoagulant ☐ ➤ Thermogard System™ ☐ ➤ Therapeutic apheresis ☐ ➤ LifeVest™ wearable defibrillator ☐ • Myocardial infarction and cerebral infarction* <p>Chronic conditions (orthopedics and dialysis)</p> <ul style="list-style-type: none"> ➤ Teribone™ osteoporosis therapy ☐ ➤ Reclast™ osteoporosis therapy ☐ ➤ Kevzara™ rheumatoid arthritis therapy ☐ ➤ Dialysis products ☐ • Autoimmune disease, pain relief* <p>Provision of safe biopharmaceuticals</p> <ul style="list-style-type: none"> ➤ Planova™ virus removal filters ☐ ➤ Bioprocess equipment ☐ 	

The Asahi Kasei Group's Environmental Contribution Products

Our Initiatives

Description of Environmental Contribution Products

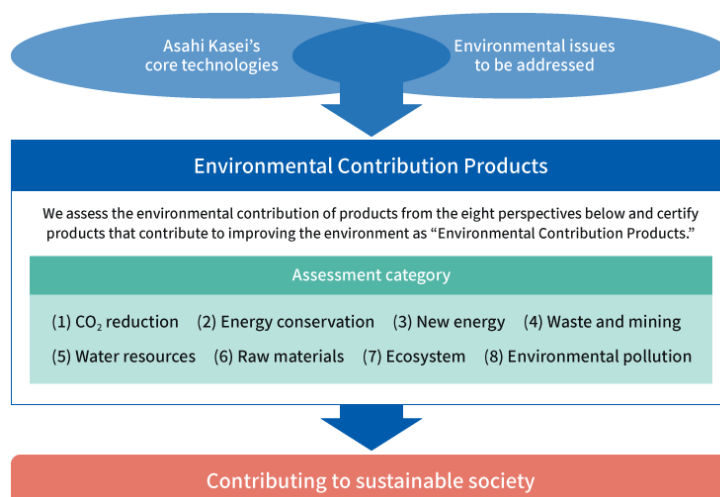
What are Environmental Contribution Products?

Under "Cs+ for Tomorrow 2021," our medium-term management initiative, the Asahi Kasei Group is striving for sustainable society based on the concept "Care for People, Care for Earth."

For sustainable society, we believe it is important to develop products and businesses that contribute to reducing the impact of society on the environment in addition to reducing emissions, such as greenhouse gases, at the Group's production sites. The Asahi Kasei Group defines products that contribute to the improvement of the environment over the entire life cycle when compared with products considered to be the standard in the current market and products that contribute to the improvement of the environment when compared with our existing products as Environmental Contribution Products.

The Asahi Kasei Group assesses its products for environmental impact over the entire life cycle (Life Cycle Assessment: LCA). In the past, we have defined and certified products that can contribute to CO₂ reduction at the product use stage as global warming conscious products. In view of recent demand for contribution to reducing greenhouse gas emissions from an LCA perspective and the growing importance of reducing environmental impacts in areas other than greenhouse gases, such as risks to water, the Asahi Kasei Group formulated Guidelines for Environmental Contribution Products* in January 2019 in a revision of the contribution of products to reducing environmental impact including CO₂.

* In preparing the guidelines, we referred to Guidelines for Assessing the Contribution of Products to Avoided Greenhouse Gas Emissions, The Institute of Life Cycle Assessment, Japan, Guideline for Calculating the Reduction in CO₂ Emissions, Japan Chemical Industry Association, Guideline for Quantifying GHG Emission Reduction Contribution, Ministry of Economy, Trade and Industry, and other reference materials.

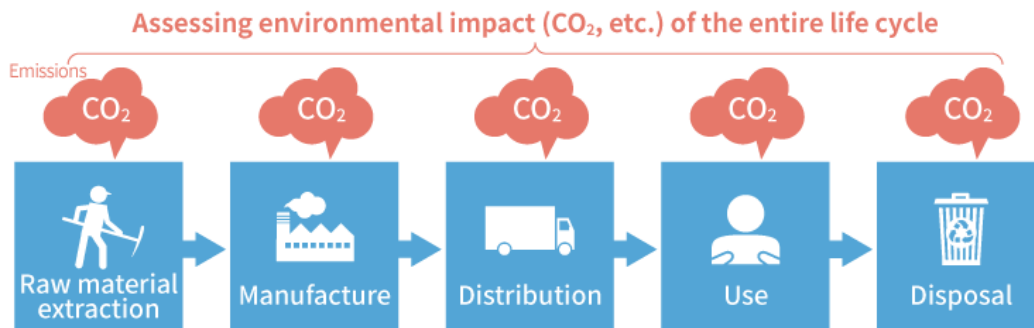


In making the abovementioned calculations, we use MiLCA, an LCA tool provided by the Japan Environmental Management Association for Industry.

What is Life Cycle Assessment (LCA)?

Although CO₂ 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 improving the environment by reducing environmental impact, including CO₂, during use considering the entire product life cycle, such as contributions to energy conservation.

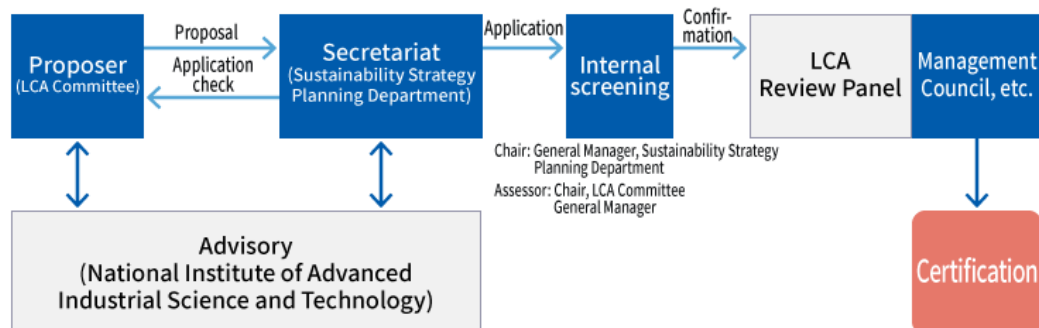
The evaluation of the environmental impact of products over their entire life cycle is Life Cycle Assessment (LCA).



Internal Certification Process

Strategic business units and core operating companies propose products for internal certification. The Asahi Kasei Group receives advice from a third-party organization on the suitability of the environmental contribution calculation methodology and approach from an LCA perspective for the proposed products, and defines products that have been internally certified as Environmental Contribution Products.

We also receive advice on the appropriateness of the calculations of contributions to reductions from outside experts when reviewing certifications.



LCA Review Panel (held on July 1, 2020)

Chair: Atsushi Inaba (Chief Director of Japan Life Cycle Assessment Facilitation Centre (LCAF))

Members: Kensuke Kobayashi (Associate Professor, Prefectural University of Hiroshima)
Keigo Matsuda (Associate Professor, Yamagata University)
Hiroyuki Uchida (Senior Consultant, Mizuho Information & Research Institute, Inc.)



(Reference) Fiscal 2019 meeting

At the LCA Review Panel, Asahi Kasei Group personnel explain the details of calculations and receive comments and advice from the outside experts on the suitability of the establishment of baselines and the approach to contribution to reductions.

We held the event remotely in fiscal 2020 as a measure for preventing COVID-19 infection.


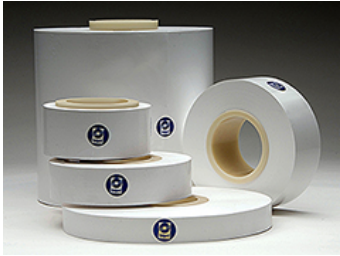


The Asahi Kasei Group's Environmental Contribution Products





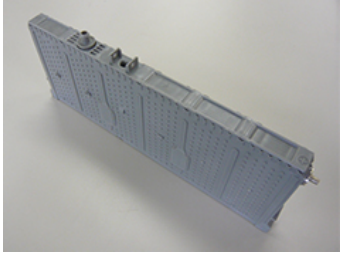





Our Initiatives

















Description of Environmental Contribution Products






Description of Environmental Contribution Products

Contributing to Resource and Energy Conservation for Customers




Product name	Reason for certification	SDGs contributed to
<p>Lithium-ion battery (LIB) separators</p>  <p>> Hipore™</p>  <p>> Celgard™</p>	<p>The separator is one of the four main components (cathode, anode, electrolyte, and separator) that make up the batteries (LIBs) for electric vehicles (EV/HEV/PHEV).</p> <p>As a result of their growing popularity, electric vehicles are contributing to a reduction in CO₂ during driving, compared with gasoline vehicles. Improving the battery performance (extending range and ensuring safety) is essential to the popularization of electric vehicles, and our development of separator technology is playing a part in this.</p>	 

Product name	Reason for certification	SDGs contributed to
 <p>➤ Ion-exchange membrane process for salt electrolysis</p>	<p>Caustic soda and chlorine are manufactured through the electrolysis of brine. The methods of electrolysis are the mercury process, the diaphragm process and the ion-exchange membrane process. The ion-exchange process is an environmentally-friendly method that does not use mercury or asbestos. Asahi Kasei is the only manufacturer in the world that manufactures and sells ion-exchange membranes, electrolytic cells, and electrodes, and boasts the top share of the global market. We have engaged in continual development to enable electrolysis using even less electricity, and our latest ion-exchange membrane grade has the lowest power consumption (compared with Asahi Kasei products: approximately 2% less than the current grade).</p>	  
 <p>➤ Xyron™ lightweight resin (Electric vehicle battery module materials)</p>	<p>Xyron™, a type of engineering plastic, is an environmentally-friendly material with non-halogen flame retardance and reduction of resin usage due to its low specific gravity. Its properties also include dimensional precision, mechanical strength, and resistance to electrolyte solution. Widely used for electric vehicle battery packs and modules, it has played a major role in the spread of electric vehicles.</p>	 
 <p>➤ ASACLEAN™</p>	<p>ASACLEAN is a cleaning agent (purging agent) for use in plastic molding machines. At plastic molding work sites, when switching between production of different colors and resin types, it is necessary to keep the materials flowing to a certain extent, which inevitably results in loss. By using ASACLEAN during the production switching process, it is possible to make the switch using about 1/3 to 1/10 the amount compared to not using ASACLEAN, which contributes to conserving resources and reducing CO₂ by decreasing plastic waste.</p>	 


Product name	Reason for certification	SDGs contributed to
 <p>➤ Elastomer for Asphalt Modification</p>	<p>This product is used as an additive for the modified asphalt used in road surfaces.</p> <p>This original elastomer specially designed by Asahi Kasei can improve road durability and decrease the frequency of maintenance and repairs.</p>	 
 <p>➤ CO₂ Sensor</p>	<p>This compact, highly accurate, energy-saving gas sensor can detect the concentration of CO₂ in the air. Equipping this product to industrial air-conditioning systems and optimizing the amount of ventilation while monitoring the CO₂ density will contribute to reductions in power consumption for air conditioning.</p>	 
 <p>➤ S-SBR synthetic rubber for fuel-efficient tires</p>	<p>S-SBR is used for the tread (the part in contact with the road) on passenger vehicle tires. Based on the development of original technology, it balances low fuel consumption and braking performance of tires at a high level, contributing to dramatically increasing the fuel efficiency of automobiles.</p>	 
 <p>Hebel Haus™</p>  <p>Hebel Maison™</p>	<p>Long Life Homes and Net Zero Energy Houses: Compared with regular housing, our homes contribute to reduction of CO₂ during manufacture of all components and construction by meeting the standards for Net Zero Energy Houses, which balance household energy usage at zero or lower through power generation, advanced insulation, and energy conservation, and providing Long Life Home products with a basic structural life of at least 60 years.</p>	    


Product name	Reason for certification	SDGs contributed to
 <p>➤ Neoma Foam™ Insulation Material</p>	<p>This product boasts top-class insulating performance, providing high insulation even with little thickness and maintaining its insulating properties for long periods of time.</p> <p>In addition, this insulation material is eco-friendly in a variety of ways, such as by being the first in the industry to succeed in not using any CFC or CFC substitutes as foaming gases.</p>	   

Contributing to Value Chains

Product name	Reason for certification	SDGs contributed to
<p>Manufacturing process for acrylonitrile</p> 	<p>Acrylonitrile, which is the raw material for ABS resin and acrylic fiber, is manufactured by making propylene (or propane) react with ammonia using a catalyst.</p> <p>Asahi Kasei has continually developed catalysts that enable the efficient manufacture of acrylonitrile from less raw materials.</p> <p>Asahi Kasei's catalysts can not only reduce raw material consumption compared with manufacturing acrylonitrile using other, ordinary catalysts (in the model case) but can also reduce emissions of by-products, particularly CO₂, and the CO₂ emissions associated with waste processing. These catalysts, therefore, make a significant contribution to the manufacture of acrylonitrile with a low environmental impact.</p>	 

Other Environmental Contribution Products

- Contributes to resource and energy conservation for customers
 - Mass water filtration module "Microza™" 

- Use of materials with low environmental impact
 - "Bio-PLA Nonwoven Fabric ECORISE™"  (for coffee cartridges)
 - "Biogreen Promax™" (for plastic cups)

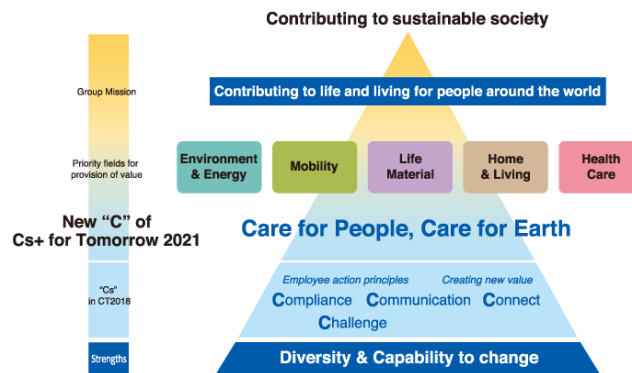
Sustainability at the Asahi Kasei Group

Basic Approach

The Asahi Kasei Group has set "contributing to life and living for people around the world" as our Group Mission, and we have grown through repeated contribution to solving social issues. Our commitment to solving social issues has been a constant ever since our company was founded with the aim of "improving human culture."

Today, discussions aimed at achieving "sustainable society" are taking place around the world. Since the challenge of a "sustainable society" is a challenge that concerns people and the global environment, the Asahi Kasei Group believes that the pursuit of "living in health and comfort" and "harmony with the natural environment" set out in our Group Vision will lead to "sustainable society."

In "Cs+ for Tomorrow 2021," our new three-year medium-term management initiative, launched in fiscal 2019, we expressed the stance of the Asahi Kasei Group, which will continue contributing to sustainable development for people and the Earth going forward, in the phrase "Care for People, Care for Earth." This expresses the approach to sustainability that the Asahi Kasei Group aims for. The mission of the Asahi Kasei Group is to continue proactively contributing to the world as a leader in solving social issues, carrying on the commitment we have had since the founding of our company.



"Enhancing sustainable growth of corporate value" in conjunction with "contributing to sustainable society" is also important. "Contributing to sustainable society" produces business profit, which enhances the corporate value of the Asahi Kasei Group. Enhancing corporate value will lead in turn to further "contribution to sustainable society" through business development. Sustainability for Asahi Kasei means achieving the two mutually reinforcing aspects of sustainability, "contributing to sustainable society" and "enhancing sustainable growth of corporate value."



➤ Contribution through Business Activities

Management Configuration

Actions for sustainability throughout the Asahi Kasei Group are guided by our Sustainability Committee in coordination with the more specialized Risk Management & Compliance Committee and Responsible Care Committee which implement individual projects.

All three of these committees are chaired by the President of Asahi Kasei. Our Global Environment Committee, chaired by the Executive Officer for Technology Functions, holds specialized discussions on global environmental measures as a subcommittee of the Sustainability Committee.



Framework for Sustainability Strategy (as of September 1, 2020)

Message from the General Manager, Sustainability Strategy Planning Department

Since the start of our medium-term management initiative in fiscal 2019, the Sustainability Strategy Planning Department, a department dedicated to Group-wide sustainability, has been promoting relevant efforts.

Conventionally, when it came to expanding our corporate value, we tended to focus on the financial aspects, such as sales and profits. However, we believe that addressing the non-financial aspects as well, such as what to do and how to go about doing it, is what ultimately leads to the true expression of corporate value.

In the past one to two years, there has been a marked increase in awareness regarding problems of greenhouse gases, plastic waste, and other issues related to achieving harmony between the development of human society and the global environment. In addition, initiatives for issues related to the "S" in "ESG," such as human rights and a sound supply chain, have become even more essential. The spread of COVID-19 has presented our society with yet another major issue as well. With this wide range of significant issues in mind, Asahi Kasei will focus on sustainability to figure out what it can do to help achieve a sustainable society, then take decisive action. We will strive to listen to the views of all of our stakeholders so that we can earn society's trust and meet its expectations as a company that creates value.

Tatsuhiko Tokunaga

General Manager, Sustainability Strategy Planning Department

Asahi Kasei Corp.

Asahi Kasei Group effort for the SDGs

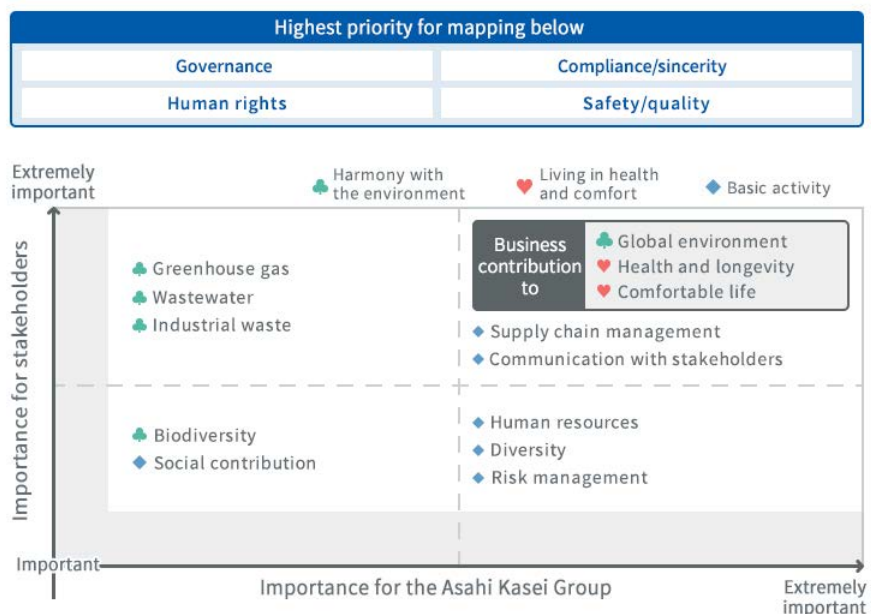
The 2030 Agenda for Sustainable Development was adopted by the UN Sustainable Development Summit in September 2015. The agenda includes 17 Sustainable Development Goals (SDGs) and 169 targets such as ending poverty and inequality, and taking action on climate change.

The Asahi Kasei Group contributes to achievement of the SDGs through diverse businesses that provide new value to society by enabling its Group Vision of "living in health and comfort" and "harmony with the natural environment."








Materiality

In fiscal 2017 the Asahi Kasei Group organized the priority issues and themes it aims to address and designated these as the materiality of the Asahi Kasei Group. We have organized our activities according to the demands of society and indicated the items of the highest importance to stakeholders and the Asahi Kasei Group, taking into consideration ISO 26000, GRI standards, and the key elements of ESG. We organized the relationships between this materiality and the sustainable development goals (SDGs) as follows. Our Group will advance our initiatives while incorporating the perspectives of various stakeholders.












Materiality List

Theme	Materiality	Related SDGs	Supervising organization (Joint supervision: Sustainability Strategy Planning Department)
Harmony with the environment We position initiatives for the global environment as important issues, and we are working on measures regarding climate change, preservation of biodiversity, development of a recycling-oriented society, and other initiatives. Using our diverse technologies, we will also develop materials and products that contribute to conserving energy and reducing CO ₂ emissions.	Global environment*	 	Each business division and operating company Corporate Research & Development
	Greenhouse gas	 	Corporate ESH
	Wastewater	 	Corporate ESH
	Industrial waste		Corporate ESH
	Biodiversity		Corporate ESH
Living in health and comfort We will contribute to healthy and comfortable lifestyles and affluent living with our distinctive products and technical capabilities.	Health and longevity*	 	Each business division and operating company Corporate Research & Development
	Comfortable life*		Each business division and operating company Corporate Research & Development
Basic activity We will strengthen the base for business development, leading to the creation of new value.	Governance	 	General Affairs
	Compliance /sincerity		General Affairs
	Risk management		General Affairs
	Safety/quality	 	Corporate ESH/Corporate Quality Ensurance
	Human rights	 	Human Resources /Corporate Procurement & Logistics
	Human resources		Human Resources
	Diversity		Human Resources
	Supply chain management		Corporate Procurement & Logistics
	Communication with stakeholders		Investor Relations /Human Resources /General Affairs and others
Social contribution		General Affairs	

* Contribution through business

Participation in initiatives (major initiatives)

 <p>Network Japan WE SUPPORT Global Compact</p>	<p>The Asahi Kasei Group supports the United Nations Global Compact.</p> <p>➤ UN Global Compact </p>
 <p>Business Call to Action (BCtA), a multilateral alliance led by the United</p>	<p>Nations Development Programme (UNDP), challenges companies to advance core business activities that contribute to the achievement of the Sustainable Development Goals (SDGs). Asahi Kasei joined with an initiative to support the fiber industry in India throughout the supply chain for Bemberg™ cupro.</p> <p>➤ Business Call to Action </p>
 <p>Clean Ocean Material Alliance Clean Ocean Material Alliance (CLOMA)</p>	<p>The Clean Ocean Material Alliance (CLOMA) is a platform established to accelerate innovation by strengthening collaboration among a wide range of stakeholders across industry sectors amid a need to implement worldwide initiatives to overcome the marine plastic litter problem, a global-scale challenge.</p> <p>➤ Clean Ocean Material Alliance </p>
<p>White Logistics Movement</p>	<p>The White Logistics Movement is aimed at ensuring stability in logistics needed for people's daily lives and industrial activity and contributing to economic growth in response to the truck driver shortage, which continues to intensify. The Ministry of Land, Infrastructure, Transport and Tourism, the Ministry of Economy, Trade and Industry, and the Ministry of Agriculture, Forestry and Fisheries are the advocates of the movement. Asahi Kasei has made a statement of voluntary action endorsing the movement and is working to improve logistics.</p> <p>➤ White Logistics Movement portal site (in Japanese) </p>
<p>Challenge Net Zero Carbon Innovation (Challenge Zero)</p>	<p>Challenge Zero is an initiative promoted by the Japan Business Federation (Keidanren) in coordination with the Japanese government to support companies and groups in their efforts to achieve a decarbonized society.</p> <p>Asahi Kasei supports this initiative and has announced specific efforts and policies:</p> <p>➤ Challenge Zero </p>
<p>Keidanren Biodiversity Declaration Initiative</p>	<p>The Keidanren Biodiversity Declaration Initiative is a support effort by the Japan Business Federation (Keidanren) to promote autonomous, active efforts by companies to partake in biodiversity preservation activities, with the aim of achieving harmony between the environment and the economy.</p> <p>Asahi Kasei supports this initiative and has announced specific efforts and policies:</p> <p>➤ Keidanren Biodiversity Declaration Initiative (in Japanese) </p>

Membership in organizations (main organizations)

Name of organization	Asahi Kasei's role
Japan Business Federation (Keidanren)	Vice Chair of Board of Councillors Chair of Committee on Environment and Safety, Chair of Committee on Social Security
Japan Chemical Industry Association (JCIA)	Vice Chairman

Relationships with Stakeholders

Our business operations depend on relationships of trust with our stakeholders. We believe that corporate value is raised by understanding the requirements and meeting the expectations of various stakeholders such as customers, suppliers, shareholders, investors, the general public, local communities, and employees.

We provide many opportunities for communication to enable our business operations to be improved through dialog with stakeholders.

Communication with stakeholders

Main stakeholders	Basic premises	Main opportunities for communication
Customers	We believe that it is by maintaining customer satisfaction and providing reliable and enjoyable products and services that we contribute to society.	<ul style="list-style-type: none"> • Face-to-face discussion by marketing and sales personnel • Taking inquiries via telephone, website, etc.
Shareholders and investors	We strive to disclose information in a timely and fair manner to enable our domestic and international investors to gain an accurate understanding of the Asahi Kasei Group.	<ul style="list-style-type: none"> • Meeting with securities analysts and institutional investors • Seminars for individual investors • Website disclosure of information • Taking inquiries via telephone, website, etc.
Suppliers	A relationship of mutual trust with our suppliers is fostered through fair and principled purchasing practices based on regulatory compliance and respect for the environment and human rights.	<ul style="list-style-type: none"> • Safety discussion forums • CSR surveys • Compliance hotline (whistleblower system)
Local communities and the general public	We work to honor and respect the local culture of each community where our operations are based, and to maintain effective dialog and communication with community members.	<ul style="list-style-type: none"> • Periodic community dialog meetings • Community outreach initiatives

Main stakeholders	Basic premises	Main opportunities for communication
Employees	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.	<ul style="list-style-type: none"> • Training and interviews • Discussion and interaction with management • Internal magazine and intranet • Compliance hotline

External evaluation

Inclusion in socially responsible investment indexes

Continuing from 2019, in 2020 our company was selected as a component stock for the FTSE4Good Index Series and FTSE Blossom Japan Index, which are stock indexes used by the Government Pension Investment Fund (GPIF) for investments related to ESG. In addition, we were also selected as a component stock in the MSCI Japan ESG Select Leaders Index, the MSCI Japan Empowering Women Index (WIN), and the S&P/JPX Carbon Efficient Index, which are also used by the GPIF as ESG investment indexes.

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



2020 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX

2020 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)



Selected as "A-" company by CDP in the "climate change" and "water security" categories

In the CDP's survey for 2019, our company was selected as an "A-" (A minus) company in the "climate change" and "water security" categories. This was the fifth consecutive year we received an evaluation of A- for climate change (fiscal 2015 to fiscal 2019) and the first year we received it for water security.

Asahi Kasei Group's Responsible Care Program

Responsible Care

RC represents the commitment and initiative to secure and improve safety and environmental protection at every step of the product life cycle through the individual determination and responsibility of each firm producing and handling chemical products, together with measures to gain greater public trust through disclosure and communication. RC was conceived in Canada in 1985 and was strengthened on a global scale with the establishment of the International Council of Chemical Associations (ICCA) in 1989. 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.

The Asahi Kasei Group implements RC initiatives in all business sectors, including the chemical and electronics fields of the Material business sector, the construction materials field of the Homes business sector, and the medical devices and pharmaceuticals fields of the Health Care business sector. This is one of our unique features.



Responsible Care at the Asahi Kasei Group

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

Message from the Executive for RC

Asahi Kasei started the three-year Medium-term Management Initiative "Cs+ for Tomorrow 2021" emphasizing sustainability in FY2019. We aim to raise our corporate value by implementing various measures to achieve our business targets as well as by contributing to a sustainable society as indicated by the SDGs.

The current 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 ensure the stable provision of solutions that our customers can rely on while focusing on the three fundamental "actuals" of the actual place, actual thing, and actual fact, with active connections inside and outside the company to further heighten RC.

We regard RC as a most crucial management issue, and to raise our corporate value for our various stakeholders we work to achieve our annual RC objectives while advancing RC activities from a broader perspective, reinforcing R&D to provide solutions to global warming and other environmental issues.



Shigeki Takayama
Representative Director,
Vice-Presidential Executive
Officer
Asahi Kasei Corp.

Policy

RC at the Asahi Kasei Group is guided by the following principles.

Asahi Kasei Group RC Principles

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

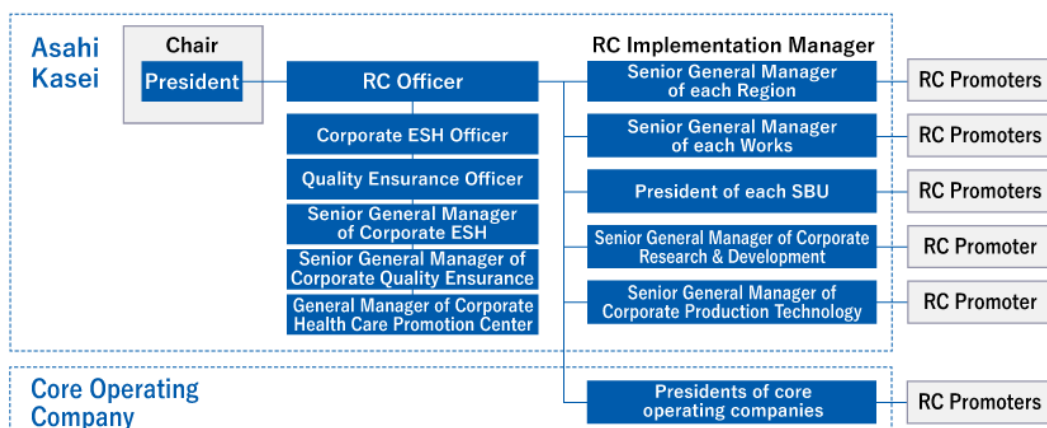
Management framework

The management system of Asahi Kasei Group RC is maintained in accordance with our Group RC Management Guidelines and other internal standards. The Responsible Care Committee (referred to as the RC Committee below) has been established under the direct control of the President to deliberate concerning plans and their results. This committee also cooperates with the Sustainability Committee, which promotes sustainability across the Group. In addition, the RC Promotion Council sub-committee gathers regularly, and RC initiatives are continuously improved with the repetition of Plan-Do-Check-Act (PDCA) cycles at the Regions and Works*, business units, and Group-wide.

Concerning RC management systems, 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) has been adopted for workplace safety, hygiene, and health.

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

RC Committee Management Organization



RC Committee/RC Promotion Council

RC Committee	Chair	Asahi Kasei President
	Committee members	Asahi Kasei RC Officer, Asahi Kasei Corporate ESH Officer, Asahi Kasei Corporate Quality Assurance Officer, Asahi Kasei RC Implementation Manager, Asahi Kasei Senior General Manager of Corporate ESH, Asahi Kasei Senior General Manager of Corporate Quality Assurance, General Manager of Corporate Health Care Promotion Center, Core Operating Company RC Implementation Manager
	Observers	Asahi Kasei Corporate Auditors, persons designated by the Committee Chair
	Secretariat	Corporate ESH (Corporate Quality Assurance)
	Frequency of Meetings	Once per year
RC Promotion Council	Chair	Asahi Kasei RC Officer
	Committee members	Asahi Kasei Corporate ESH Officer, Asahi Kasei Corporate Quality Assurance Officer, Asahi Kasei Senior General Manager of Corporate ESH, Asahi Kasei Senior General Manager of Corporate Quality Assurance, General Manager of Corporate Health Care Promotion Center, Asahi Kasei RC Promoter, Core Operating Company RC Promoters
	Secretariat	Corporate ESH (Corporate Quality Assurance)
	Frequency of Meetings	4 times per year

Organizations implementing Responsible Care

[Japan]

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.	-	Explosive devices	
	Sakai	Construction Materials	Asahi Kasei Construction Materials Corp.	Sakai Plant	Autoclaved aerated concrete panels	
			Sakai Kako Co., Ltd.	Neoma Foam Plant	Phenolic foam insulation panels	
			Construction Materials R&D Dept.	Improvement of construction materials and development of new products		
				-	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 Corp.	Chiba Plant	Acrylic resin and polystyrene resin	
				Compound Prod. Control Dept.	Development of compound production technology, support for processing facilities	
				Xyron Dev. Dept., Leona Plastics Dev. Dept.	Applied research for performance plastics and plastic processing	
				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 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 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	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 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, elastomer, utilities (electricity, steam, water)	
				Acrylic Plastics Prod. Dept.	Acrylic resin, acrylic sheet	
				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	
		R&D	Asahi Kasei Corp.	Clean Energy Project	Development of water electrolysis system	
				Performance Polymers Tech. Ctr.	Development of performance polymer, resin processing technology, application development	
			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	R&D	Asahi Kasei Corp.	Informatics Initiative	Business support by informatics, promotion of digital transformation	
		Homes	Asahi Kasei Jyuko Corp.	Atsugi Prod. Dept.	Assembly of steel frames and processing of insulation for homes	
Shizuoka	Fuji	Chemicals	Asahi Kasei Corp.	Microza Plant	Filtration membranes and modules	
				Fuji Power Supply Dept.	Utilities (electricity, steam, water)	
				Housing Tech. R&D Labs.	R&D to actualize and advance the Long Life Home	
		Homes	Asahi Kasei Homes Corp.	-	-	
			Asahi Kasei Pharma Corp.	Fuji Pharmaceuticals Plant	Bulk pharmaceuticals	
		Health Care	Asahi Kasei Medical Co., Ltd.	Bioprocess Div./Product Dev. Dept.	Development of filters and absorbents for separation and purification in manufacture of biopharmaceuticals	
			Asahi Kasei Corp.	Photoproducts Plant	Liquid photosensitive resin, photosensitive printing plates	
		Electronics	Asahi Kasei Corp.	Electronics Materials Plant	Photosensitive polyimide production and development	
				Fuji 2nd Plant	Photosensitive dry film, fuel cell materials	
				WGF Project	Optical materials and components	
				R&D Planning and Business Dev.	Development of products in the Material sector	
				UVC Project	Development of UVC LEDs	
				Corporate Production Tech.	Design/construction/development of facilities, inspection/maintenance, development of information systems	
				R&D units	Development of products in the Material sector	
				Asahi Kasei Microdevices Corp.	R&D Ctr.	R&D for compound semiconductors
			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 Create Co., Ltd.	-	-	Insurance agency	
		Asahi Kasei Amidas Co., Ltd.	-	-	Training, consulting, personnel placement	
Asahi Kasei Ability Corp.		-	-	Delivery of mail, guidance for obtaining qualifications and training		
Asahi Kasei Benefits Management Corp.		-	-	Management of benefits		
R&D	Asahi Kasei Corp.	R&D Ctr.	Medium to long term R&D, advancement of synergy and creation of new business			
		Healthcare R&D Ctr.	Health Care sector R&D (diagnostic reagents, regenerative medicine, etc.)			
		Performance Materials Tech. Ctr.	R&D for technologies and products related to Performance Materials			
		Analysis & Simulation Ctr.	Analysis and computer simulation			
		Ohito Pharmaceuticals Plant	Pharmaceutical intermediates			
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	

Prefecture	Location	Business category	Company	Plant, laboratory, or department	Main products/business line	
Shiga	Moriyama	Chemicals	Asahi Kasei Corp.	Moriyama Power Supply Dept.	Utilities (electricity, steam, water)	
			Asahi Kasei Corp.	Spunbond Plant	Spunbond	
		Fibers	Asahi Kasei Corp.	Roica Plant	Elastic polyurethane filament	
			Asahi Kasei Corp.	R&D Lab. for Applied Product	Apparel and industrial functional textiles R&D	
			Asahi Kasei Corp.	Hipore Plant	Microporous membrane	
		Electronics	Asahi Kasei Corp.	Electronics Materials Prod. Dept.	Photosensitive polyimide	
			Asahi-Schwebel Co., Ltd.	Hipore R&D Dept.	Development of electronic and energy-related materials	
			Asahi Kasei Amidas Co., Ltd.	Moriyama Plant	Glass fabric	
		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	
Takashima	Higashiomi	Material	Asahi Kasei Corp.	Aibano Branch	Metal cladding	
		Homes	Asahi Kasei Jyuko Co., Ltd.	Shiga Plant	Steel frames, roofing, insulation, opening panels	
Mie	Suzuka	Chemicals	Asahi Kasei 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 Corp.	Wakayama Plant	Acrylic latex	
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 Corp.	Monomers Prod. Dept. 1	Cyclohexanol, cyclohexane, cyclohexene, pyrolysis gasoline	
			Asahi Kasei Corp.	Monomers Prod. Dept. 2	Acrylonitrile, methacrylonitrile, acetonitrile, styrene, polycarbonatediol	
			Asahi Kasei Corp.	Polymers Prod. Dept. 2	High density polyethylene, low density polyethylene, polyacetal	
			Asahi Kasei Corp.	Polyolefins Development Dept.	R&D on polyolefins	
			Asahi Kasei Corp.	Tenac Dev. Dept.	R&D on polyacetal	
		Asahi Kasei Corp.	Power Supply Dept.	Utilities (electricity, steam, water)		
		R&D	Asahi Kasei Corp.	Chemistry & Chemical Process Lab.	Research on chemical processes and functional products	
Others	PS Japan Corp.	Mizushima Plant	Polystyrene			
	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	
Fukuoka	Chikushino	Chemicals	Asahi Kasei Corp.	Chikushino Plant	Metal cladding	
Oita	Oita	Chemicals	Asahi Kasei Corp.	Oita Plant	Defense explosives	
			Japan Elastomer Co., Ltd.	Oita Plant	Synthetic rubber, elastomer	
			Asahi Kasei Medical MT Corp.	Sepacell Plant	Leukocyte reduction filters	
		Health Care	Asahi Kasei Medical MT Corp.	Planova Oita Plant	Virus removal filters	
			Asahi Kasei Medical MT Corp.	Dialysis Products Plant	Artificial kidneys and other medical devices	
			Asahi Kasei Medical MT Corp.	Therapeutic Apheresis Plant	Therapeutic apheresis devices	
Kumamoto	Amakusa	Fibers	Kyuasa Co., Ltd.	-	Stockings and underwear	
Yatsushiro	Others	Asahi Kasei Advance Corp.	Yatsushiro Chemical Center	Storage of caustic soda		
Miyazaki	Nobeoka/Hyuga	Chemicals	Asahi Kasei Corp.	Atago Plant	Nitric acid, caustic soda, chlorine, hydrochloric acid, vinylidene chloride resin and latex	
			Asahi Kasei Corp.	Electrolysis Systems Tech. Dept.	Electrolyzers for chlor-alkali	
			Asahi Kasei Corp.	Ceolus Plant	Microcrystalline cellulose	
			Asahi Kasei Corp.	Leona Plastics & Materials Plant	AH salt, adipic acid, hexamethylenediamine, polyamide 66	
			Asahi Kasei Corp.	Fastening Prod. Planning & Tech. Dept.	Resin anchors	
			Asahi Kasei Corp.	Hyuga Chemicals Plant	Coating materials	
			Asahi Kasei Corp.	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	
			Asahi Kasei Finechem Co., Ltd.	Nobeoka Pharmaceuticals Plant	Bulk pharmaceuticals	
			Kayaku Japan Co., Ltd.	Tohmi Plant	Industrial explosives	
		Health Care	Asahi Kasei Medical Co., Ltd.	Detonator Plant	Detonators	
			Asahi Kasei Medical Co., Ltd.	Medical Tech. and Materials Lab.	R&D for medical materials	
			Asahi Kasei Medical MT Corp.	Tsunetomi Plant	Artificial kidneys and other medical devices	
			Asahi Kasei Medical MT Corp.	Okatomi Plant	Artificial kidneys and other medical devices	
		Fibers	Asahi Kasei Corp.	Asahi Kasei Corp.	Planova Plant	Virus removal filters
				Asahi Kasei Corp.	Leona Filament Plant	Nylon 66 filament
				Asahi Kasei Corp.	Bemberg Plant	Cuprammonium rayon, nonwoven cellulose filament
				Asahi Kasei Corp.	Nonwovens Plant	Artificial suede, melt-blown and spunlace nonwovens
				Asahi Kasei Corp.	R&D Lab. for Fibers & Textiles Tech.	R&D for new fibers
				Asahi Kasei Corp.	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 Corp.	Asahi Kasei Corp.	Hipore Hyuga Plant	Microporous membrane
				Asahi Kasei Microdevices Corp.	Fab 1	Hall elements
				Asahi Kasei Microdevices Corp.	Fab 2	LSIs
				Asahi Kasei Microdevices Corp.	Fab FP	Fine pattern coils
Asahi Kasei Electronics Co., Ltd.	Nobeoka Manufacturing			Magnetic sensors		
Asahi Kasei Microsystems Co., Ltd.	Nobeoka Manufacturing			LSIs		
Asahi Kasei Technosystem Co., Ltd.	Nobeoka Plant			Plant diagnostic and environmental surveillance devices		
Asahi Kasei EMS Co., Ltd.	Nobeoka Plant			Pellicles		
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		
Others	Asahi Kasei Engineering Corp.			Toyto 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)			
	Asahi Kasei Corp.	Fibers & Textiles Tech. Ctr.	R&D for fibers & textiles			
Miyazaki	Others	Asahi Kasei Advance Corp.	Miyazaki Chemical Center	Repackaging sodium hypochlorite and PAC		

[Overseas]

Regions	Countries/Cities	Business category	Company	Main products/business line		
Americas	USA	-	Asahi Kasei America, Inc. Asahi-Kasei Holdings US, Inc.	Business support services Holding company of ZOLL Medical Corporation		
		Chemicals	Asahi Kasei Plastics North America, Inc. Asahi Kasei Plastics America, Inc. Sun Plastech, Inc.	Coloring and compounding of performance resin Compounded performance resin operations Sale of purging compound		
			Electronics	Crystak IS Inc. AKM Semi Conductor, Inc.	Development of aluminum nitride substrates and UVC LEDs Sale of LSIs	
				Homes	Asahi Kasei Homes North America, Inc.	Holding company of housing business
			Health Care	Asahi Kasei Pharma America Corp. Asahi Kasei Bioprocess America, Inc. Asahi Kasei Medical America Inc.	Clinical trials for new drugs Bioprocess equipment and systems Sale of medical devices, medical systems	
		Mexico		Chemicals	Asahi Kasei Plastics Mexico S.A. de C.V.	Sale of performance plastic compounds
		Asia/Oceania	Korea	Chemicals	Tongsoh Petrochemical Corp., Ltd. Asahi Kasei Chemicals Korea Co., Ltd.	Acrylonitrile, sodium cyanide, acrylamide, EDTA Sale of adipic acid
				Electronics	Asahi Kasei E-materials Korea Inc. Asahi Kasei Microdevices Korea Corp.	Lithium-ion battery separator Electronic devices marketing and technical support
					Health Care	Asahi Kasei Medical Trading (Korea) Co. Ltd.
				Taiwan	Fibers	Formosa Asahi Spandex Co., Ltd.
	Electronics				Asahi Kasei Wah Lee Hi-Tech Corp. Asahi-Schwebel (Taiwan) Co., Ltd. Asahi Kasei EMD Taiwan Corp.	Photosensitive dry film Glass cloth Sale of electronic materials
					Chemicals	Asahi Kasei Microza (Hangzhou) Co., Ltd. Hangzhou Asahikasei Spandex Co., Ltd. Hangzhou Asahikasei Textiles Co., Ltd.
Health Care			Asahi Kasei Medical (Hangzhou) Co., Ltd.			Hemodialyzers; sale of medical devices
Guangzhou	Chemicals		Asahi Kasei Plastics (Guangzhou) Co., Ltd.	Sale of performance resin		
Shanghai	-		Asahi Kasei (China) Co., Ltd.	Investment and business support services		
	Chemicals		Asahikasei Plastics (Shanghai) Co., Ltd. Asahi Kasei Performance Chemicals Corp.	Sale of performance resin HDI-based polyisocyanate, polycarbonatediol		
			Fibers	Asahi Kasei Advance (Shanghai) Co., Ltd.	Processing and sale of fibers and textiles	
	Electronics		Asahi Kasei Microdevices (Shanghai) Co., Ltd.	Electronic devices marketing and technical support		
Changshu	Electronics		Asahi Kasei Electronics Materials (Changshu) Co., Ltd.	Photosensitive dry film		
Suzhou	Chemicals		Asahikasei (Suzhou) Plastics Compound Co., Ltd.	Coloring and compounding of performance resin		
	Electronics		Asahi Kasei Electronics Materials (Suzhou) Co., Ltd.	Photosensitive dry film		
Zhangjiagang	Chemicals		Asahi Kasei POM (Zhangjiagang) Co., Ltd.	Polyacetel		
	Health Care		Asahi Kasei Tranfusion Technology Co., Ltd. □	Medical devices		
Beijing	Health Care		Asahi Kasei Pharma (Beijing) Co., Ltd.	Regulatory affairs and business support in China		
Hong Kong	Chemicals		Asahi Kasei Plastics (Hong Kong) Co., Ltd.	Sale of performance resin		
	Fibers		Asahi Kasei Fibers (H.K.) Ltd.	Promotion and marketing of fibers and textiles		
Vietnam	Chemicals		Asahi Kasei Plastics Vietnam Co., Ltd.	Analysis and development of performance plastic parts using CAE technology		
	Homes		Asahikasei Jyuko Vietnam Corp.	Steel-frame members		
Thailand	Chemicals		PTT Asahi Chemical Co. Ltd. Asahi Kasei Plastics (Thailand) Co., Ltd.	Acrylonitrile, methyl methacrylate, etc. Coloring and compounding of performance resin		
			Fibers	Asahi Kasei Spunbond (Thailand) Co., Ltd. Asahi Kasei Advance Thailand Co., Ltd. Thai Asahi Kasei Spandex Co., Ltd.	Spunbond nonwovens Processed yam Spandex	
	Chemicals			Asahi Kasei Synthetic Rubber Singapore Pte. Ltd. Asahi Kasei Plastics Singapore Pte. Ltd. Polyxylenol Singapore Pte. Ltd.	Synthetic rubber Performance resin PPE powder	
				India	-	Asahi Kasei India Pvt. Ltd.
	Australia		Homes	Asahi Kasei Homes Australia Pty.	Holding company of McDonald Jones Homes Group	
Europe	Sweden		Electronics	Senseair AB	Provision of sensing solutions; development, manufacture, and sale of gas sensor modules	
	Germany		-	Asahi Kasei Europe GmbH	Business support services, sale of performance resin	
			Fibers	Asahi Kasei Spandex Europe GmbH	Spandex	
			Electronics	Asahi Kasei Microdevices Europe GmbH	Electronic devices marketing and technical support	
			Health Care	Asahi Kasei Medical Europe GmbH	Sale of medical devices, medical systems	
	Belgium		Electronics	Asahi Kasei Bioprocess Deutschland Asahi Photoproducts (Europe) SA/NV	Technical and sales support of bioprocess equipment Sale of photopolymer, printing-plate making systems	
		Health Care	Asahi Kasei Bioprocess Europe SA/NV	Sale of virus removal filters		
	Italy	Fibers	Asahi Kasei Fibers Italia S.r.l.	Sale of cupro cellulosic fiber and nonwovens		
	United Kingdom	Electronics	Asahi Photoproducts (UK) Ltd.	Sale of photopolymer, printing-plate making systems		

FY2019 RC Objectives and Attainment

★★★Complete ★★Satisfactory ★Unsatisfactory

Common RC

FY2019 RC Objectives	FY2019 Results	Attainment	FY2020 RC Objectives
Develop human resources specializing in environmental safety	<ul style="list-style-type: none"> Strengthen environmental safety staff at the head office Start hiring and training future environmental safety personnel 	★★★	Develop human resources specializing in environmental safety
Cultivate values of safety	<ul style="list-style-type: none"> Maintained safety culture fostering activities with awareness of rule compliance and dialogue in each organization Started considering common safety activities for the Asahi Kasei Group Conducted activities with new employee and career education as important issues 	★★	Cultivate value of safety
Further concentrate on RC education	<ul style="list-style-type: none"> Started trials of visual teaching materials such as VR and video e-learning Started global environment-related education 	★★	Further concentrate on RC education
Support in improving each site (especially domestic independent factories and foreign factories)	<ul style="list-style-type: none"> Maintained support for Chinese factories (compliance with environmental regulations) Maintained education support for overseas factories Maintained risk assessment guidance for domestic independent factories 	★★	Support in improving each site (especially domestic independent factories and foreign factories)

Environment Conservation

FY2019 RC Objectives	FY2019 Results	Attainment	FY2020 RC Objectives
Maintain zero environmental accidents and serious environmental incidents Keep environment incidents (other than freon leaks) to 1 or less	No environmental contamination accidents or serious incidents occurred. 15 environmental incidents occurred (reduced by 2 since FY2018). (2 incidents other than freon leaks occurred.)	★★	Maintain zero environmental accidents and serious environmental incidents Zero environment incidents (other than freon leaks)
Reduce industrial waste: <ul style="list-style-type: none"> Final disposal rate: 0.3% or less Final disposal rate (except for the construction materials business): 0.1% or less Waste plastics consigned to landfill (by FY2021): zero 	Goal reached with final disposal rate of 0.3%. Goal reached with final disposal rate (except for the construction materials business) of 0.1% or less Waste plastics consigned to landfill: 45 tons	★★★	Reduce industrial waste: <ul style="list-style-type: none"> Final disposal rate: 0.3% or less Final disposal rate (except for the construction materials business): 0.1% or less Waste plastics consigned to landfill (by FY2021): zero
Promote preservation of biodiversity <ul style="list-style-type: none"> Expand the "Town Woods" program to all offices (by FY2021) Earn total "Town Woods" point (MMP) of 400MMP 	<ul style="list-style-type: none"> Implement the "Town Woods" program at 27 offices Earn total "Town Woods" point (MMP) of 1090MMP 	★★★	Promote preservation of biodiversity <ul style="list-style-type: none"> Expand the "Town Woods" program to all offices (by FY2021) Earn total "Town Woods" point (MMP) of 1800MMP

Global Environmental Countermeasures

FY2019 RC Objectives	FY2019 Results	Attainment	FY2020 RC Objectives
2030: compared to 2013 Improve GHG emission intensity by 35%	2019 results: compared to 2013 Improved GHG emission intensity by 32%.	★★★	2030: compared to 2013 Improve GHG emission intensity by 35%
Specific energy consumption Improve rate of average of the past 5 years: ▲1%	2019 results (Improve rate of average of the past 5 years): improved ▲6.2%	★★★	Specific energy consumption Improve rate of average of the past 5 years: ▲1%

Operational Safety

FY2019 RC Objectives	FY2019 Results	Attainment	FY2020 RC Objectives
Maintain a record of zero serious industrial incidents	No serious industrial incidents occurred.	★★★	Maintain a record of zero serious industrial incidents
Maintain a record of zero industrial incidents	2 industrial accidents occurred.	★	Maintain a record of zero industrial incidents
Industrial incident intensity of 0.5 or less (average)	Industrial incident intensity: 0.73	★	Industrial incident intensity of 0.5 or less (average)

Workplace Safety and Hygiene

FY2019 RC Objectives	FY2019 Results	Attainment	FY2020 RC Objectives
No serious workplace injuries (*1)	2 serious workplace injuries occurred.	★	No serious workplace injuries
Keep global rate of lost-worktime injuries to 0.25 or less <Domestic>	Global rate of lost-worktime injuries: 0.50 <Domestic>	★	Keep global rate of lost-worktime injuries to 0.25 or less <Domestic>
Achieve rate of lost-worktime injuries of 0.1 or less	• The rate of lost-worktime injuries was 0.44.	★	Achieve rate of lost-worktime injuries of 0.1 or less
Achieve severity rate of lost-worktime injuries of 0.005 or less <Overseas>	• The severity rate of lost-worktime injuries was 0.074. <Overseas>	★	Achieve severity rate of lost-worktime injuries of 0.005 or less <Overseas>
Achieve severity rate of lost-worktime injuries of 1.2 or less	• The rate of lost-worktime injuries was 0.84.	★★★	Achieve severity rate of lost-worktime injuries of 1.0 or less

Health Maintenance

FY2019 RC Objectives	FY2019 Results	Attainment	FY2020 RC Objectives
Reduce the rate of absence due to illness or injury	The rate of absence due to illness or injury increased slightly.	★	Provide opportunities for employees to play an active role, grow and improve their job satisfaction and fulfillment
Reduce the rate of lifestyle-related diseases	The rate of lifestyle-related diseases increased slightly.	★	– Reduce the rate of absence due to mental health
Improve the rate of consultation	Took active efforts in each region.	★★	– Reduce the rate of severe metabolic syndrome
Reduce the rate of absence due to mental health	The rate of absence due to mental health increased slightly.	★	– Reduce the rate of absence due to neoplasm
Promote a completely closed-off indoor smoking area	Explained policy and case studies at various meetings.	★★★	
			Identify health management issues and establish system from FY2021

Quality Assurance

FY2019 RC Objectives	FY2019 Results	Attainment	FY2020 RC Objectives
Maintain zero serious product safety incidents	No serious product safety incidents occurred.	★★★	Maintain zero serious product safety incidents

Management of Chemical Substances

FY2019 RC Objectives	FY2019 Results	Attainment	FY2020 RC Objectives
Maintain zero serious violations of domestic and global laws and regulations	No serious violations of domestic and global laws and regulations occurred.	★★★	Maintain zero serious violations of domestic and global laws and regulations

(*1) Accidental deaths and injuries resulting in permanent damage

RC education and training

In order to ensure the advancement of RC activities, the Asahi Kasei Group conducts practical RC education and training concerning basic knowledge of and theories about RC. The training program applies to all key personnel who implement RC, 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 staff covering general RC activities, employee health, operational safety, environmental protection, and workplace safety. These take place over 4 days, and 73 personnel took part in fiscal 2019.

In addition, aiming to improve the Group's RC level, a training course for assistant chiefs was formally initiated in fiscal 2012 and continues including requested improvements. In fiscal 2019, 163 personnel participated in the 3-day course. We will continue to promote education and training to meet various needs both inside and outside the company.

RC Conference

Our Group holds annual RC Conference, at Asahi Kasei Corp., group companies, and in various regions where we are active. At these symposiums we share information and revitalize RC initiatives by reporting on their status, holding presentations on activities, listening to lectures by experts invited from outside the company, and presenting Safety Awards.

The fiscal 2019 Asahi Kasei RC Conference held in December in the Fuji area drew 630 participants.



Asahi Kasei President Hideki Kobori gives the opening remarks



Representatives of the Safety Award winning department

Environment

The Asahi Kasei Group strives to coexist with the environment and contribute to the achievement of a sustainable society by reducing the environmental impact of our business activities and improving the environment around the world through our businesses.



> Environmental Management

As part of our Responsible Care program, we have developed an environmental management system based on ISO 14001 requirements.



> Climate Change

We implement measures that confront climate change by reducing greenhouse gas emissions and developing innovative technologies.



> Pollution and Natural Resources

We aim to reduce our environmental impact and use natural resources and energy efficiently throughout the entire life cycle.



> Water Resource Preservation

We strive to enhance water use efficiency in our business activities while contributing to the conservation of water resources worldwide.



> Biodiversity

We work towards the sustainable use of biological resources in our business activities while taking biodiversity into account.

Environmental Management

Policy

As expressed in [our Group Vision](#) that includes "harmony with the natural environment," the Asahi Kasei Group places high priority on environmental initiatives. The Group Policy regarding global environmental measures is shown below.

The Asahi Kasei Group's Global Environmental Policy

1. Building a low-carbon society

- (1) Taking into account Japan's Plan for Global Warming Countermeasures and Nippon Keidanren's "Proposal on Japan's long-term growth strategy under the Paris Agreement," the Asahi Kasei Group aims for greenhouse gas emissions related to its business activities to meet reduction targets by 2030.
- (2) The Asahi Kasei Group will promote energy conservation across the full range of our business activities with the aim of preventing global warming and conserving limited resources.
- (3) The Asahi Kasei Group will develop a plan to reduce CO₂ (Scope 3) emissions from its supply chain.
- (4) The Asahi Kasei Group will help create a low-carbon society incorporating our proprietary technologies, contributing to the reduction of global greenhouse gas emissions by providing products, technologies, and services to the global market.

2. Preserving water resources

The Asahi Kasei Group will contribute to preserving global water resources through our water purification membrane module business, water recycling service business, and the sale of water quality monitoring equipment and wastewater treatment products. It will measure the quantity of its water intake while striving to maintain and improve the efficiency of its water usage.

3. 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, it 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 plants

The Asahi Kasei Group will create 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.

Management framework

The Group's global environmental measures are part of our Responsible Care program, and we have established a management system based on ISO 14001 requirements.

See below for the Responsible Care (RC) promotion framework.

- [Asahi Kasei Group's Responsible Care Program](#)

Targets and results

Based on the Asahi Kasei Group's Global Environmental Policy, we promote activities with the following indicators and targets. Regarding climate change measures, we have set greenhouse gas reduction targets to be met by fiscal 2030.

Quantitative indicators and targets of global environmental measures

1. Low-carbon society

GHG emissions

Reduce GHG emissions (domestic + overseas) per basic unit of sales by 35% in FY2030 compared to FY2013.

Clean power generation

Maintain use of biomass fuel at 60% or more by energy content in mixed combustion at the biomass power plant in Nobeoka

2. Energy management target

Management target

Improve unit energy consumption by an annual average of at least 1% over a 5-year period

3. Water resource preservation activity target

Our target is shown in the response to question W8.1a of the CDP Water Security Questionnaire 2020 posted on the Water Resource Preservation page.

➤ [Click here for our response to the CDP Water Security Questionnaire 2020](#) (981.0KB)

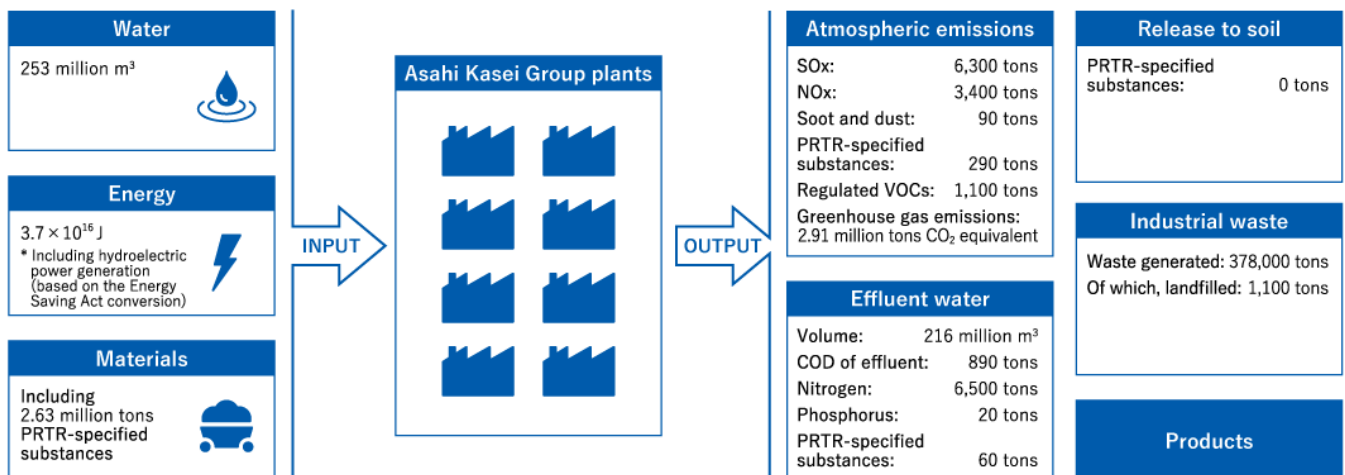
Concerning water resources, we are considering setting a new target.

Details of activities and achievements for fiscal 2019 are posted here.

➤ [FY2019 Responsible Care Targets and Achievements](#) (212.0KB)

Environmental impacts

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



Asahi Kasei Group (domestic) Main Environmental Impacts (FY2019)

Violations of Environmental Laws and Regulations, Fines, etc.

There were no violations or fines related to environmental laws and regulations in fiscal 2019.

Climate Change

➤ [Click here to read our response concerning CDP Climate Change 2020](#) 📄 (1.4MB)

Policy

Considering climate change to be a significant issue which may affect society in the future, the Asahi Kasei Group performs climate change measures including the reduction of greenhouse gas (GHG) emissions.

As a member of the Japan Chemical Industry Association, we participate in Nippon Keidanren's Commitment to a Low Carbon Society launched in April 2013 and continue to implement activities in line with this commitment. In addition, taking into account the expansion of production at overseas plants, we have set global reduction indicators and targets.

- [Asahi Kasei Group Responsible Care Principles](#)
- [The Asahi Kasei Group's Global Environmental Policy](#)

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

1. Reducing GHG emissions of the Asahi Kasei Group
 - (1) Medium-term Management Initiative emission reduction target
 - (2) Scope 1 + 2 emissions (domestic + overseas)
 - (3) Scope 3 emissions
2. Helping reduce CO₂ emissions throughout the entire lifecycle of products
3. Making international contributions
4. Developing innovative new technologies

Greenhouse Gas (GHG) Emission Reduction Targets in the Medium-term Management Initiative

According to the policy of the Medium-term Management Initiative "Cs+ for Tomorrow 2021" (FY2019-2021), the Asahi Kasei Group will work to reduce GHG emissions from manufacturing processes and contribute to the reduction of GHGs through technologies and products that help realize a sustainable society. Our numerical target seeks to reduce Scope 1 + 2 (domestic + overseas) GHG emissions relative to sales for fiscal 2030 by 35% compared to fiscal 2013.

[Reducing our own GHG emissions]

- Further reduction in GHG emissions (Installing lower-emission equipment, optimizing plant operation)
- Greater use of low-carbon energy (Increasing renewables and LNG)
- R&D for further GHG reduction

Toward a sustainable society

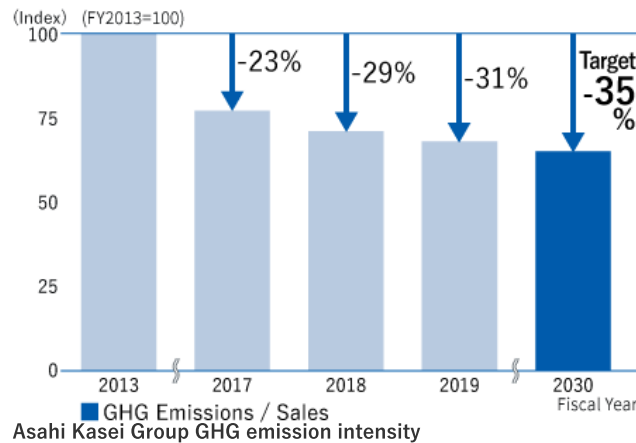
[Contributing to reducing the world's GHG emissions]

- Businesses that contribute to energy conservation and reduced GHG emissions (Battery separators, lightweighting resins, ZEH*, CO₂ sensors, etc.) *Net Zero Energy House
- Technology development/commercialization for clean environmental energy (Green hydrogen production, CO₂ chemistry, etc.)

Reducing GHG Emissions

Asahi Kasei Group GHG emission intensity

In fiscal 2019, the Asahi Kasei Group's greenhouse gas emissions per unit of sales improved by 31% compared to fiscal 2013. Compared to fiscal 2013, the main factors in this reduction were improvements in the structure of our commodities business and improved operating rates of N₂O decomposition facilities. Compared to the previous fiscal year, contributions came from increased sales in the housing and health care sectors with their low emission intensity.

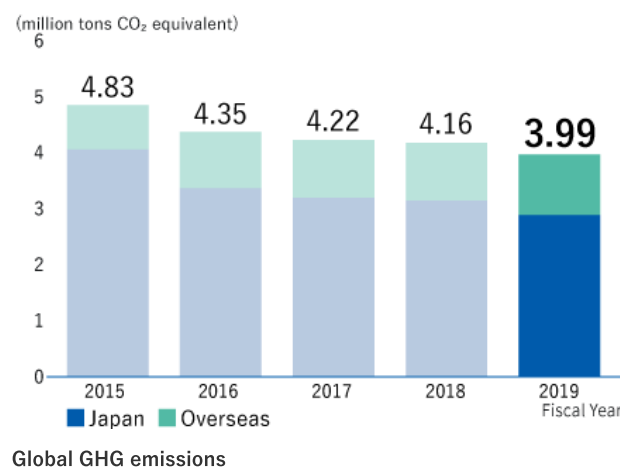


Scope 1 and 2 GHG emissions

All production sites (Sage Automotive Interiors, Inc. is for North America only) of Asahi Kasei Corp. and its consolidated subsidiaries under management control are subject to calculation of Scope 1 and Scope 2 GHG emissions of the Asahi Kasei Group, and GHG emissions from generation of electricity and steam sold outside the Asahi Kasei Group are included.

In fiscal 2019, our Scope 1 GHG emissions were 2.96 million tons of CO₂-eq, and Scope 2 GHG emissions were 1.03 million tons of CO₂-eq, bringing the total of Scope 1 and 2 to 3.99 million tons of CO₂-eq. This is a reduction in GHG emissions of approximately 22% compared to the 5.11 million tons of CO₂-eq released in the base year of 2013. The reduction compared to fiscal 2013 was mainly due to discontinuing the production of ammonia, benzene, and ethylene, and the operation of a biomass power generation plant. Compared to the previous year the main factor was a decrease in production.

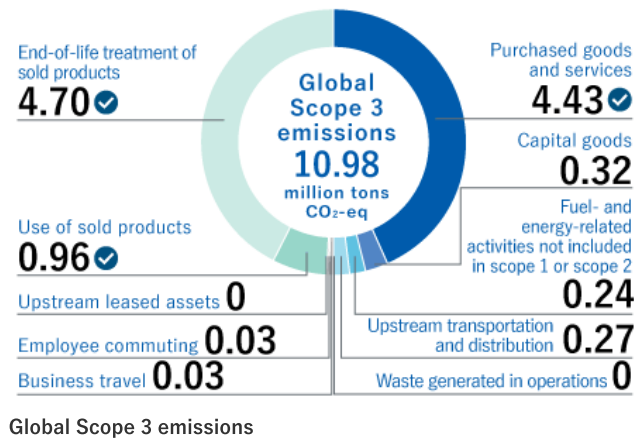
* Figures with have received independent assurance by KPMG AZSA Sustainability Co., Ltd. (March 2021 updated)



- Greenhouse gas emissions in Japan by company (Environmental data)
- Overseas greenhouse gas emissions by fiscal year (Environmental data)

Scope 3 emissions

The domestic Japanese portion of Scope 3* emissions has been calculated for all operations except for companies with insignificant emissions, yielding data on 99% of such emissions for the entire Asahi Kasei Group. In fiscal 2017 we began including Scope 3 emissions of overseas operations in our calculation.



* Scope 3 emissions: Greenhouse gases emitted indirectly by a company throughout its supply chain. The methods for calculating Scope 3 emissions from Category 1 is described in Environmental data.

* Figures with ✓ have received independent assurance by KPMG AZSA Sustainability Co., Ltd. (March 2021 updated)

> Scope 3 emissions by fiscal year (Environmental data)

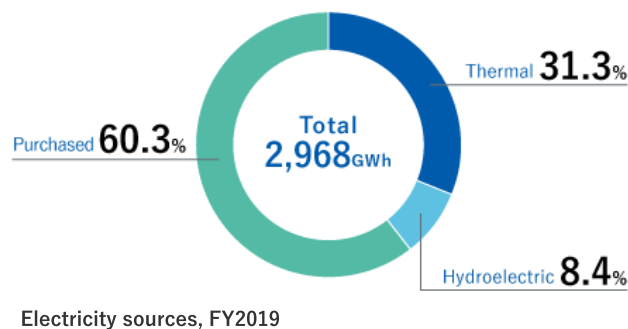
Efforts to Reduce CO₂ Emissions

Renewable energy

The Asahi Kasei Group has 9 hydroelectric power generation plants in the Nobeoka Region, which provided approximately 8% of the total electricity we used both in Japan and overseas in FY2019. Generation of the equivalent amount of power at thermoelectric plants would result in approximately 120 thousand tons* of CO₂ 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 462g CO₂/kWh.



Domestic energy saving in logistics

Our company promotes environmentally friendly railway shipment.

Product shipments for Asahi Kasei Group operations in Japan amounted to some 1.2 billion ton-kilometers in fiscal 2019—an 8% decrease from fiscal 2018—generating approximately 87 thousand tons of CO₂ emissions—a 14% decrease. In cooperation with the transport firms contracted for shipment, a wide range of measures are employed to reduce energy consumption and alleviate the environmental effects of physical distribution.

Asahi Kasei has received Eco-Rail Mark certification in recognition of our preferential shipment of products by rail, an ecological mode of transport which results in lower CO₂ emissions for a given weight and distance than many other means of transportation.



The Eco-Rail Mark

- ▶ CO₂ emissions from product shipment (Environmental data)

Domestic promotion of low emission vehicles

The Asahi Kasei Group is phasing in low-pollution vehicles for use in marketing and within plant grounds. In fiscal 2019, some 86% of company-owned vehicles were low-pollution vehicles.

- ▶ Low-pollution vehicles (Environmental data)

Climate Change Initiatives (Disclosure based on TCFD* Recommendations)

Carbon dioxide emissions have increased significantly since the industrial revolution, and in particular during the 20th century with its major population growth. The global scientific consensus is that carbon dioxide accumulation is causing climate change. The climate change is progressing slowly but steadily, and we recognize that worldwide cooperation and the implementation of specific measures to address it is an urgent issue.

In the century since our founding, we have developed our business in response to the needs of society. Now that climate change measures have become a social necessity, we are committed to our Care for Earth management strategy to aid the global environment.

As the impact of climate change on business is of great concern to investors and other related parties, companies need to be clear about its potential impact and maintain an ongoing dialogue with them. Therefore, we decided to analyze the potential impact of climate change and offer a clear response in accordance with TCFD recommendations.

We examined the changes that are expected to occur due to climate change and the impact on our business from a variety of perspectives. As a result, although the financial impact of climate change is expected to be significant in the medium term, the financial risk to the company as a whole was found to be limited due to a diversified business portfolio that mitigates risk and creates opportunities. We also identified the potential to benefit from these new opportunities through our various businesses and technologies.

We will contribute to the realization of a sustainable society, making further effort to be an organization in harmony with the environment while reducing the risk of climate change and developing new business opportunities through adapting mitigation measures.

* TCFD : Task Force on Climate-related Financial Disclosures, established and announced by the Financial Stability Board (FSB) in 2017.

Vision of founder Shitagau Noguchi

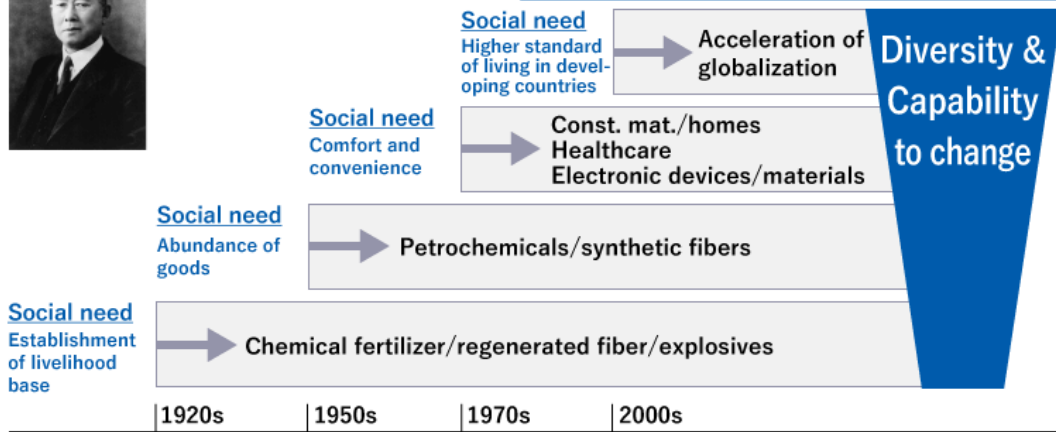
"As industrialists, we must be cognizant that, to improve the living standard, our ultimate mission is to contribute to people by supplying abundant high-quality daily necessities at the lowest prices."
1933



Care for People, Care for Earth

Contributing to sustainable society

Social needs
Addressing the aging population and environmental issues for a sustainable future

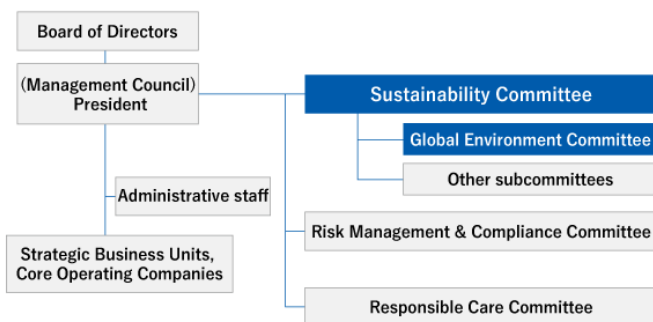


Governance

Measures to tackle climate change are an important management issue and we consider it one of the central themes of our management strategy. In our current Medium-term Management Initiative, "Care for Earth" is one of the pillars along with "Care for People." The progress of their implementation is discussed at the Management Council and the Board of Directors.

One outcome of this was the Board of Directors setting a target in May 2019 to reduce GHG emissions from our business activities. We also announced in May 2020 our decision to issue green bonds to enhance our climate change measures. As important as reducing our own GHG emissions is reducing global GHG emissions by tens of billions of tons. We contribute to this through a system that promotes environmentally friendly products that do extremely well in life cycle assessments (LCA).

To accurately identify climate change issues throughout the Group and discuss countermeasures, our President heads a Sustainability Committee to discuss related issues. In addition, the Executive Officer for Technology Functions heads the Global Environment Committee—a related subcommittee—to hold more thorough discussions on the global environment. Details concerning implementation from the Sustainability Committee are reported to the Board of Directors.



Sustainability Committee

- A venue to discuss Environmental, Social, and Corporate Governance (ESG) in general, including climate change
- Chair: Asahi Kasei President, Committee members: Executive Officer for Technology Functions, Executive Officer for Business Management Functions, Executive Officers for the 3 business sectors

Global Environment Committee

- A venue to discuss issues of climate change and plastic waste
- Chair: Executive Officer for Technology Functions, Committee members: Presidents of SBUs, Senior General Manager of the Production Center, Senior General Manager of Corporate Production Technology, Senior General Manager of Corporate Research and Development, etc.

Strategies: Analysis of Risks and Opportunities

■ Underlying assumptions

A variety of scenarios could unfold regarding climate change depending on the implementation of prevention measures. We examined two standard scenarios, one where average global temperature rises by 4° C, and one where it rises by less than 2° C. Without sufficient steps to curb global warming, global temperatures rising by 4° C we consider a "physical risk" involving intense heat and severe storms. A scenario where the temperature rises by less than 2° C we consider a "transitional risk." It would involve social changes geared toward curbing global warming including technological innovation and tightened regulations.

For each of these, we referred to various documentation and examined the impact on the business from the view in 2050.

The Material and Homes business sectors have been targeted in line with TCFD recommendations for disclosure, including fields involving materials and buildings, energy, transportation, and agriculture, food, and forestry.

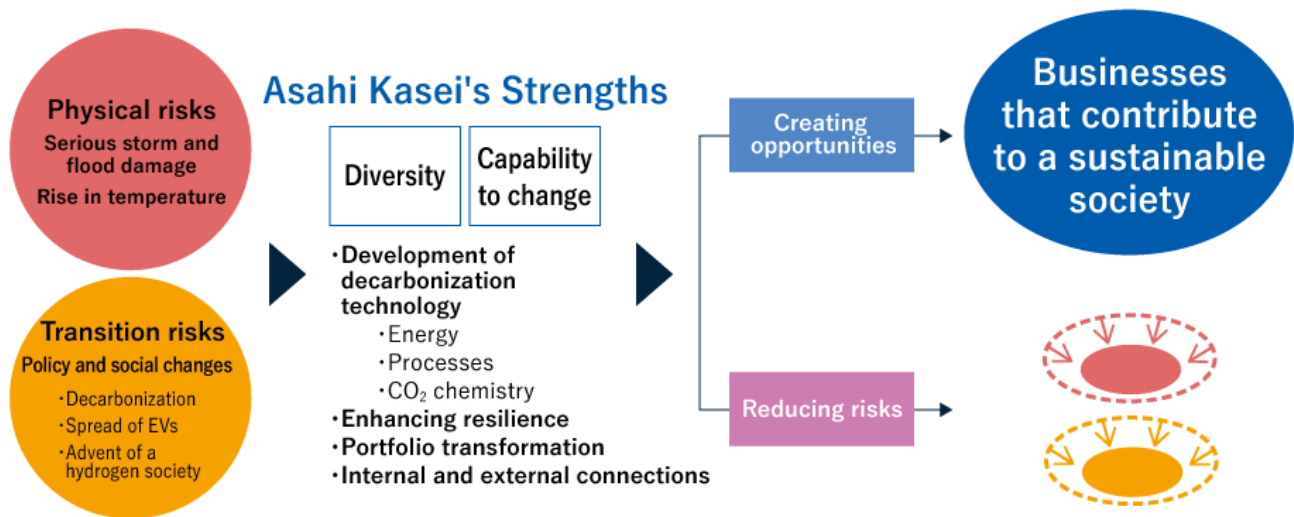
The Group's growth model adapts its business portfolio in response to the business environment, reducing risks from climate change and maximizing opportunities through changes to our portfolio. In this analysis, in keeping with the intent of TCFD's recommendations, we show that the current state of our business would be at risk in light of the view from 2050.

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

* Example : In the event of a carbon tax under a scenario put forward by the International Energy Agency (IEA), the maximum annual increase in manufacturing costs would be around ¥60 billion (fiscal 2019 GHG emissions of four million tons × US\$140/t carbon tax).

Opportunities			
	Important changes	Main opportunities	Principal initiatives
Physical risks: 4° C	Serious storm and flood damage	<ul style="list-style-type: none"> Increasing need for disaster-resilient housing 	<p>Greater emphasis on resilience in housing building and urban development</p> <ul style="list-style-type: none"> Hardware/software Individual/community
Transition risks: Less than 2° C	Decarbonization	<ul style="list-style-type: none"> Promotion of the spread of Zero Energy Houses (ZEH)* through government policies 	<ul style="list-style-type: none"> Decarbonization of homes and communities
	Spread of electric vehicles (EVs)	<p>Increase in EV-related demand</p> <ul style="list-style-type: none"> Battery components Materials for reducing vehicle weight 	<ul style="list-style-type: none"> Provision of components and systems for next-generation mobility Strengthening of collaboration with automobile and battery manufacturers
	Advent of a hydrogen society	<ul style="list-style-type: none"> Increase in demand for water electrolysis using renewable energy 	<ul style="list-style-type: none"> Utilization of alkaline water electrolysis systems

* ZEH :Houses with a net energy consumption of zero or less as a result of advanced insulation and energy saving combined with power generation such as solar



What we are aiming for

Risk management

In the annual review of our Medium-term Management Initiative, we consider the climate-related risks and opportunities for each of our businesses, and then assess and address the situation across the Group. A sustainable perspective that includes climate change is one of the decision-making criteria we use when determining our business portfolio, including the allocation of management resources.

We also confirm the sustainability of large capital investments as they relate to greenhouse gas (GHG) emissions.

Regarding our emissions performance, the emissions of the entire Group are calculated once a year. Progress towards our goals is managed by the Sustainability Committee and the Board of Directors.

Metrics and goals

As stated in our Cs+ for Tomorrow 2021 Medium-term Management Initiative, we aim to realize a sustainable society by working on two fronts: reducing GHG emissions from our own business activities and contributing to GHG reduction in society through our technologies and products.

We aim to reduce Scope 1 + 2 (domestic + overseas) GHG emissions relative to sales for fiscal 2030 by 35% compared to fiscal 2013. We also identify products and services that contribute to GHG reduction throughout the entire product life cycle, including reducing customer-generated emissions, as environmentally friendly products. Through promoting the development of such business, we aim to help reduce the amount of GHG emitted by society.

✓ Please refer to our "Reducing GHG Emissions" for changes in GHG emissions and sales.

Asahi Kasei green bond

Please see here for more details.

➤ [Asahi Kasei green bond](#)  (167.8KB)

Pollution and Natural Resources

Policy

Recycling is a major plank of the Asahi Kasei Group's Global Environmental Policy, and we work to efficiently utilize resources and energy and to reduce the environmental burden throughout the entire life cycle in our business activities. In order to contribute to a circular economy, we reduce industrial waste, reduce the burden of chemical substances, prevent air and water pollution, and use resources effectively.

Reducing industrial waste

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.

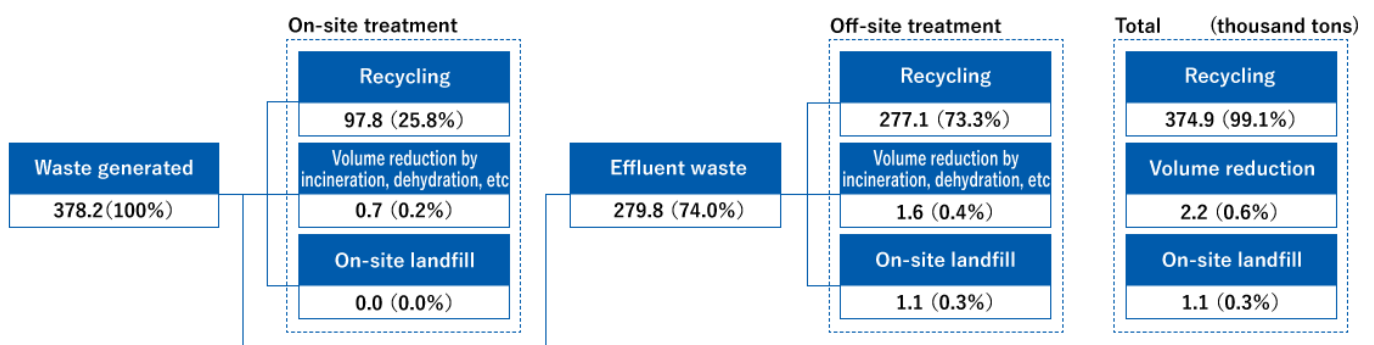
In fiscal 2019, 378.2 thousand tons of industrial waste was generated, of which 13.2 thousand tons was specially managed industrial waste.

We adopted targets of (1) an overall final disposal rate of 0.3% or less and (2) a final disposal rate for non-construction companies of 0.1% or less of the total amount of industrial waste generated. As a result, we achieved our overall 2019 targets, with a final disposal rate of 0.3% and a final disposal rate for non-construction companies of 0.1%. We will continue to promote the reduction of final disposal rates through sorting and the selection of disposal sites. We are also working towards a goal of zero landfill waste plastic by fiscal 2021, having already reduced it to 45 tons in fiscal 2019.

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 are also systematically advancing plans to identify the electrical equipment currently in use that contains PCBs, and to implement early replacement.

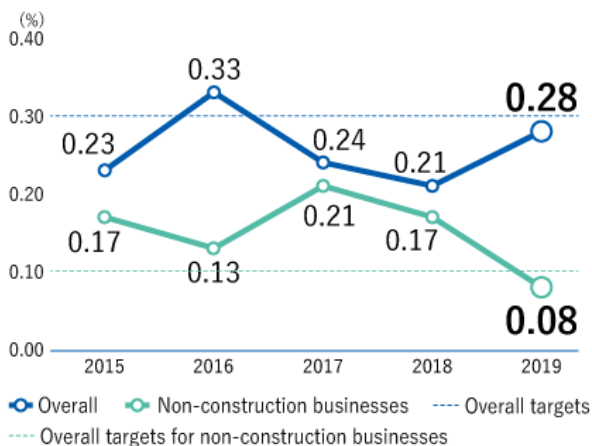
We enhanced our management of off-site treatment of industrial waste by expanding the use of electronic manifests. We also performed periodic on-site inspections of consigned firms to ensure that proper treatment is performed in accordance with sound systems of control.

* 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.

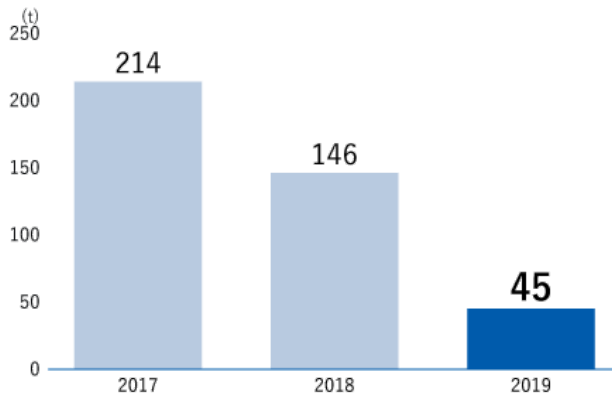


*Excluding industrial waste generated at the construction sites of Asahi Kasei Homes. Note that sums of individual figures may differ from the totals shown due to rounding.

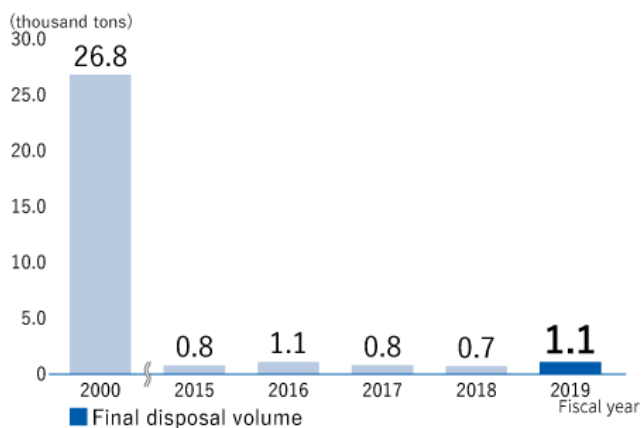
FY2019 flow of industrial waste*



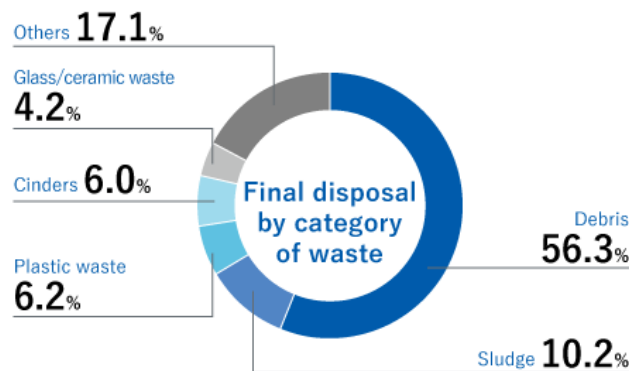
Final disposal rates and final disposal rates for non-construction businesses



Landfill volume of plastic waste



Final disposal volume

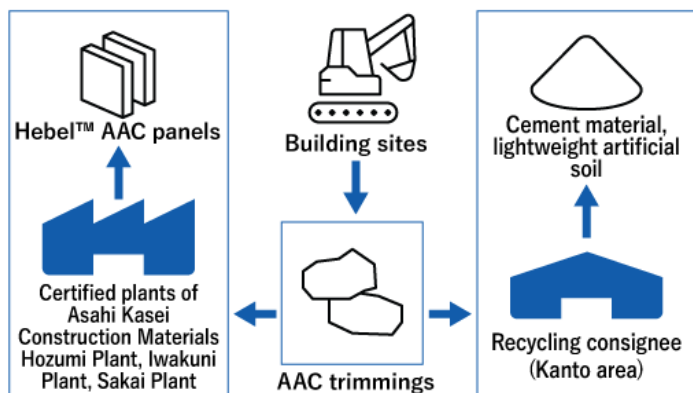


FY2019 final disposal by category of waste*

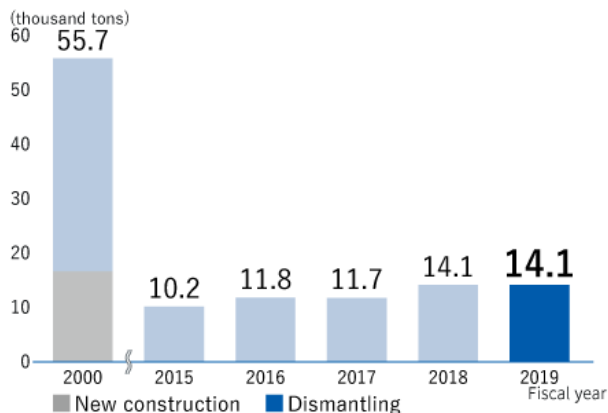
* Excluding waste generated at the construction sites of Asahi Kasei Homes

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

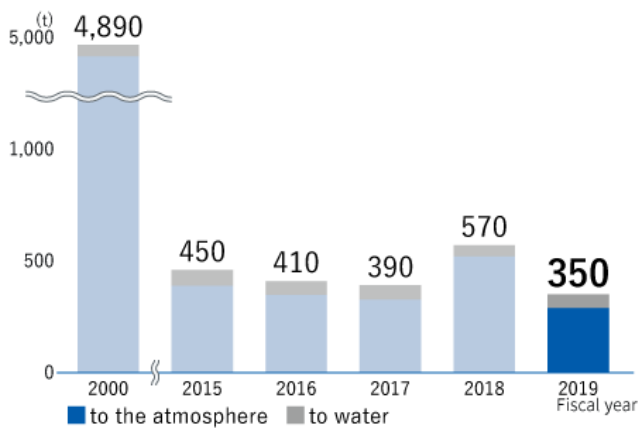


Final disposal industrial waste generated at construction sites

* 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.

Reducing emissions of chemical substances

The Asahi Kasei Group works to reduce the release of chemicals substances specified in the PRTR*¹ Law and other chemical substances which we have voluntarily designated for reduction with priority based on the degree of hazardousness and amount of release. As shown in the graphs below, releases of PRTR-specified substances and VOC*² emissions were reduced by 93% and 89%, respectively from fiscal 2000. We will continue to enhance control of operation and equipment to prevent any accidental release.

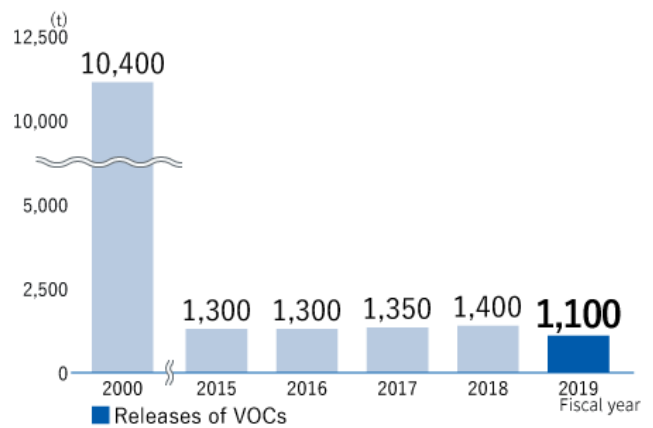


Notes:

*No releases to soil.

*The number of PRTR-specified substances changed in FY2010 due to a regulatory revision.

Releases of PRTR-specified substances



Releases of VOCs

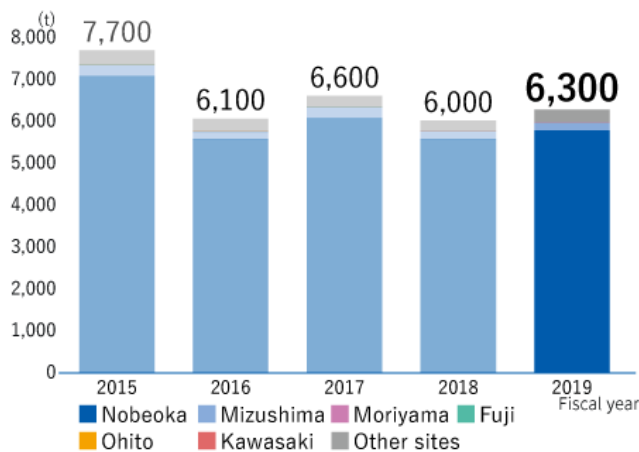
- *1 PRTR :Pollutant release and transfer register. Under the PRTR Law, releases to the environment and off-site transfers of specific hazardous chemical substances must be monitored and recorded for each production facility and operating site. Results are reported to the government, which publishes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

Air pollution

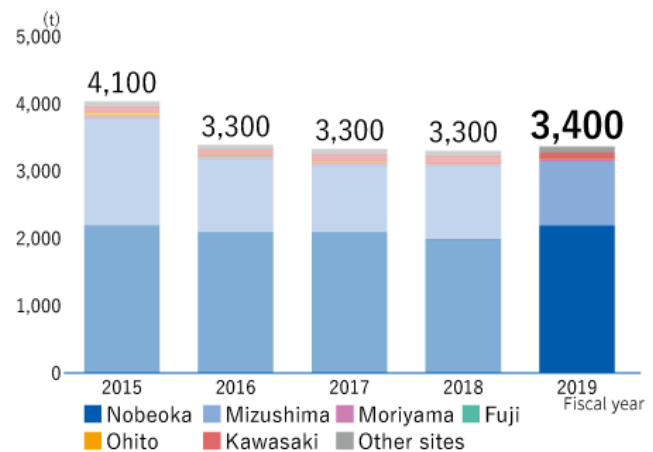
The Asahi Kasei Group works to control emissions and prevent spills in order to avoid the pollution of air, water, soil, and groundwater. Measures to prevent noxious odors include the installation of exhaust gas absorption equipment and increasing the capacity of our wastewater treatment facilities. To prevent soil pollution, we perform tests and take appropriate measures in accordance with the Soil Contamination Countermeasures Act and related regulations. Substances covered by the Air Pollution Control Act are managed within regulatory standards.

A report on the prevention of groundwater contamination can be found at the Water Resource Preservation page.

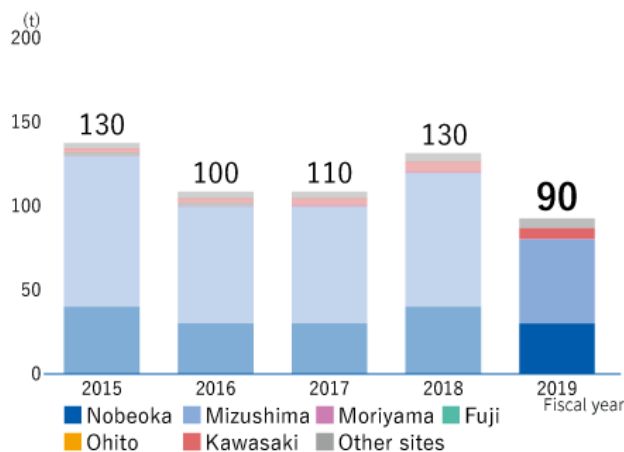
> Water Resource Preservation



SOx emissions



NOx emissions



Soot and dust emissions

Effective resource use

As indicated by the Osaka Blue Ocean Vision at the G20 summit in 2019, the issue of marine plastic waste will require global cooperation to solve. In order to understand how marine microplastics are generated, we are working in collaboration with Kyushu University and participating in awareness-raising activities with industry groups dealing with proper use and disposal of plastics. It is important to make effective use of used plastic resources, so we also promote the 3Rs (Reduce, Reuse, Recycle).

Water Resource Preservation

> [Click here to read our response concerning CDP Water Security 2020](#) (981.0KB)

Policy

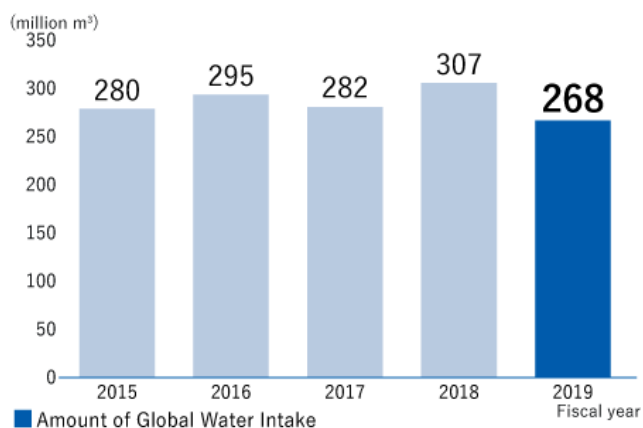
Asahi Kasei Group's business is intrinsically related to water resources. Ensuring their future viability is one of our societal missions and a prerequisite for the continuity of our business. We will contribute to the conservation of water resources around the world through our domestic and overseas water purification membrane module business, water recycling service business, seawater desalination business, the development of sludge reduction products for wastewater treatment, and the expansion of our surface oil detector series. We also have a policy of ascertaining the quantity of our water intake while striving to maintain and improve the efficiency of our water usage.

Reducing water use

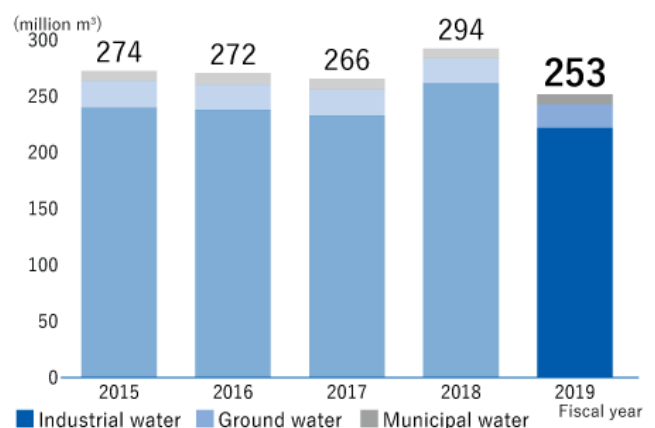
The Asahi Kasei Group endeavors to reduce the amount of water used in our plants and to make efficient use of water by recycling it.

We are currently considering setting new targets.

The targets of the Group's water resource conservation activities are shown in Answer W8.1a at the top of CDP Water Security 2020.



Amount of Global Water Intake



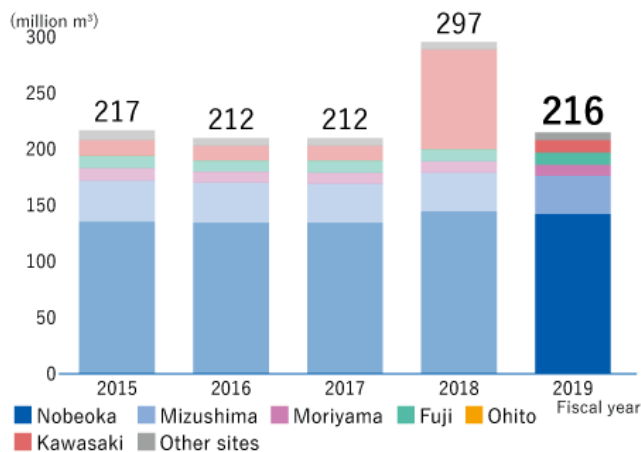
Amount of Water Intake by Source (domestic)

Prevention of water pollution

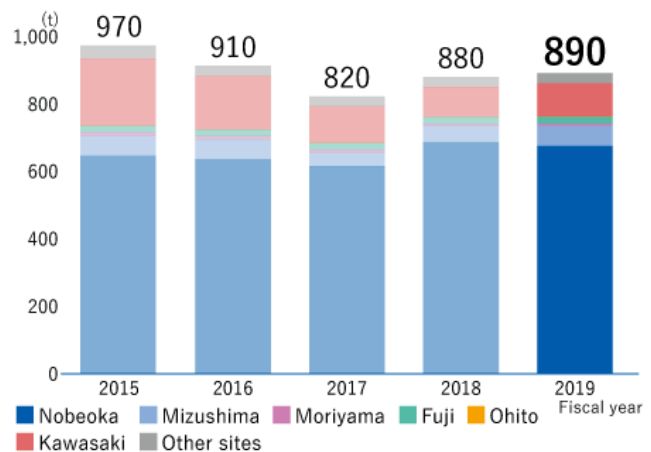
The Asahi Kasei Group thoroughly manages emissions and prevents leakage so as not to contaminate bodies of water or groundwater.

In 2012, we issued our Guidelines on Wastewater Management. In addition to affirming our commitment to wastewater management based on this, we are also working on enhancing the capacity of wastewater treatment facilities and other equipment. Items regulated by the Water Pollution Prevention Act are managed within those standards.

In fiscal 2019, there were neither instances of leakage as related to the Water Pollution Prevention Act nor violations or fines related to environmental laws and regulations.



Amount of Wastewater (domestic)



Chemical Oxygen Demand (COD) Load

Asahi Kasei products and technologies for water conservation

Microza™ hollow fiber membrane filtration module

We are a top-tier supplier of water treatment membranes and filtration systems. Microza™ is a hollow fiber membrane we have developed for water treatment. It is used in more than 1,600 water purification plants and wastewater plants worldwide, including in the United States, China, Korea, Singapore, Thailand, Indonesia, and Middle Eastern countries. In fiscal 2017, Microza™ was adopted at a seawater desalination plant in Kuwait, helping to alleviate chronic water shortages.

Going forward, we will continue to work on global water and environmental issues with the aim of resolving various problems related to water resources.

➤ [Microza™ hollow fiber membrane filtration module](#) □

Saran™ Polyvinylidene Chloride Fiber

One important issue in wastewater treatment is reducing the amount of sludge generated, which is directly tied to decreasing its environmental impact. The Asahi Kasei Group conducts research and development into new commercial products that feature a unique technology using microorganism immobilized carrier that flows, making use of the characteristics of Saran™ fiber, which microorganisms inhabit easily.

Existing facilities can adopt these products by making simple improvements like installing screens, without requiring major modifications. This improves processing capabilities and reduces the amount of sludge generated.

➤ [Saran™ fiber on the Asahi Kasei Home Products website](#) □

Apolarm™ series environmental monitoring products

Asahi Kasei Technosystem's Apolarm™ Series detects a wide range of oil leaks, including floating oil (oil film and oil layers), sediment oil, and water-soluble oil. We will continue to expand our product line and protect the aquatic environment with oil detection devices for specific applications.

Apolarm C	Oil layers of 3 mm or more trigger a capacitance shift and sound an alarm.
Apolarm M	A non-contact laser detector that can sense minuscule amounts of oil film on the water surface.
Apolarm B	Detects oil and organic solvents that have a greater specific gravity than water, causing them to sink.
Apolarm F	Detects leakage of fluorescent water-soluble oils.

➤ [Apolarm™ Series on the Asahi Kasei Technosystem website](#) 

Biodiversity

Policy

To ensure the sustainable utilization of living resources, the Asahi Kasei Group gives due consideration to reducing the impact of our business activities on biodiversity, and we have established guidelines for the preservation of biodiversity. Based on these guidelines, we have been working to understand the relationship between our business activities and biodiversity since 2010. In order to promote business activity mindful of biodiversity, we are working to raise awareness among personnel by various means including our Responsible Care (RC) education program.

Investigation of impact on biodiversity by procurement

Regarding the impact of our business activities on biodiversity when there is a newly used raw material or a change in use of raw materials, we use a survey sheet on the relationship between business operations and biodiversity to examine the country of origin of raw materials, processors and manufacturers, and primary vendors (trading companies, etc.), in order to confirm the absence of any problem.

Group-wide activities for biodiversity

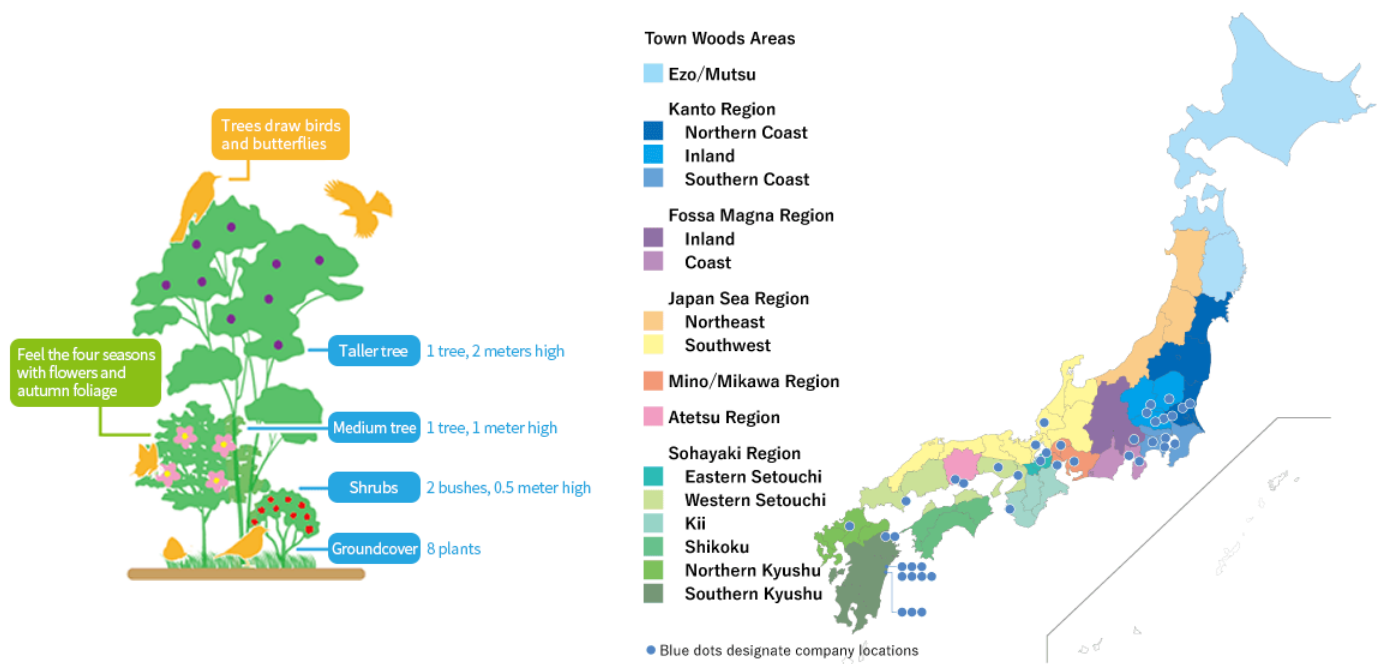


What is the "Town Woods" Program?

We aim to increase value from the perspective of biodiversity while enhancing green spaces at Asahi Kasei Group operating sites. We will use Town Woods Pots as a tool to heighten understanding and awareness of the value of biodiversity among personnel.

What are Town Woods Pots?

This new way of landscaping by Asahi Kasei Homes combines four layers of vegetation of varying heights: Tall, medium, short, and groundcover. While compact enough to integrate with urban residential areas, they increase the space for other plants and wildlife in artificial environments that otherwise have little greenery. Our Town Woods Program uses the phytosociological method to classify green spaces at operating sites throughout Japan, selecting the most suitable regional vegetation when creating the Town Woods plantings.

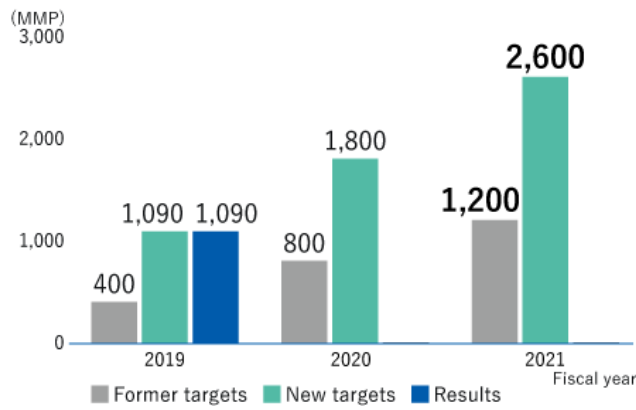



Town Woods Project: (FY2019-2021) Phase 1 Targets


Target I	Install Town Woods Pots at all 41 Asahi Kasei Group operating sites
Target II	Accumulate a total of 2,600 "Town Woods Points" during the period.

* Town Woods Points (Machi-Mori Point: MMP) Initiatives at all Asahi Kasei Group sites are divided into four stages. Each initiative earns Town Woods Points and the points are aggregated across the group.

* The targets for fiscal 2020-2021 have been reset according to results for fiscal 2019. (New targets)



Stage	Example Initiatives
<p>Stage 1: Installation</p>	<ul style="list-style-type: none"> • Installing the Town Woods Pots • Posting information about the Town Woods Pots • Maintaining them properly so they thrive <div style="display: flex; justify-content: space-around;">    </div>
<p>Stage 2: Observation</p>	<ul style="list-style-type: none"> • Recording trunk thickness and tree height • Photographing and recording information on features like flowering, fruiting, and foliage • Photographing and recording information on the wildlife that visits the Town Woods Pots • Photographing and recording information on naturally occurring vegetation <div style="display: flex; justify-content: space-around;">    </div>
<p>Stage 3: Dissemination</p>	<ul style="list-style-type: none"> • Actively disseminating information including photographs and records of observed plant and animal life both within and outside the site. The dissemination will take place online, through bulletin boards, directly communicating with the local community, etc. <div style="display: flex; justify-content: space-around;">    </div>

Stage	Example Initiatives
<p>Stage 4: Development</p>	<ul style="list-style-type: none"> • Expanding the initiative to other locations • Collaborating with other programs both within and outside the site 

The Town Woods Program Study Meeting

On Thursday, November 7th and Friday, November 8th, the Town Woods Program Study Meeting was held at the Fuji branch office with 15 participants, targeting those in charge of branch offices and factories in large districts. In addition to introducing a range of initiatives in other regions and the efforts of other companies and industries to conserve biodiversity, a lecturer was invited to help participants get in touch with nature at the Asahi Woods of Life.



Listening in the woods



The study meeting

Publishing News on the Town Woods Program

Staff in charge at our various sites will be provided with news about the Town Woods Program and the seasonal highlights of plants showing their changes. Content that can be incorporated includes photographs from the sites showing implementation of the Town Woods Program, columns on wildlife, and topics on the plant and animal life in green spaces around the sites.



Interviews with local plant growers

We favor local saplings and seedlings for the Town Woods Pots, we have interviewed a grower who provides them for this initiative.

"Growing seeds taken from the wild. This is really interesting."

Matsui Farm Co., Ltd., Kiraku Farm Co., Ltd.

Takashi Matsui:

Plant advisor, horticulturist



We are a local plant nursery that grows and sells plants for gardening and green spaces. In addition to Japanese cedar, hinoki cypress, and pine trees for forestry, we also grow a variety of trees that can be found growing wild in the region. That includes native species growing locally that we collect seeds from and germinate. We sell the saplings as a "local product."

I became interested in local plants about 25 years ago. At the time, many of the trees on Lake Biwa's Chikubu Island died from contamination by the droppings of great cormorants. In order to regenerate the island's plant life, a project was started to collect seeds locally, grow seedlings, and reforest the original area.

One of the difficulties in dealing with native plants is that some varieties naturally only germinate when birds eat the fruits and expel the seeds along with their droppings. Such plants rarely germinate if someone simply takes the seeds and plants them. So we need to replicate the process that would happen if a bird ate the fruit. We rub it by hand to remove the skin and flesh and leaving scratches on the seeds. This allows them to germinate. The process differs depending on the variety, and through repeated experimentation we have learned to cultivate more than 100 species.

It's generally said that there is little demand for locally produced plants, but recently, I feel that private companies are gradually becoming interested in them in their efforts to conserve biodiversity. I'd like to see more local plants being sought out as society gains a greater understanding of this.



Seeds of native plants



Experimental cultivation employing varying soil and fertilizer conditions

Notable activities in fiscal 2019

Actions in the Moriyama Area

Ex-situ conservation of endangered smallhead stickleback, a freshwater fish

In Moriyama, we draw groundwater for industrial use in cooling equipment. Its quality is strictly monitored, and it is discharged to nearby rivers after use. A portion of the discharged water from our Moriyama Works is also used for agriculture, which has become vital for local farmers as well as wildlife inhabiting the waterfront areas.

Against this backdrop, and since water is intrinsically related to our business operations, we started initiatives to protect biodiversity with a focus on water resources starting in fiscal 2010.

In fiscal 2015, we began ex-situ conservation activities focused on the smallhead stickleback, a freshwater fish which is designated as an endangered species. In fiscal 2019, we held a tour at Lake Biwa Museum in Shiga Prefecture for employees and their families to help conserve smallhead sticklebacks. During the tour, the curator explained the current status of smallhead sticklebacks and the importance, purpose, and results of ex-situ conservation. After that, we visited the Protection and Proliferation Center set up in the same building. We intend to continue our conservation work in collaboration with various organizations.



Actions by Asahi Kasei Juko Co., Ltd.

Project to rediscover living with the woods and water in Higashiomi

The Shiga Plant of Asahi Kasei Juko (AKJ) is located in the Yuya area of Higashiomi City where there had formerly been a diverse lakeside ecosystem of ponds, rice paddies, and woods. There was a culture of life centered around ponds for irrigation and firefighting. By restoring some of the ponds, AKJ is preserving the habitat for local wildlife, conveying the importance of this to community residents through activities like observation tours. We also hold events at the plant, creating a venue that will lead to the protection of forests and crops as local resources.

In fiscal 2019, in cooperation with Higashiomi City and other entities, we held wildlife observation tours lead by specialists during the plant's fall festival. These took place at the Yuya Hebel Biotope that was created on the grounds in 2017 to protect wildlife inhabiting the lakeside ecosystem.

We report on these activities both inside and outside the company through public relations magazines and other outlets. In June 2020, the Shiga Plant received the Director's Award in the Environmental Partnership Division of the Environmental Conservation Excellence Office sponsored by Environmental Conservation Association Of Shiga Prefecture (the award ceremony was postponed to November 2020 due to the spread of COVID-19).



Actions in Fuji Area

"Asahi Woods of Life" project

Asahi Kasei and Asahi Kasei Homes created the Asahi Woods of Life in 2007 as an ecotope on the grounds of our plant in Fuji City to restore the natural environment and village landscape of the Tagonoura area and preserve the local ecosystem. We have been conducting surveys and researching biodiversity there. By developing the Asahi Woods of Life, we nurture local plant and animal life via an ecological network that incorporates forests and the area's green spaces as a whole. We use this to support human development through environmental education and emotional training, applying the insight gained through these activities to business operations.

Principal Activities

- To monitor and manage the growth of the Asahi Woods of Life, we perform surveys of the afforested area, including a fixed vegetation survey, a survey of each tree, a comprehensive vegetation survey, and a survey of birds and insect fauna. We also conduct a monitored survey of the creation of ecological networks in conjunction with ecosystem surveys of nearby parks, residential areas, and elementary schools.
- In conjunction with government officials and museum personnel, we hold nature observation tours as part of our environmental education activities in connection with children's environmental clubs and other organizations.
- We also hold a firefly watching event in early summer to deepen communication with the community.
- In recognition of these activities, in July 2019, the project was received Stage 3 certification in the Nurturing Category of SEGES (Social and Environmental Green Evaluation System) administered by the Organization for Landscape and Urban Green Infrastructure.

➤ [SEGES Certificate](#)  (346.5KB)



Actions in Nobeoka and the Hyuga Area

Since 2007 we have participated in a reforestation program led by Miyazaki prefecture to create forests in cooperation with companies. We planted more than 44 hectares of broad-leaf trees and other trees native to the area, replacing plantations of cedar and cypress. This included 20 hectares in Hinokagecho, 20 hectares in Takachiho, 1 hectare in Gokase, and 3 hectares in Kitakatacho.

In fiscal 2020, we received an area of about 5 hectares from Hinokagecho. We were preparing for our first tree-planting festival (Hinokage Asahi no Mori III) on Saturday, April 25. It was canceled in accordance with measures to prevent the spread of COVID-19. We are considering holding a tree-planting festival next year while seeing how the situation unfolds.



Corporate Forestation Signing Ceremony

Society

The Asahi Kasei Group aims to be a corporate entity that contributes to sustainable society in harmony with the community by taking social issues into consideration and striving for fair information disclosure.



> Quality Assurance

We deliver safe and reliable products and services to our customers and strive for genuine communication with them.



> CSR Procurement

We work to promote CSR in partnership with our suppliers through fair and transparent business activities that take account of environmental issues and human rights.



> Human Resources

We respect each and every employee and aim to create a rewarding and vibrant workplace. We will feature our approach to employment, and human resources, human resources development, active engagement, and diversity.



> Human Rights

We provide support so that all people involved in the business activities of the Asahi Kasei Group can reach their full potential without any discrimination.



> Occupational Health and Safety

We engage in diverse activities based on an occupational safety and health management system (OSHMS) to achieve employee health and safety in the workplace.



> Process Safety

We continually make voluntary efforts to ensure operational safety in accordance with our Basic Policy on Safe Operation.



> Social Activities

We aim to contribute to community development through proactive communication with everyone in the local community and a diverse community fellowship program all around Japan.

Quality Assurance

Policy

Products and services provided by the Asahi Kasei Group internally and externally include materials, products, installations, various services, and after-sales support. We believe that providing safe and reliable products and services that satisfy our customers is our ultimate mission.

In 2016, we established the Asahi Kasei Group Quality Policy and Group Quality Assurance Bylaws. Based on these, we promote quality assurance to provide products and services that satisfy our customers and society.

As we enter an era of coexistence with the coronavirus and the post-coronavirus era, we have changed the Asahi Kasei Group Quality Policy on August 1, 2020, to reflect our strong awareness of the need to regard discontinuous and irreversible structural changes as opportunities for confidence and to act on our own initiative.

Asahi Kasei Group Quality Policy

The Asahi Kasei Group flexibly anticipates the constantly changing needs of customers and society to create and provide products and services with quality that ensures safety and security.

Management framework

In April 2019, we appointed a dedicated Executive Officer for Quality Assurance to further reinforce the management framework. The Corporate Quality Assurance department of Asahi Kasei Corporation oversees and coordinates Group-wide quality assurance activities.

Corporate Quality Assurance consists of four groups: the Quality Assurance Group, which covers all aspects of quality assurance; the Chemicals Management Group, which functions to ensure quality assurance as a comprehensive chemical manufacturer; the Regulatory Affairs & Reliability Assurance Group, which functions to ensure quality assurance of products and services in the Health Care sector; and the Corporate Quality Assurance Planning Group, which proposes new plans and coordinates with other organizations. Corporate Quality Assurance performs a head-office function as a hub for the Group's quality assurance framework and strives every day to reinforce quality assurance activities throughout the Asahi Kasei Group to deliver safe and reliable products and services to our customers and society.

Corporate Quality Assurance prepares a Monthly Quality Assurance Report, based on which the Executive for RC and the Executive for Quality Assurance holds monthly quality assurance meetings to discuss information related to quality assurance.

Each core operating company and strategic business unit within the Group performs quality assurance in accordance with the products and services provided in each business area in conformity with uniform Group guidelines and bylaws.

The Group Quality Assurance Bylaws stipulate quality assurance activities for RC Administrators, such as the Presidents of the core operating companies and strategic business units, to lead. The bylaws also define the designation and roles of Quality Assurance Managers who play a central role in activities to enhance quality assurance. The Quality Assurance Managers' Conference is held four times a year to transmit and share information among the entire Asahi Kasei Group. In addition, from fiscal 2019, we have started to provide an opportunity for the Executive Officer for Quality Assurance and the Senior General Manager of Corporate

Quality Assurance to meet directly with RC Administrators, Quality Assurance Managers, and others to discuss the enhancement of quality assurance and to exchange frank opinions through face-to-face meetings, thereby creating an environment that enables us to build a reliable quality assurance system.

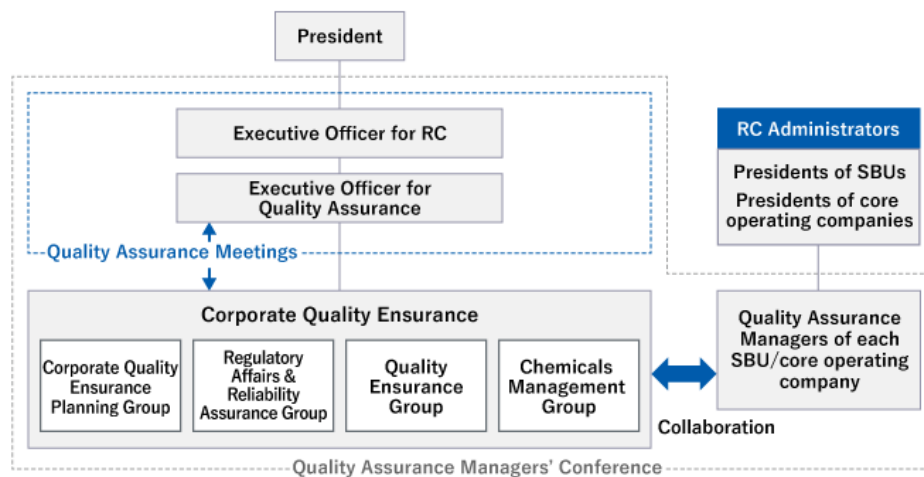


Diagram of quality assurance framework

Quality Assurance Meeting (held each month):

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

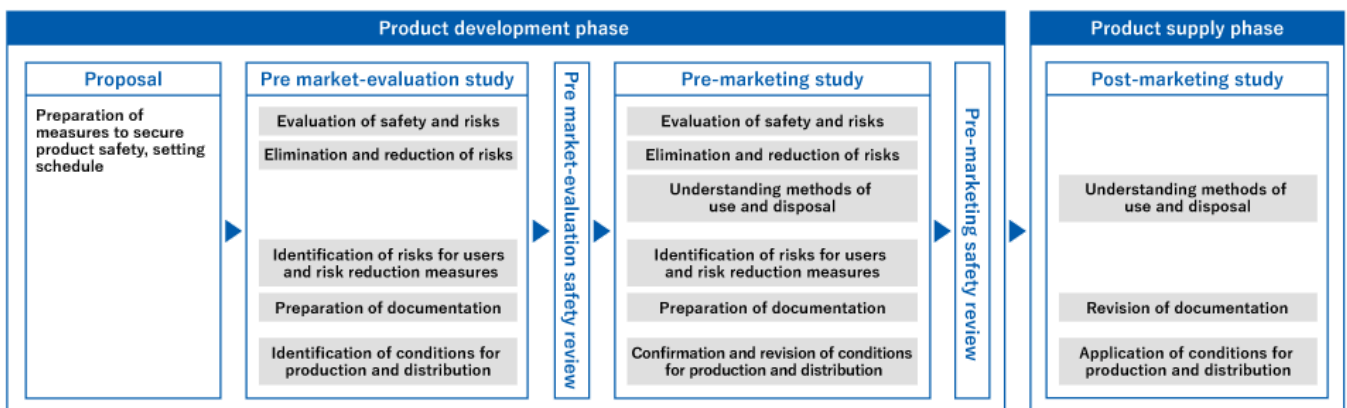
Quality Assurance Managers' Conference (held four times a year):

Quality Assurance Managers, who play a central role in strengthening quality assurance, meet to transmit and share information among the entire Asahi Kasei Group.

Product safety initiatives

The Asahi Kasei Group has also formulated the Group Guidelines for Product Safety Measures in order to make the approach to product safety in the Group Quality Assurance Bylaws even more specific.

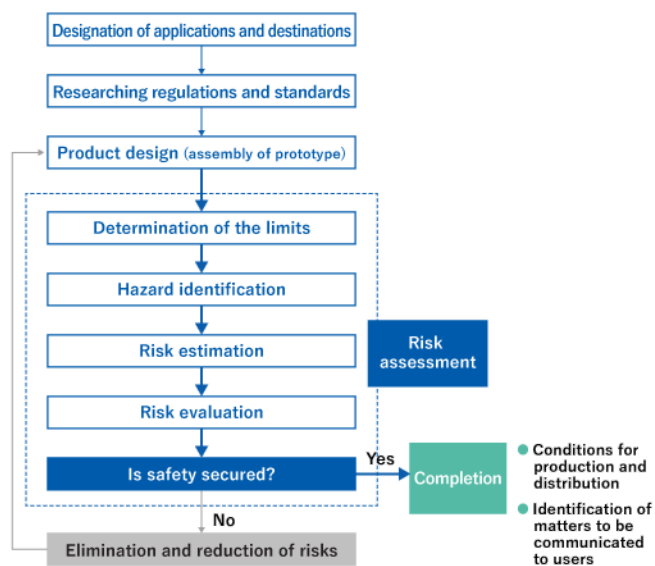
Product safety measures are implemented at each stage of product development and product supply, to ensure product safety and to prevent product problems and complaints from emerging. In addition, we have also established appropriate measures to be taken if a serious product problem or serious accident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



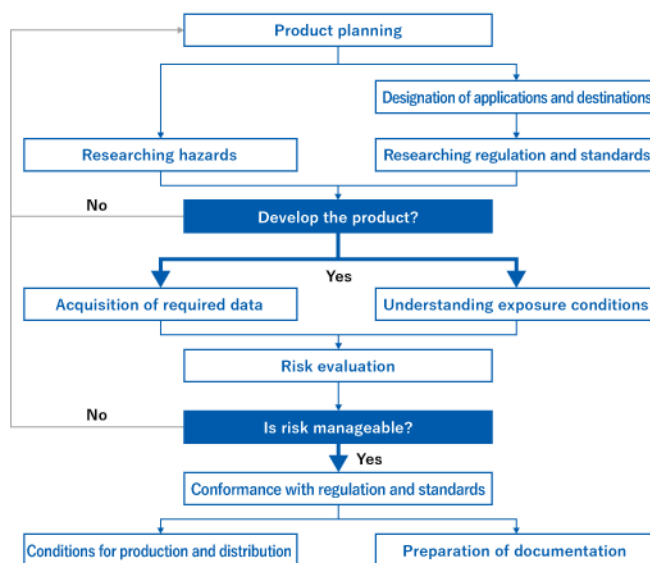
Flow of product safety measures

Safety assurance procedures

The procedures for realizing safe products and services are specified by the Guidelines for Ensuring Safety of Equipment and the Guidelines for Ensuring Safety of Chemicals.



Product safety procedure for equipment

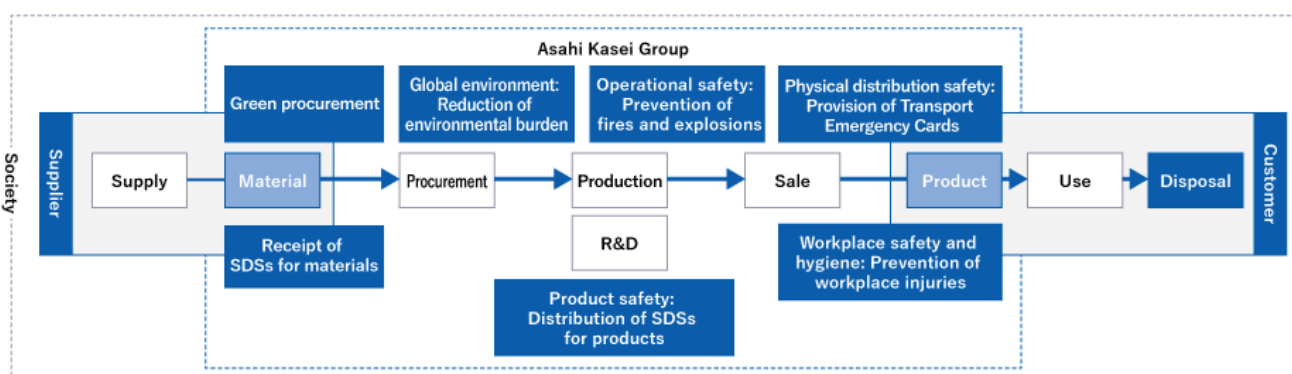


Product safety procedure for chemicals

Chemical substance management

The Asahi Kasei Group identifies the properties of chemical substances and appropriately manages each process from product development, raw material procurement, and production (including intermediates) through to use and disposal in order to ensure the safety of products and production processes. We implement the chemical substance management shown in the diagram below at each stage from the perspectives of the global environment, operational safety, workplace safety, hygiene, and health, and quality assurance (product safety).

Corporate Quality Assurance (Chemicals Management Group) serves as the secretariat for the implementation of chemical substance management in each business unit led by the Group's Quality Assurance Managers.



Note: SDS stands for Safety Data Sheet.

Chemical substance management flow

Research and development

The management of chemical substances begins in the R&D stage when the applications for chemical substances are determined, and is guided throughout every stage by a commitment to developing products and process characterized by safe, environmentally sound production, handling, and use.

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

During the manufacturing stage, 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 and to prevent fires, explosions, and leaks. The health of employees is protected by performing sound risk assessment for chemical substances and preventing workplace exposure to hazardous substances.

Sale, use, and disposal

Guidance for proper 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.

Quality assurance and human resources development

Development of core human resources for quality assurance

We have held the Quality Assurance Forum since fiscal 2017 to continue heightening awareness of quality assurance among younger and mid-level employees across the Group. In fiscal 2019, approximately 47 employees selected from throughout the Asahi Kasei Group gathered at the head office once per month for a period of six months for a group discussion on a certain subject each time, combined with lectures on each subject by outside experts (mainly university professors at the forefront of the Japanese Society for Quality Control). At the final session, participants in each business sector discuss issues in their own organizations based on what they learned, and prepare proposals to present to management.

We plan to continue this forum from fiscal 2020 onward and increase the number of participants as a core element of in-house quality assurance training.

Fostering a quality assurance mindset among department and group managers

Continuing on from fiscal 2018, we held a Quality Management Seminar for Department and Group Managers, inviting lecturers who lead quality assurance at other companies to further deepen the understanding of the importance of quality assurance for department and group managers. We also plan to hold this seminar in fiscal 2020.

Fostering a quality assurance mindset among all employees

Coinciding with Quality Month (November), the President, the Executive Officer for RC and the Executive Officer for Quality Assurance issue messages for all Group employees about the importance of quality assurance, further raising awareness on the subject for all in the Group.

Chemical substance management training

We provide regular training to research, production, and sales staff in each area of the Asahi Kasei Group. Such training includes sharing the most up-to-date information on chemical substance-related laws and regulations (Act on the Evaluation of Chemical Substances and Regulation of Their Manufacture, etc., Industrial Safety and Health Act, Poisonous and Deleterious Substances Control Act, etc.) in Japan and overseas for the management of chemical substances and consideration of responses, and presentations of the latest themes in chemical substance management.

Appropriate labeling and information provision

Providing appropriate information to our customers

The Asahi Kasei Group, which provides customers with products and services that are end products for domestic and household-use products, provides information that includes product performance, precautions, and suggested usage to ensure safe use of our products and services.

We endeavor to provide descriptions of products and services to customers, including product labeling and advertisements, that are easy to understand and not misleading. In addition, we confirm the content of descriptions and advertisements of products and services at each stage from product development and introduction to sale, and continuously check that there is no infringement of related laws, regulations, or voluntary industry standards, and confirm that customers are able to properly use products and services safely and reliably.

Compliance with the revised Food Sanitation Act

In June 2020, the revised Food Sanitation Law came into effect, and a new positive list (below “PL”) system was introduced. In preparation for the introduction of the PL system, we have participated in the Preparatory Committee for Promotion of Management System of Food Contact Materials, which was established in 2019 by relevant industries, and have made the necessary preparations to comply with the law.

After the enactment of the law, we will continue activities to provide customers with appropriate information on the PL system.

Responding to Globally Harmonized System (GHS)

Globally Harmonized System of Classification and Labelling of Chemicals (GHS) is a system for classifying and labelling chemicals in accordance with globally unified rules in order to help with accident prevention and health and environmental protection. The Asahi Kasei Group is advancing a program to classify the hazards of all of our chemical products in accordance with GHS categories, and revise our SDSs and label our products with safety information accordingly.

EU REACH compliance

We conduct internal education and training on REACH (Registration, Evaluation, Authorization, Restriction, and Chemicals)*¹ requirements and periodically hold meetings among related parties. To fulfill 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 (Classification, Labeling, and Packaging)*³ regulations.

*1 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 Substances of Very High Concern. Substances added to a list of candidates for authorized regulation.

*3 CLP is a regulation in Europe on classification, labeling, and packaging of substances and mixtures in accordance with GHS.

Participation in Joint Article Management Promotion-consortium (JAMP) and promotion of chemSHERPA

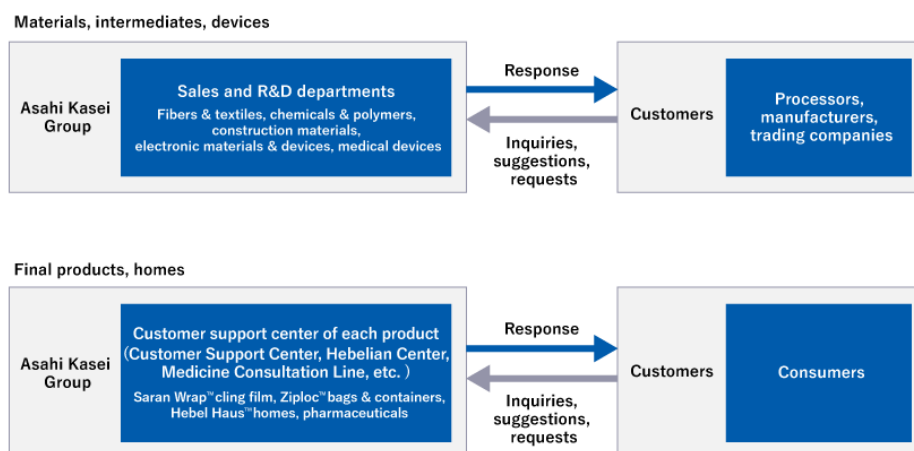
As a major upstream company, we participate in the activities of the steering committee and individual committees of JAMP relating to the transmission of information on chemical substances contained in products throughout the supply chain and work actively on building tools and systems as well as revision of the list of applicable substances. In fiscal 2018, we engaged in activities to encourage greater adoption of chemSHERPA (a scheme for transmission of information on chemical substances contained in products) while making active efforts to provide and obtain information throughout the supply chain.

Going forward, as a major upstream company, we will continue to work with the JAMP Office toward the greater adoption of chemSHERPA.

➤ JAMP 

Mechanisms to utilize customer feedback

We believe satisfying customers and providing products and services that are a delight to use translates into contribution to society. In order to achieve this, we believe that it is most important to identify true needs by listening carefully to customer feedback to establish two-way communication. The Asahi Kasei Group has built frameworks for such communication with customers in each of our businesses and strives to listen to frank and honest feedback.



Communication with customers

➤ Product and business inquiries

CSR Procurement

Policy

It is the policy of the Asahi Kasei Group to consider suppliers as important partners and to treat them with sincerity.

Our Mission and Vision for procurement are an expression of our ideals to apply in daily activities as we work to uphold our Procurement Policy and promote procurement practices with an emphasis on CSR.

Accordingly, we consider suppliers from environmental aspects including energy use, climate change, biodiversity, pollution, waste, and resource use, and social aspects including discrimination, equal opportunity, freedom of association, and compliance with local laws concerning working hours and wages. A relationship of mutual trust with our suppliers is fostered through fair and transparent purchasing practices based on regulatory compliance and respect for the environment and human rights.

➤ [Asahi Kasei Group Procurement Policy](#)

Procurement Principles

Mission

Achieve trustworthy procurement that contributes to the sustainability of society and the sustainable growth of corporate value

Vision

Building a sustainable supply chain for the Asahi Kasei Group

Basic Policy

- 1. Compliance** We uphold all laws relevant to purchasing transactions as well as the Asahi Kasei Group's internal regulations.
- 2. Fairness and impartiality** Selection of bids and conclusion of contracts are performed in a fair and impartial manner.
- 3. Open door principle** We provide fair opportunities to any potential supplier, both domestic and overseas.
- 4. CSR-focused procurement** We perform purchasing in close coordination with our group-wide activities for CSR.
- 5. Partnership** We strive to deepen mutual understanding and build relationships of trust with suppliers.

The Asahi Kasei Group Procurement Principles

Management framework

Corporate Procurement & Logistics is responsible for the Asahi Kasei Group Procurement Policy, and the department cooperates with the Sustainability Strategy Planning Department to familiarize Group company personnel with the content.

Evaluation of CSR at suppliers

The Group is working with its suppliers to promote CSR procurement with the aim of constructing a sustainable supply chain. As part of this effort, we ask our major suppliers to complete a CSR Procurement Questionnaire in order to understand the status of CSR initiatives across the entire supply chain. In this way, we aim to improve the level of CSR by cooperating with our suppliers, and to avoid environmental and social risks in the supply chain.


We conduct supplier surveys as part of our CSR procurement from two perspectives, which are evaluation at the commencement of new transactions and ongoing evaluation of suppliers.

Before commencing transactions with a new company, we conduct an evaluation which includes CSR through preliminary screening based on our Purchasing and Procurement Policy.

In addition, we conduct a CSR survey of continuing suppliers so that they engage in business activities with an awareness of CSR, and strive to foster awareness of CSR in transactions.

Question categories

1. Corporate governance related to CSR
2. Ethics and compliance
3. Information security
4. Intellectual property rights
5. Human rights and labor
6. Workplace safety and hygiene
7. Product safety and quality assurance
8. Security (export control)
9. Environmental conservation
10. Timely and appropriate provision of information and communication to stakeholders
11. Harmony with the local community
12. Supply chain

➤ FY2019 CSR Procurement Questionnaire  (377.2KB)

FY2018 – 2019 CSR Procurement Questionnaire Results

• Initiatives in FY2018

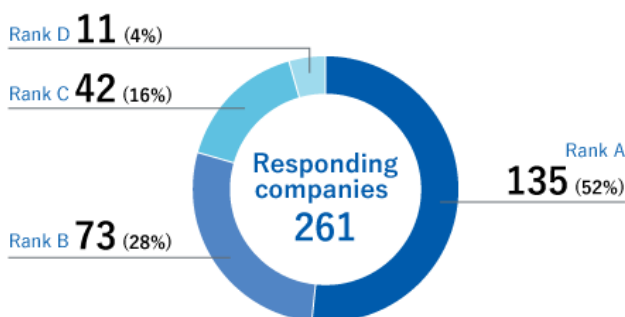
We added and expanded the number of existing questions (from 8 categories to 12, from 52 questions to 85), and especially increased social questions in order to monitor the ESG management status of our suppliers. We asked 181 of our major suppliers (including agents and intermediaries) to complete the CSR Procurement Questionnaire, and received responses from all of them. We provide feedback to our suppliers about their scores and requests for improvement for each question item.

• Initiatives in FY2019

In addition to the 181 companies in fiscal 2018, we requested a further 84 major suppliers to complete the CSR questionnaire, and received responses from 80 of them.

The following is a summary of the questionnaire results of all 261 companies throughout fiscal 2018 and 2019 after the fiscal 2018 revision.

By category, scores for "Security (export control)," "Product safety and quality assurance," and "Human rights and labor" were high, while scores for "Information disclosure and communication to stakeholders" and "Harmony with the local community" were relatively low.



FY2018 – 2019 CSR Procurement Questionnaire
(Comprehensive Evaluation)



Average scores by category

For suppliers ranked C and D in the fiscal 2018 and 2019 questionnaires, we individually evaluated and analyzed all responses and risks to the supply chain, and are communicating with them as needed to regarding improvements based on our feedback. In fiscal 2019, we held meetings with several suppliers, including actual visits, to gain their understanding for specific improvement activities.

Supplier environmental certification

In the questionnaire, we also surveyed the status of environmental management systems by acquiring a third-party certification system such as the international standard ISO 14001. We have currently confirmed that about 60% of our major suppliers (261 companies in total) have systems and mechanisms in place to promote environmental protection.

Communication with stakeholders

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

The Asahi Kasei Group compliance hotline also accepts reports and inquiries from suppliers.

Response to conflict minerals

It is a global trend that more and more countries are banning the procurement of minerals from inhumane armed groups, particularly in the Democratic Republic of the Congo and neighboring countries. In the US, this is required by the Dodd-Frank Act of 2010.

Asahi Kasei considers conflict minerals to be a serious issue, and our policy is to ensure transparency in our supply chains and to procure minerals responsibly. We do not obtain, procure, or utilize minerals from armed groups, and avoid supporting conflict and inhumane activities.

Human Resources

Approach to human resources and employment

Human resources development and active engagement

Diversity

Basic policy regarding labor issues

The Asahi Kasei Group believes that all of the human resources working at the Group are the source of new value creation based on their diversity and capability to change.

As a signatory to the UN Global Compact, the Asahi Kasei Group supports and respects the labor-related principles set forth therein. We also endorse the United Nations Guiding Principles on Business and Human Rights and the Children's Rights and Business Principles, and we will use these frameworks to grasp and appropriately address labor issues in our business. The United Nations Global Compact stipulates the following labor principles.

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

Furthermore, the Asahi Kasei Group Code of Conduct clearly states that the Group, as well as its suppliers, does not allow inhumane practices such as child and forced labor, prohibits discrimination for any reason including employment status, respects human rights and diversity, and carries out its business with sincerity and a sense of responsibility.

Based on the above approach, we will not only comply with domestic and international labor laws and regulations on the following labor issues, but also strive to create a work environment where employees can reach their maximum abilities while working with safely and peace of mind.

- Prevention of child and forced labor
- Reduction of excessive working hours
- Formulation of working conditions based on consultation between labor and management
We will maintain a certain standard of living for our employees through compliance with locally stipulated minimum wages and the payment of fair wages.
- Guarantee of freedom of association and collective bargaining rights
We guarantee the freedom of association and collective bargaining rights for the employees we hire.

The Group's working conditions are formulated and implemented based on consultation and agreement between labor and management.

Management framework

General Affairs and the Human Resources and Organizational Development Group at Human Resources oversee initiatives related to personnel and labor management and human resource development. Each Group company operates its own personnel system and strives for human resource development. The Group-wide status is confirmed through regular audits to ensure there are no violations of laws and regulations or improprieties.

Initiatives for compliance with labor standards and work style reform

Consultation between labor and management regarding labor standards

We strive to ensure legal compliance through such means as sharing information on topic and amendments to labor-related laws with Group companies in order to ensure Group-wide legal compliance.

In fiscal 2017, Asahi Kasei Corp. also established an expert committee for the labor union and company to examine work style reform, and measures such as a telecommuting system have been implemented.

Moreover, we have promoted the use of annual leave days to reduce working hours. In addition to this, we monitor workplaces that have comparatively long working hours with the aim of preventing excessive working hours at the level of each organization.

Specific work style reform initiatives (adopted in fiscal 2019)

- Work from home program
- Availability of paid annual leave in one-hour units
- Increase in number of annual leave days by one day, etc.

In fiscal 2019, there were three cases of Labor Standards Act violations where labor standards were violated in the Asahi Kasei Group (in Japan). Overtime hours exceeded the monthly limit (80 hours) in each case, and we have taken steps to prevent recurrence at the workplaces where they occurred.

Preventing harassment

The Asahi Kasei Group Code of Conduct clearly stipulates a policy of zero tolerance for any kind of discrimination or harassment. To this end, we explicitly prohibit sexual harassment and other forms of harassment in our employment regulations. We also seek to instill our company policy of zero tolerance for any kind of discrimination or harassment through training on corporate ethics for employees at each level – new hires, and newly appointed assistant managers and managers (administrators). In addition, we implement corporate ethics training by business unit and geographical area. We are currently holding seminars through the Asahi Kasei Group focused on the theme of fostering a corporate culture where there is no power harassment, and seminars for executive officers and department managers were largely completed by the end of fiscal 2019. We will conduct them for all employees, including general employees, in the future.

We have established a central point of contact for consultation about harassment and a compliance hotline (internal reporting system) that ensure anonymity for responding to various inquiries and concerns on related issues in the Asahi Kasei Group. Training and consultation are also provided for staff from placement agencies and employees of affiliated companies, as part of our Group-wide effort to prevent the occurrence of harassment.

Employee survey

Management and labor work in concert to resolve people-related issues based on mutual understanding and awareness. As part of this, we perform an employee survey of employees in Japan every three years to provide information to line managers that will guide organizational invigoration and management, gauge improvements to previously identified problems and track changes in employee perceptions over time. Survey results are also utilized in the evaluation of initiatives in each department and the consideration of new Group-wide measures.

From fiscal 2020, we will change the content of the employee survey to one that contributes to greater engagement, and plan to conduct this survey every year. At the same time, we are working to understand the status of labor management and the occurrence of human rights and other violations in the Group in order to grasp the risks related to employee human rights issues.

Communication between management and labor

The Asahi Kasei Group supports employees' freedom of association and right to collective bargaining and strives to maintain a constructive partnership between management and labor.

Discussions on the overall management of the Asahi Kasei Group are held on a regular basis between the management of Asahi Kasei Corp. and the labor union, and separate discussions are periodically held at each business unit and operating site. In addition, regular meetings with the federation of labor unions are held to provide the venue to enhance open communication between management and labor.

We have concluded a union shop agreement with the Asahi Kasei Labor Union (an agreement under which all employees, except managers and supervisors, are members of the union), and the union has 9,762 members (as of June 1, 2020).

Human Resources

Approach to human resources and employment

Human resources development and active engagement

Diversity

Policy

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 source of our competitive strength is the exceptional power of our people and organizations.

Established in March 2006, the Human Resources Principles of the Asahi Kasei Group are a distillation of the values and beliefs that are held in common by all employees, which is a key aspect of a corporate culture where personal growth and corporate development are mutually reinforcing.

Human Resources Principles

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

In accordance with these principles, our human resources development is focused on the mutual growth of individuals and organizations. As part of the medium-term plan beginning in fiscal 2019, efforts for human resources are focused on the growth of management and leaders, growth of professional groups and line managers who manage them, and growth of global personnel.

Categories and roles of Group Masters



Target areas

We define fields of technology to be strengthened business-wide as "core technologies" and appoint engineers to lead each core technology field as Group Masters.

As a result of organizing the core technologies, production technologies, know-how, business platforms, diverse market channels and business models, which have been cultivated as the source of the Asahi Kasei Group's competitiveness, we defined the 11 fields below as business-wide core technologies. We will also define the fields and occupational categories to be cultivated internally as experts for business-specific fields and key Group-wide functions (core platform fields) and will appoint human resources to lead those areas as Group Masters.

Core technology fields	Business-specific fields	Core Platform fields
<ul style="list-style-type: none"> (1) Fibers (polymerization, spinning, and cellulose) (2) Membranes and separation (3) Electrochemistry (electrolysis and batteries) (4) Polymers (design, polymerization, processing, and applications) (5) Catalysts, chemical processes, and inorganic synthesis (6) Compound semiconductors (7) Analysis and CS (8) Process development and construction technologies (9) Product design and advanced control (10) Plant engineering (11) Digital innovation <p>Note: Fields confirmed and reviewed as necessary every year</p>	<p>Target fields are defined and Group Masters are appointed for each business in the Material sector (Asahi Kasei Corp. and Asahi Kasei Microdevices Corp.) and Asahi Kasei Pharma Corp., Asahi Kasei Medical Co., Ltd., Asahi Kasei Homes Corp., and Asahi Kasei Construction Materials Corp.</p>	<p>Examples of target fields</p> <p>Administration-related: Legal affairs, accounting and tax, trade and customs, internal audits, HR, etc.</p> <p>Technology-related: Intellectual property, environment and safety, quality assurance, IT etc.</p>

Development of global human resources

To maintain the global business expansion under our "Cs+ for Tomorrow 2021" medium-term management initiative from the perspective of human resources, we are implementing measures such as overseas challenge programs for young personnel with an eye to cultivating global staff, including an open recruitment overseas study program, and holding training sessions for personnel at overseas subsidiaries on subjects such as overseas post succession planning, dissemination of corporate philosophy, intercultural communication, and management skills.

Supporting independent study

In October 2003, the Asahi Kasei Group instituted a program to support independent study by employees. To encourage employees to acquire higher level specialized or technological ability, the company will pay part of the cost of attending courses or lectures. In fiscal 2019, a total of 826 employees utilized the program.

Human Resources

Approach to human resources and employment

Human resources development and active engagement

Diversity

Policy

The Asahi Kasei Group Code of Conduct clearly stipulates that "we must respect individuals' basic human rights and diversity, not discriminate on the basis of nationality, ancestry, race, ethnicity, religion, gender, ideology, age, physical characteristics, sexual orientation, employment status, form of contract, etc., nor condone such discrimination" as company policy. We promote the establishment of a lively workplace which ensures equal opportunity and enables all employees to perform at their best without suffering discrimination. We seek to instill our company policy to prevent any discrimination or harassment through training on corporate ethics for employees at each level – new hires, and newly appointed assistant managers and managers. In addition, we implement corporate ethics training by business unit and geographical area.

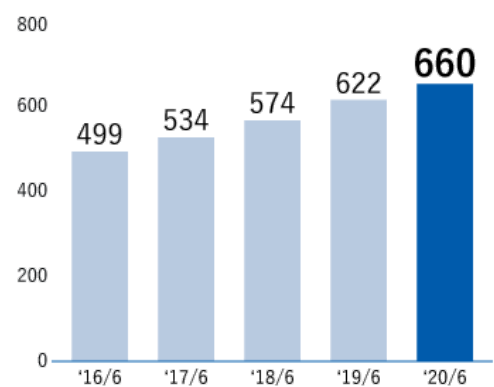
Management framework

The Asahi Kasei Group believe that developing into a people-oriented organization in which human resources with diverse values are actively engaged is essential for sustainable business growth. To promote diversity including the engagement of various employees, we have a Diversity Promotion Group which advances diversity management throughout the Asahi Kasei Group.

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 supervisor or above were women in 1993, this has risen to 660 in June 2019. To support female personnel through life events such as childbirth and parenting, we hold seminars on returning to work after maternity leave, and provide a mentoring program that encourages female managers to further develop their careers.

In fiscal 2016, we also formulated an action plan and targets below in accordance with the Act on Promotion of Women's Participation and Advancement in the Workplace.



Number of women as managers and supervisors*

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	<p>Objective 1</p> <p>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</p> <p>Objective 2</p> <p>Provide a workplace environment that enables both men and women to maintain their careers while raising children</p>

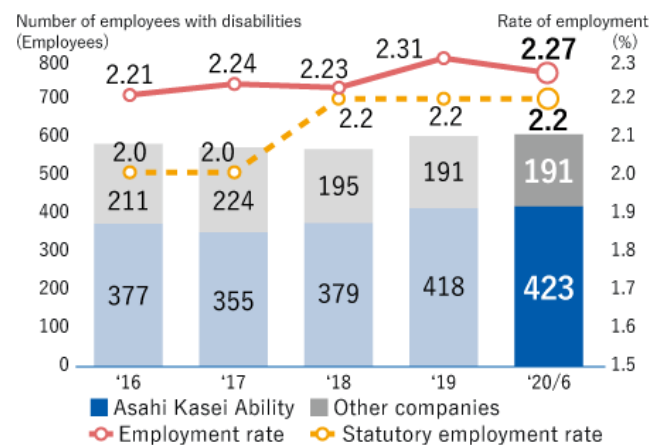
* Action Plan for Asahi Kasei Corp., Asahi Kasei Microdevices Corp., Asahi Kasei Pharma Corp., Asahi Kasei Medical Co., Ltd., Asahi Kasei Homes Corp., and Asahi Kasei Construction Materials Corp.

➤ Database of companies promoting the active participation of women

Employment of persons with disabilities

Asahi Kasei Ability Corp. was established in 1985 as a special subsidiary for the employment of persons with disabilities, performing a wide range of services for the Asahi Kasei Group, including office automation services such as data entry, digitizing documents (conversion to PDF files), website design, printing of business cards, document printing and binding, dispatch of sample products, cleaning, copying, and planter box gardening. On April 1, 2018, the legal minimum proportion for employment of persons with disabilities was revised upward from 2.0% to 2.2%. The proportion for applicable companies of the Asahi Kasei Group exceeded 2.2% throughout the year and as of June 1, 2020, stood at 2.27% (614 persons), exceeding the legal requirement.

* The rate of employment and the number of persons employed are the average figures for each fiscal year for applicable companies of the Asahi Kasei Group. Calculations are based on total employment of 26,990 persons at the 20 applicable companies as of June 1, 2020. (The number of persons is calculated in accordance with the Act on Employment Promotion, etc. of Persons with Disabilities).



Rate of employment and number of persons with disabilities employed*

Initiatives at Asahi Kasei Ability

Asahi Kasei Ability, which actively employs persons with disabilities, completed its new Mizushima Office building in June 2018 and opened the Osaka Office in October 2018. Asahi Kasei Ability is expanding the size of its business, including the establishment of the Agriculture Promotion Group at the Nobeoka Office in January 2019 to engage in full-scale agriculture as part of its work design for employees.

In addition, Asahi Kasei Ability opened its Onuki Office in Onuki-cho, Nobeoka City in September 2019, and a newly established Business Development Group began operating within it. As the name suggests, the Business Development Group is an organization that engages in new business development and plays a role in nurturing future business. Currently, while the main focus of activities is to expand the laundry business for work clothes and dress shirts in the Nobeoka area, in the future it will actively take

on new challenges such as ceramics (making chopstick rests) and coffee roasting.

In addition, many of our employees compete in several prefectural Abilympics each year. Employees who win gold medals at the prefectural competitions qualify to compete in the National Abilympics. Seven employees represented their respective prefectures in the 2019 national competition (held in Aichi Prefecture), and one won a silver award in the sewing category, demonstrating the skills cultivated through daily work and practice.



New Mizushima office building completed in June 2018



Work in the Agriculture
Promotion Group, Nobeoka
Office



Onuki Office opened in
September 2019

System to Support the Activities of All Motivated Human Resources (tentative name)

In addition to promoting the active participation of women and people with disabilities, we have developed a wide range of supportive measures to create an environment that supports the individual circumstances of our employees and allows them to fully demonstrate their abilities.

For example, we have established a rehabilitation work system that allows employees to resume work in a phased manner in accordance with the instructions of an industrial physician to support a smooth return to work after a period of medical treatment. Going forward, we will continue to study ways to expand support for employees who work while undergoing treatment for illness.

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 2019, this provision was utilized by 19 personnel (including 1 male employee).

In addition, we are also working on plans to support the development of a network of foreign employees and are considering a system to register same-sex partners as married in the internal system.

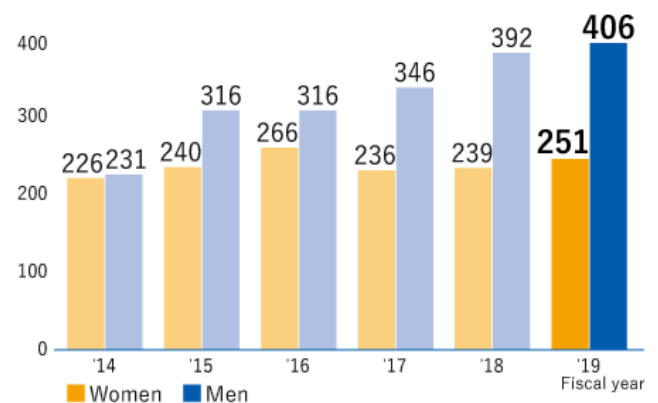
Balancing work and family life

In order to improve the balance of work and family life, the Asahi Kasei Group complies with laws and regulations aimed at eliminating and reducing long working hours and provides various forms of support for personnel to work with security and vitality in accordance with their individual circumstances and values from the perspective of balancing work and family life. At the same time, we also foster a workplace environment that facilitates utilization of the provisions by raising awareness of them through our corporate intranet and offering management support for superiors. Many of the provisions we offer are also available to non-regular employees with some changes to the details, and are actually utilized by them.

Parental leave

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

In fiscal 2019, parental leave was utilized by 657 personnel. This is included 406 men, with the rate of those who were qualified and actually utilized the leave exceeding 40% for the past five years in a row, and 251 women.

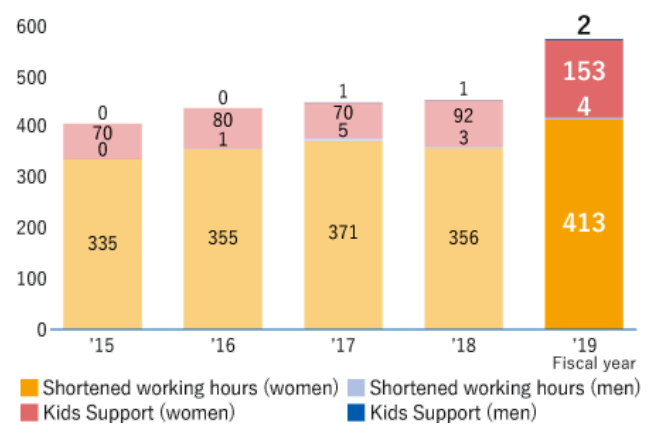


Employees using parental leave

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 up to the third grade of elementary school can work in a short time as well. These provisions may be used concurrently with a "flex-time" system for flexible working hours.

In fiscal 2019, 28 contract employees utilized shortened working hour system for childcare. In April 2020, we began to expand the applicable period of the shortened working hours system for childcare for contract employees (up to the start of elementary school) and the application of the kids support system (up to the end of the third year of elementary school).



Utilization of shortened working hours system and kids support system

Platinum Kurumin certification mark

In 2016, Asahi Kasei Corp., Asahi Kasei Microdevices Corp., Asahi Kasei Pharma Corp., Asahi Kasei Medical Co., Ltd., and Asahi Kasei Ability Corp. received Platinum Kurumin certification from the Ministry of Health, Labor and Welfare. Platinum Kurumin certification is awarded in recognition of proactive support for the development of the next generation which is particularly outstanding. Asahi Kasei Ability Corp. is the first company in Miyazaki Prefecture to receive Platinum Kurumin certification.



Support for family care

The Asahi Kasei Group has established systems to support caring for family members* that go beyond legal stipulations to provide support for balancing work with care for family members.

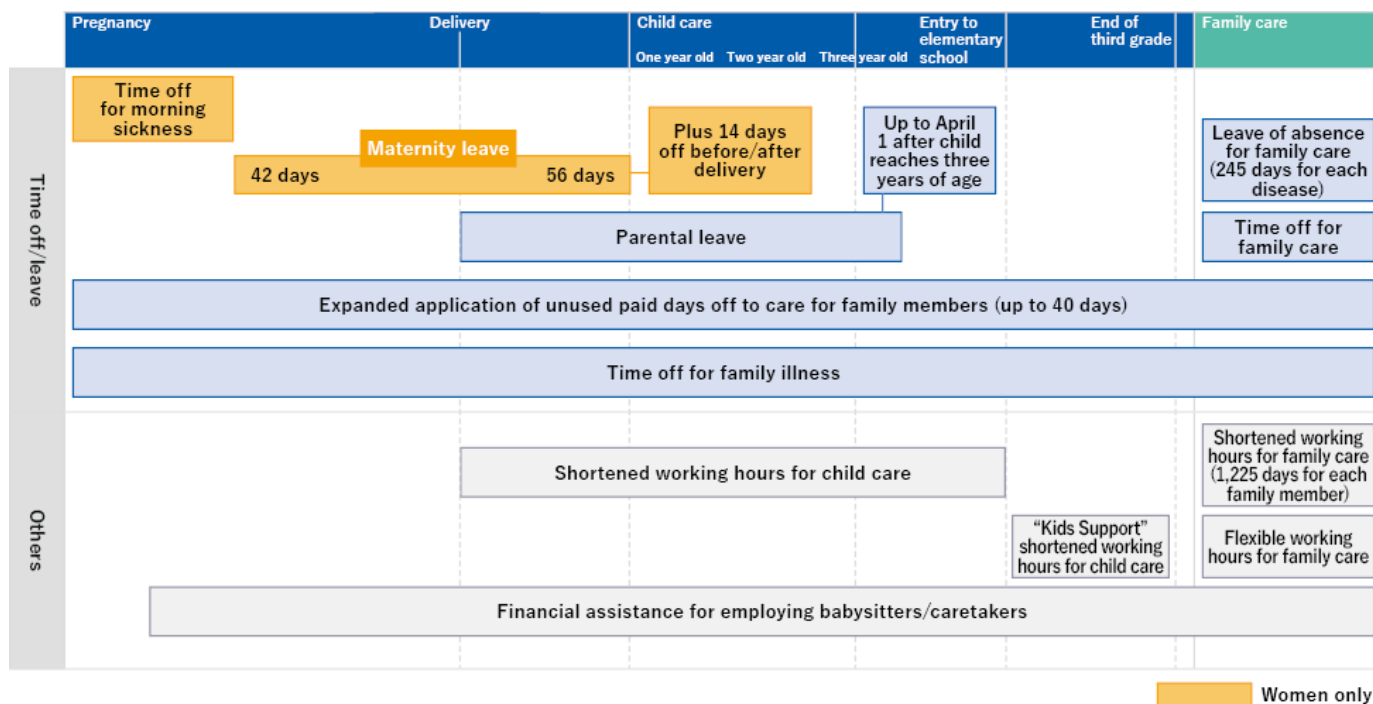
- * Leave of absence for family care : A leave of absence of 245 days in total is available for each disease of each family member who requires care.
- Shortened working hours for family care : A total of 1,225 days for each family member who requires care
- Flexible working hours for family care : "flex-time" system for working with short core times, etc.

Since 2011, we have been holding caregiving seminars at various locations across Japan, which were renewed in fiscal 2018 as seminars for supervisors who have subordinates balancing caregiving and work, to improve the understanding of supervisors and workplaces of employees who are responsible for caregiving. The free caregiving telephone consultation service (available 365 days a year and 24 hours a day to all Group employees and their family members), which was launched in April 2019, has been used for over 30 cases over the year. Furthermore, in April 2020, we expanded our short-time work program for caregivers as a measure in response to the increase in the number of at-home caregivers.

At the same time, in order to create an environment that facilitates utilization of these systems, we disseminate information on balancing work and family care and information about these provisions through our corporate intranet and distributed booklet on balancing work with care for family members (since January 2013).



Booklet on balancing work with care for family members



Main provisions to support balance in work and family life

Re-employment of employees at mandatory retirement age

In fiscal 2001, we introduced a voluntary re-employment program for all employees who have reached the retirement age of 60 to enable them to continue working and making use of their extensive experience and advanced skills. In fiscal 2013, we conducted a revision to increase the fixed amount of compensation by 1.5 times in order to maintain the same motivation and satisfaction as before retirement. In fiscal 2019, approximately 80% of employees who reached retirement age utilized the program to be actively engaged.

Human Rights

Policy

The Asahi Kasei Group supports the International Bill of Human Rights consisting of the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, and the International Covenant on Economic, Social and Cultural Rights and its two Optional Protocols, and strives to respect basic human rights and diversity. The Asahi Kasei Group Code of Conduct clearly states the Group's approach on human rights to our employees, and we strive to instill our approach through multi-lingual editions of the Asahi Kasei Group Code of Conduct as well as training.

In addition, as a signatory of the UN Global Compact, we endorse the Global Compact principles relating to human rights as well as the UN Guiding Principles on Business and Human Rights and the Children's Rights and Business Principles. Based on this framework, we will strive to identify and appropriately deal with human rights issues in our business activities.

Asahi Kasei Group Code of Conduct (10) Respect for Human Rights and Diversity

The Asahi Kasei Group respects individuals' basic human rights and diversity, and endeavors to provide a workplace that enables anyone to be actively engaged.

a. Respecting Basic Human Rights and Diversity

Our employees must respect individuals' basic human rights and diversity and, along with the basic policy of the Asahi Kasei Group regarding prohibition of discrimination on any protected category under applicable law, such as nationality, ancestry, race, ethnicity, religion, gender, ideology, age, physical characteristics, sexual orientation, employment status, form of contract, etc., our employees must not condone such discrimination.

b. Prohibition of Harassment

Our employees must maintain a workplace free of unlawful harassment, whether moral, sexual harassment, physical or psychological, etc., and our employees must not condone such words or deeds.

c. Prohibition of Inhumane Labor Practices

Based on respect for basic human rights, our employees must not condone inhumane practices such as compulsory labor, child labor, slavery, etc. Furthermore, our employees must not condone such practices done by our suppliers.

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

Consideration of human rights in procurement

The Asahi Kasei Group conducts CSR questionnaires of suppliers as part of our CSR Procurement in our efforts to identify the status of initiatives on human rights and labor issues as well as foster awareness of CSR in partnership with our suppliers.

➤ CSR Procurement

Human rights reporting and consultation hotline

The Asahi Kasei Group's compliance hotline handles reports and consultation on all aspects of compliance, including human rights. The hotline is available to suppliers and their employees in addition to Group employees.

Human rights education and awareness raising activities

The Asahi Kasei Group clearly stipulates a policy of zero tolerance for any kind of discrimination or harassment in the section of the Asahi Kasei Group Code of Conduct entitled "Respect for Human Rights and Diversity." Specific initiatives include study sessions focusing on power harassment, articles on human rights and diversity awareness in the in-house magazine, and the provision of information via the intranet. Going forward, we will consider measures to deepen the understanding of employees of human rights issues for which companies have a social responsibility, in addition to human rights issues in the workplace.

Occupational Health and Safety

Policy

While business is operated globally, the structure of society is changing dramatically. The population continues to age, and the way of hiring people as well as working styles are changing in various ways. In this time of change, it's necessary to ensure a comfortable and safe workplace environment for all employees, working to maintain good health in mind and body and enabling them to make the most of their capabilities and possibilities.

The Asahi Kasei Group regards all employees as precious assets. Our RC Principles state: "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." Based on this, in cooperation with employees, we strive for a comfortable workplace environment throughout the company. We also implement various measures to support employees in maintaining and advancing their mental and physical well-being in accordance with our health management guidelines, including screening for lifestyle-related diseases and mental health checkups.

Management framework

The Asahi Kasei Group has worker health and safety committees in the various areas it operates which monitor employees' health and safety at work. The committees meet monthly to improve the standard of occupational health. Each workplace has its own system to prioritize the safety of employees and other workers, employing a policy and targets. In fiscal 2013 we began full implementation of an internet-based electronic diagnosis system to survey the stress level of individual employees as part of our effort for health care.

Labor and management work together to address issues related to employee health by exchanging relevant ideas with the labor union at meetings of the health and safety committee and various labor-management meetings.

Preventive action for occupational accidents

The effort to prevent workplace accidents is integrated in our comprehensive OHSMS*¹ program that combines conventional safety initiatives*² with risk assessments and a prevention-oriented plan-do-check-act (PDCA) system.

In fiscal 2002, we began applying OHSMS in accordance with OHSAS 18001 standards. We have continued to implement OHSAS at over 90% of all plants and other facilities since fiscal 2009.



Integration of workplace safety initiatives

*1 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

*2 Tidiness/orderliness/cleanliness (3S), reporting of near-accidents and potential hazards, hazard prediction analysis, safety patrols, and case studies

Approach to prevent occupational accidents

Identification of potential hazards

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

Risk assessment

Priority for mitigating the potential workplace hazards 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.

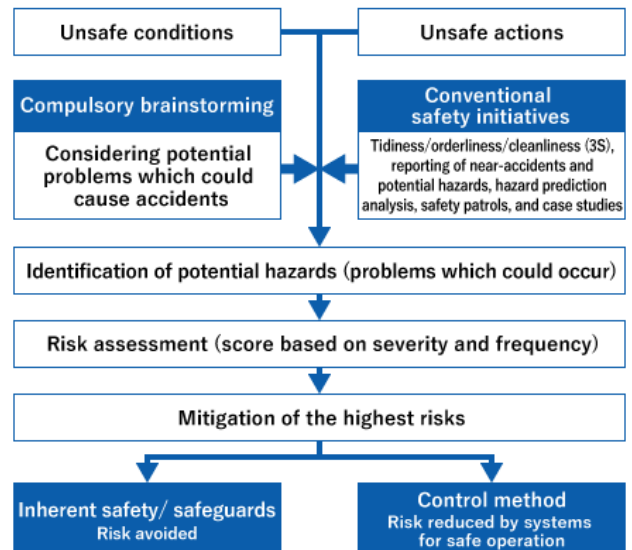
Inherent safety and safeguards

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.

Systems for safe operation

The Asahi Kasei Group reduces risks through compliance with safe operating standards* and employs a range of creative measures to ensure that safe operating standards are observed from day to day. Operations for which the elimination of risk through equipment modification is impractical are classified as operations requiring special control and strictly managed as such.

* 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.



Schematic image for prevention of workplace accidents

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

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

Formulation of safety measures

Sharing and utilizing information of occupational accidents

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

Occupational accident statistics

In fiscal 2019, 25 lost-workday injuries occurred involving Group employees in Japan. Of these, one serious accident*1 occurred as a result of a Group employee in Japan being caught in/between machinery.

While we had previously concentrated efforts on preventing such accidents, this case led us to implement thorough measures to prevent recurrence with similar equipment, reducing risk even further by promoting safety and introducing protective measures.

When we classify the 25 lost workdays by accident type, we see many of the accidents were due to "fall from height." While fortunately there were no serious incidents, as such falls are highly likely to result in serious injuries, we are developing activities that will help prevent them, especially where work is performed in high places.

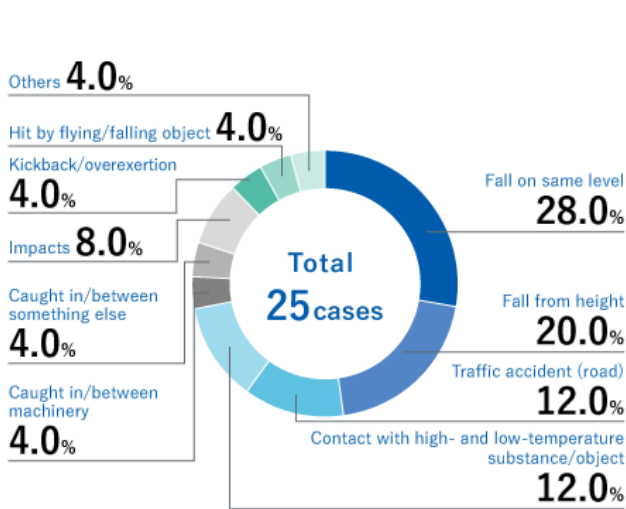
In terms of recent trends, severe injuries are more likely to occur during irregular tasks which are only performed once every year or two. For the assessment of risks based on severity and frequency, we will prioritize measures to enhance the safety of tasks which, no matter how low their frequency scores, are likely to cause severe injury in the unlikely event that an accident does occur.

We also formulated a set of guidelines on machinery safety in accordance with ISO 12100*2 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.

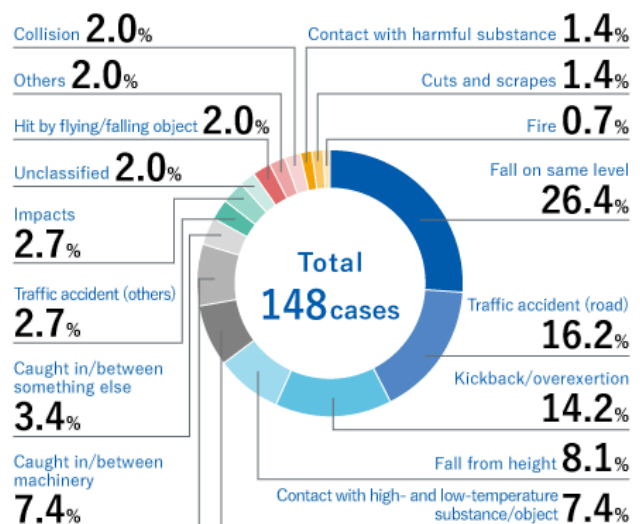
Meanwhile, the category of "fall on same level" accounted for 28% of lost-workday injuries. Many of these incidents occurred during day-to-day activities, including in the office and while out on errands, etc. To prevent these common accidents, we are promoting safety activities such as basic safety compliance in both production and non-production workplaces and renewing our emphasis on a culture of safety company-wide.

*1 Serious accident : Refers to accidents resulting in death or lasting injury

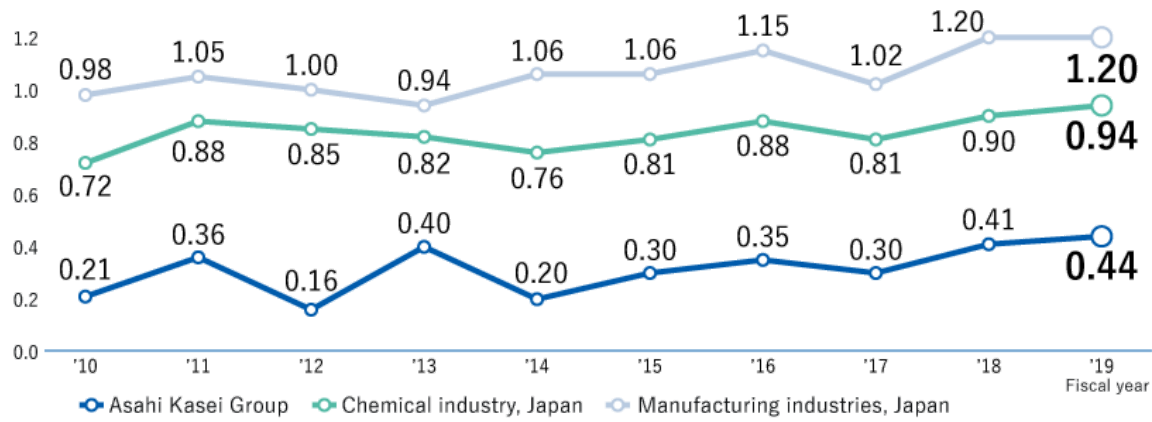
*2 ISO 12100 : ISO 12100 specifies principles for achieving safety in machinery design and principles of risk assessment and risk reduction



Incidence of lost-workday injury by event category (FY2019 in Japan)

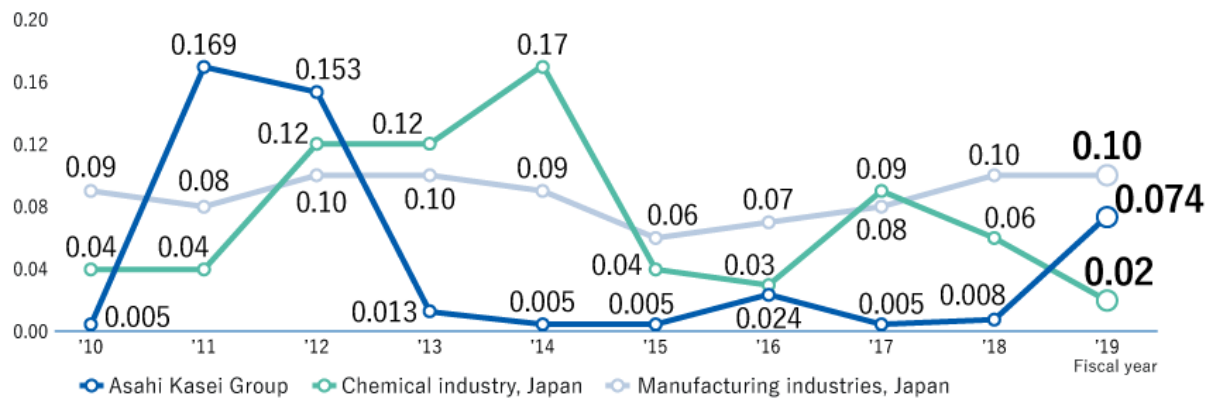


Incidence of lost-workday injury by event category (FY2009-2018 in Japan)



Note: Fiscal years for Asahi Kasei Group and calendar years for the chemical industry as well as manufacturing industries in Japan.

Frequency rate*1



Note: Fiscal years for Asahi Kasei Group and calendar years for the chemical industry as well as manufacturing industries in Japan.

Note: The severity rate increased in fiscal 2011 because of one fatal "caught between machinery" accident, in fiscal 2012 because of one "fall on same level" accident that caused lasting injury, and in fiscal 2019 because of one "caught in machinery" accident that caused lasting injury.

Severity rate*2

*1 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.

Maintaining and improving comfortable workplaces

Workplaces where potential health hazards are present are subject to regular monitoring under the Working Environment Measurement Law. Additionally, risk management of chemicals is implemented to reduce risks due to chemical substances. 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.

Safety Activities at the Oita Works of Asahi Kasei Medical MT Corp.

1. Introduction

Asahi Kasei Medical MT Corp. (AMMT) was established in October 2013 as a Group company belonging to Asahi Kasei Medical Co., Ltd. It develops and manufactures medical devices and components based on unique membrane separation and adsorption technologies, supporting people's lives worldwide.

AMMT has major production sites in both Oita and Nobeoka, with some 1,600 employees. The Oita site takes our commitment to safety very seriously, and even received an Excellent Workplace Encouragement Award for health and safety in fiscal 2018 from the Oita Labor Bureau.

2. Key points of safety activities at the Oita site

The Oita site consists of 4 plants: the Artificial Kidney Plant, Apheresis Device Plant, Sepacell Plant, and Planova Oita Plant. There are also 2 technical development departments and shared facilities. All employees at every workplace participate in activities with mottos of "Promoting positive QMS and RC activities" and "Practicing the three actuals." The Oita Environment and Safety Department and the various plants work together on the following programs: Basic Safety Precautions to Prevent Accidents in Daily Life; Traffic Safety; Mental Health Programs for a Better Workplace Environment; Thorough Risk Assessment (Change Control); and, to prevent serious injuries, No More Getting Caught In or Between Machinery; and Completely Preventing Heat Stroke.

Mental health programs are especially focused on meticulous ongoing care, as part of the health promotion activities throughout the site. The results in promoting the mental and physical health of employees has attracted attention as a model case within the Asahi Kasei Group. The Oita site is also actively engaged in RC activities that focus on ties with the local community, with employees and their families joining in clean-up campaigns in the area around the site.

3. Future initiatives

In addition to ongoing programs, the site is steadily promoting safety related activities like teaching best practices for handling equipment and eliminating the causes of occupational accidents, emphasizing safety as the highest priority. Site leaders consider it important to express their strong feelings concerning safety, and for leaders at all levels to be sincere in their dealings with their subordinates. The aim is to create a workplace where all personnel can be proud of their workplace and enjoy their jobs.



Oita site of Asahi Kasei Medical MT Corp.
(Left: Main Office, Right: Planova Oita Plant)



Line Post Workshop
(Theme: Communication that motivates your team)

Dealing with the asbestos issue

Asahi Kasei has dealt with the asbestos issue as explained below.

	Specific Measures
Measures for buildings owned by the Asahi Kasei Group, including its plants	Conducted asbestos surveys and systematically removed, contained, or enclosed it in accordance with the Ordinance on Prevention of Health Impairment Due to Asbestos.
Replacement of asbestos in plant joint seals	Asbestos in joint seals is replaced with non-asbestos materials sequentially when joints are opened for inspection or maintenance.
Responding to health issues of Asahi Kasei Group retirees	The Group does not engage in the production or handling of asbestos as specified in the Ordinance on Prevention of Health Impairment Due to Asbestos. However, if a retiree who had handled asbestos on a temporary basis during his or her tenure with the Group (for maintenance purposes for example) requests it, he or she can receive a medical examination and a follow-up will be conducted.

Developments in health management

The employee health landscape has altered dramatically in recent years with an ageing workforce and increased stress from changes in the business and social environment. At the same time, for the Group to provide value to society through its business, we need employees to be more productive and creative than ever.

That is why the Group promotes health management and related initiatives as a company-wide management issue, helping to develop it in our ongoing Responsible Care activities for the success and growth of each employee and to improve productivity.

Concrete examples include the establishment of our Corporate Health Care Promotion Center in January 2020 and the assignment of an Executive Officer for health and productivity management and an Executive Officer with deputy oversight of health and productivity management in February 2020. These responsibilities are held by Vice President Shigeki Takayama and Executive Officer for HR Senior Executive Officer Soichiro Hashizume, respectively.

Establishing a health management vision and publicizing our Health Management Declaration both in-house and publicly, we aim to improve productivity by increasing employee job satisfaction, revitalizing individuals and organizations, and creating a vibrant and energetic organizational culture, contributing to a sustainable society and a sustainable increase in the Asahi Kasei Group's corporate value.

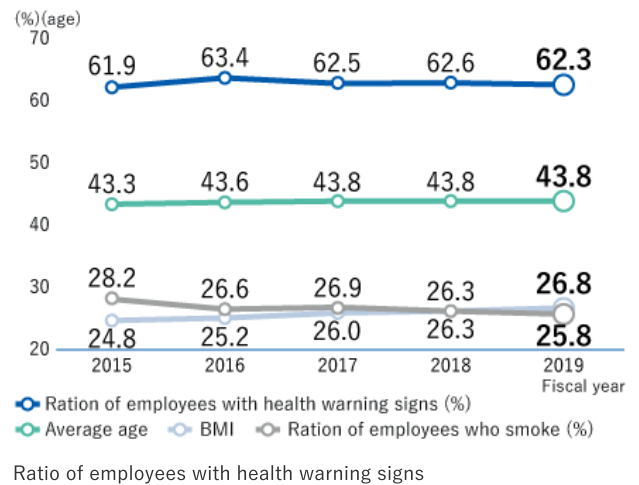
In addition to the above, we will continue to work on our health management goals, a system to promote them, and various initiatives with a view to full-scale implementation in fiscal 2021.

Health management for employees

Asahi Kasei Group has provided employees with healthcare guidance including preventive measures for lifestyle diseases and mental health enrichment by health maintenance staff in each site.

Additionally, we have promoted the use of our health improvement program, a tool for health management that was revised to enable easier 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.

In fiscal 2019, the results of annual checkups indicated that the proportion of employees with health warning signs was the same, the ratio of employees with obesity slightly increased, and employees who smoke slightly decreased compared with the previous fiscal year.



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. 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, including various programs tailored to each location such as health check sheets (in Nobeoka), ensuring a vibrant workplace environment with participation of all members (in Mizushima), improving the workplace safety by utilizing MIRROR* (in Fuji).

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.

* MIRROR : A tool for improving the work environment. Learning about and discussing the most desirable workplace.



Analysis of direct factors and circumstances resulting in leave of absence for mental health

There are multiple and complicated factors that cause employees to take leave of absence for mental health, including workplace-related issues, physical health problems, employees' approach to work, and issues in their private lives, as well as various circumstances such as changes in work duties, moves to different departments, or family problems. We analyzed the causes leading to leave of absence from the standpoint of occupational health staff using an analytical tool to categorize the stress factors of employees taking leave of absence for mental health reasons in order to identify the causes of unhealthy mental states and find out the tendencies and characteristics which would enable effective measures to reduce the number of employees who take leave of absence.

By inputting contribution ratios related to direct factors and background based on interview results, the tendencies are collated and visualized through graphs by site. Results from each site are also aggregated, with company-wide data analyzed according to various aspects such as job category and position which are then shared throughout the company.

Measures for employees stationed overseas

The Asahi Kasei Group is enhancing health management support for employees stationed overseas, which are increasing with the globalization of business.

In addition to providing such employees with annual medical check-ups, we perform a survey using a check-sheet regarding subjective symptoms, lifestyle issues, and stress factors, followed by online interviews via Skype or Teams as needed. Furthermore, interviews by industrial physicians are performed if the employees appear to be working excessive hours based on the time they are logged in to their computers.

All employees on overseas assignment, including those in Europe and the United States, are interviewed by an industrial physician via an online conferencing system six months after their assignment commences. This program started in 2018.

Cancer seminar for employees (Tokyo Health Management Office)

We also conduct a cancer seminar series, which focused on breast cancer in 2017 and colorectal cancer in 2018. In 2019 we held a general cancer seminar entitled "Recommendations for Cancer Screening" with Dr. Keiichi Nakagawa, Associate Professor of Radiology at the University of Tokyo Hospital. The well-known professor quickly drew more applicants than there were openings for the lecture, indicating a high level of interest in the topic of cancer.

Dr. Nakagawa's very clear and interesting talk also related his own experiences. Questionnaires handed out after confirmed that participants had understood the message of cancer screening's importance, and we expect this will lead to higher screening rates.

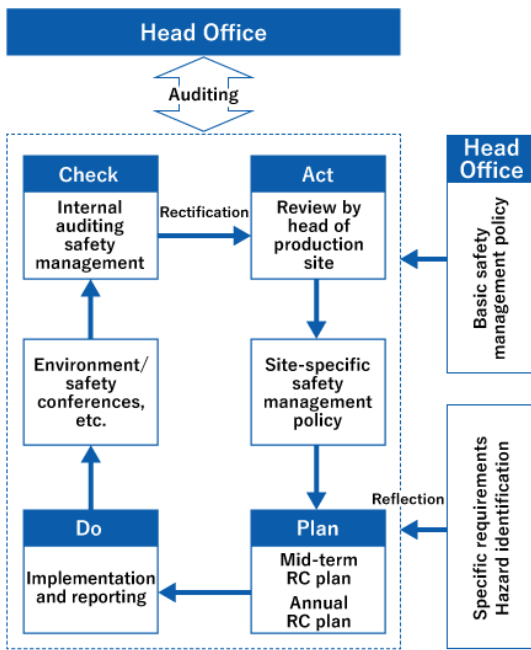
In addition, the Tokyo Headquarters of Asahi Kasei Corporation is working to raise the screening rate through participation in the Corporate Action Program for Cancer Prevention, for which Dr. Nakagawa is a committee member.



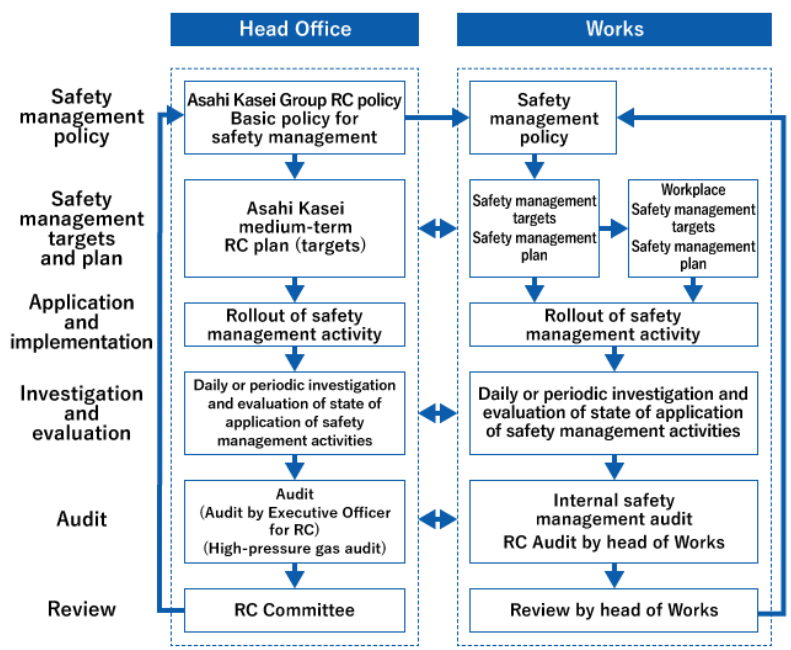
Process Safety

Policy

Measures for process safety in the Asahi Kasei Group are performed in accordance with our Basic Policy for Safe Operation, which states, "We maintain the safety of employees and local communities through stable and safe operation while working to prevent workplace injuries." An ongoing and autonomous program to ensure process safety includes safety assessment and hazard identification in accordance with our Basic Policy, with specific plans implemented on both annual and multi-year cycles. As set forth in the Asahi Kasei Group Responsible Care (RC) Principles, we give the utmost consideration to environmental protection, quality assurance, process 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. 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.



Process safety management system



PDCA cycle for safety management

Safety management for high pressure gas

At the Mizushima Works and Kawasaki Works, we have received certification for self-inspection for high-pressure gas safety from Japan's Ministry of Economy, Trade and Industry. Accordingly, we perform our own "certified safety" and "conformity inspections" for equipment as part of the ongoing effort to maintain stable and safe operation. Specifically, we ensure the safety of the applicable facilities with the following roles in accordance with the High Pressure Gas Certified Safety and Conformity Inspections Implementation and Management Regulations.

High Pressure Gas Safety Controller	Asahi Kasei Corp. President
High Pressure Gas Process Safety Division General Manager	Asahi Kasei Corp. Executive Officer for RC (Director)
High Pressure Gas Process Safety Management Department General Manager	Asahi Kasei Corp. Corporate ESH Senior General Manager

We held the High Pressure Gas Process Safety Measures Promotion Conference, chaired by the General Manager of the High Pressure Gas Process Safety Department, four times (July and October 2019 and January and April 2020) with the relevant parties from head office and the two Works in an effort to exchange information in a timely manner and develop a PDCA (plan-do-check-act) cycle. The High Pressure Gas Process Safety Measures Meeting, chaired by the General Manager of the High Pressure Gas Process Safety Division, was held once (July 2019) to check on the status of process safety at the two works. In addition, as in previous years, field patrols by the High Pressure Gas Process Safety Division General Manager were also carried out (September 2019 in Kawasaki and October 2019 in Mizushima).

Furthermore, at the time of its next recertification review in 2021, the Mizushima Works has decided to apply for the super certification program (designated certified business), which requires an even higher level of high pressure gas process safety management. A preparatory project was launched in fiscal 2018 to continue studies and discuss how to address key issues for the application. The official kick-off will be in fiscal 2020, and the Head Office and the Works will continue working in collaboration to acquire super certification and enhance the management of high pressure gas process safety.

Basic Policy for High Pressure Gas Safety

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

Process safety management

The following safety-related accidents occurred in fiscal 2019, including Group subsidiaries and affiliates in Japan and abroad.

[Number of safety-related accidents in fiscal 2019]

- Number of serious industrial accidents: 0 (accident intensity of 18 points or more)
- Number of industrial accidents: 2 (accident intensity of 3 points or more but less than 18 points)
- Number of minor industrial accidents: 22 (accident intensity of less than 3 points)

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

In fiscal 2019, although we were able to keep the number of serious industrial accidents at zero, two industrial accidents occurred. These two accidents were a gas leak (Nobeoka) and tank damage (Kawasaki), and we are taking individual corrective measures to prevent recurrence. While there were also 22 minor industrial accidents involving small flames/smoking and small leaks of hazardous materials on the premises, we were able to prevent the spread of damage by taking appropriate primary measures at the site. We will continue to strengthen our efforts to reduce the number of industrial accidents.

Activities to pass on operational safety technology

To achieve safe operations, it is essential to perform sound plant maintenance, and to operate facilities in a safe and stable 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, facility and process reviews from the perspective of preventing abnormal reactions and ensuring interlock functions, and process reviews corresponding to the age of facilities.

Maintaining the activities to transmit process safety and disaster prevention techniques commenced in fiscal 2013, we identify hazards at each plant and specify the risks. When doing this, we examine risks that include abnormal reactions, suspension of services, and contamination assuming the worst-case scenario (hazard) for when safety equipment, such as interlocks, fails to function., and study the effectiveness of polymerization inhibitors and other measures to deal with abnormalities.

Details of initiatives under activities to pass on process safety technology

- (1) Identification of hazard sources
- (2) Passing on through technology communication materials (summaries)
- (3) Analysis of factors leading to high level hazards (equipment damage, fire and explosion) and checking on appropriateness of countermeasures
- (4) Training of operators with ability to apply knowledge to work through troubleshooting drills

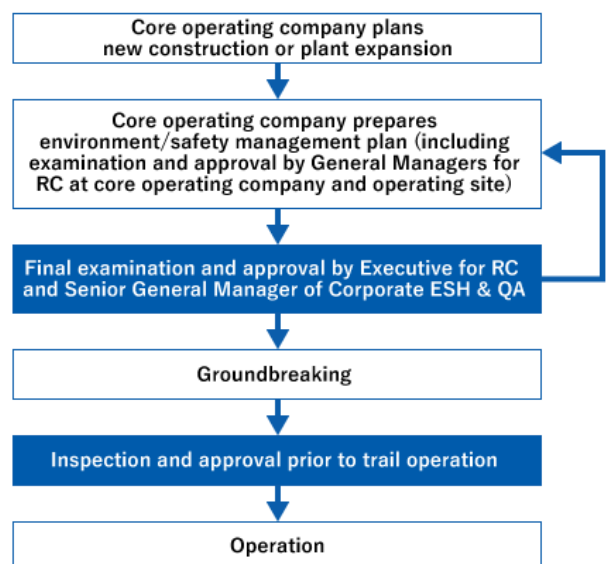
In addition, we conduct regular visits and expert third-party verification by Corporate ESH at each plant with extensive discussions aimed at confirming and increasing progress on the content of the reviews.

Safety review system for investment plans

We perform process hazard assessment before plant construction to ensure a high level of safety, not only when establishing new plants or expanding plants but also when modifying or dismantling plants. Internal regulations require a pre-investment inspection to verify plant safety when there are plans to invest in a new plant or plant modification, etc. of a certain scale or larger. Inspection and approval prior to trial operation provides an additional confirmation of plant safety before actual operation begins. The inspection system is applied not only in Japan, but also outside of Japan.

Safety assessment is performed as part of the pre-investment inspection. Ranks are assigned based on the degree of hazard, with methods such as HAZOP* utilized in the risk assessment of high risk facilities.

* 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

Measures for safe and stable operation

Given our diverse range of operations that include the Material, Homes, and Health Care business sectors, the Asahi Kasei Group has plants with a wide variety of different characteristics. 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 the PDCA cycle. One characteristic of this 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, measures that span across the Asahi Kasei Group include a Maintenance Personnel Committee and group-wide plant engineering council with 4 specialist panels: Formulation of optimum systematic maintenance programs, establishment of standards and criteria, formulation of training systems for maintenance engineers, and sharing engineering information. We will ensure safe and stable production at our plants through these maintenance activities.

Training for maintenance

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

The Group's maintenance technicians should have the ability to carry out planned maintenance, to predict hazards, and to make improvements rather than being purely repair personnel who repetitively restore equipment to its original state. To develop such maintenance technicians, we clarified the training principles for maintenance technicians, formulated a training curriculum for each individual based on these principles from fiscal 2009, and applied the PDCA cycle for education and training based on the curriculum for all maintenance technicians.

Training for process safety

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

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, 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.

From fiscal 2019, we began incorporating VR experiences into our basic engineering education and safety training curriculum, and we are working to enhance training to improve risk sensitivity in equipment handling and operation.



Simulated experience of being caught in a rotary valve (Kawasaki Works)



Simulated experience of being caught in a belt (Kawasaki Works)

Regularly conducted training	Basic technology courses (machinery, instruments, electricity, and chemical engineering) Safety experience courses (being caught in/between machinery, contacting hazardous liquids, suffering a burn, stumbling, tumbling or falling, getting scalded, etc.) Job level-based courses (problem-solving training, etc.)
Training target	Manufacturing operators and facility management personnel
Number of participants (total number of participants as of fiscal 2019)	Basic technology courses: 1,668 Safety experience courses: 1,465 Job level-based courses: 584

Emergency response

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.



Fire extinguisher training (Mizushima Works)
March 2020



Comprehensive disaster training (Mizushima Works)
October 2019

Transportation and Distribution Safety

To prevent accidents in physical distribution, Asahi Kasei works closely with logistics providers contracted for storage, loading, unloading, and transportation to implement safety activities, which include logistics safety symposiums, safety liaison conferences, safety inspection, training, and many other safety measures. Specifically, in addition to annual logistics safety symposiums, which brings together all logistics providers to raise safety awareness with the participation of top management of Asahi Kasei, we also hold safety meetings to share information on accidents and other incidents in different transportation modes.

[Fiscal 2019 logistics safety symposiums and safety meetings by transportation mode]

- Logistics safety symposiums: 47 companies, 114 participants
- Land transport safety meetings: 17 companies, 37 participants
- Marine transport safety meetings: 13 companies, 26 participants
- Product safety meetings: 10 companies, 35 participants

Furthermore, individual production sites hold joint training drills together with logistics providers to prepare for accidents that may occur and to ensure that damage from such accidents is minimized. In January 2017, we signed an agreement with the Maritime Disaster Prevention Center and introduced HAZMATers (Hazardous Materials Emergency Response Service) to further strengthen the response capability in the case of an emergency. The engagement of HAZMATers makes a highly specialized emergency response available 24 hours a day, 365 days a year, ensuring swift action to prevent the spread of damage if an accident occurs.

[Number of logistics accidents in fiscal 2019]

	Target	Results
Serious logistics accidents	0 cases	0 cases
Logistics accidents	0 cases	1 case

(Excluding some affiliates such as Asahi Kasei Homes)

There was one logistics accident in fiscal 2019. This accident occurred when a tanker crew member was removing a hose after unloading product to a customer's facility, and a small amount of liquid left in the hose got on his body. We have taken corrective measures and are working to prevent recurrence.

[Definition of an accident]

- * Serious logistics accident : (1) One or more dead or seriously injured / (2) 100 million yen or more in damages / (3) Significant social impact (resident evacuation notice, etc.)
- * Logistics accident : (1) Personal injury (other than a serious logistics accident) / (2) Public response (firefighting, leak prevention, etc.) / (3) Explosion, spread of fire, poisoning, or risk of such accidents / (4) 5 million yen or more in damages



HAZMAT emergency dispatch vehicle (example)

Social Activities

Local communities

Community fellowship

Policy

At the Asahi Kasei Group, we believe that it is our social responsibility to contribute to the development of local communities in which we operate by building a good relationship with them. We work to honor and respect the local culture of each community where our operations are based, and to maintain effective dialog and communication with community members.

It is the policy of the Group as a whole to create local employment and contribute to the revitalization of the region, while at the same time engaging in activities that help to solve the problems of the region. In addition, through community exchange events, plant tours, and community contribution activities, we strive to gain the understanding of local communities about our business and initiatives, and utilize the feedback we receive in our management.

Management framework

Administrative departments at the Group's manufacturing sites lead communication with the communities around our plants, holding periodic networking events, plant tours, and other activities.

Plant tours

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



Factory tour (Suzuka Plant)



Laboratory tour (Fuji Branch)

Dialog and interaction

At each of the Group's main production sites, we engage in dialog and interaction that includes discussion with local residents through bodies such as local governments, providing public access to our facilities such as sports halls and grounds and parking lots, and holding events.



Information session on the environment for nearby local governments (Moriyama Works)



Asahi Kasei Cup Junior High School Baseball Tournament (Fuji Branch)



Participation in Matsuri-Nobeoka festival (Nobeoka Branch)



Summer Festa (Ohito area)



Clean-up activities around the plant (Ohito area)



Participation in the Youth Science Festival (Mizushima Works)

NPO supporting education of the next generation

In 2009, some interested members from the Asahi Kasei retirees association formed "Hagemashitai" (Encouragers), a volunteer group for providing support with schoolwork, and began providing help with math and science schoolwork to junior high school students in Nobeoka, Miyazaki Prefecture. In 2012, Hagemashitai was incorporated as an NPO and is expanding in size and continuing its activities still today. Asahi Kasei supports the NPO.



Asahi Kasei retirees volunteer to help students as an NPO activity

Social Activities

Local communities

Community fellowship

Policy

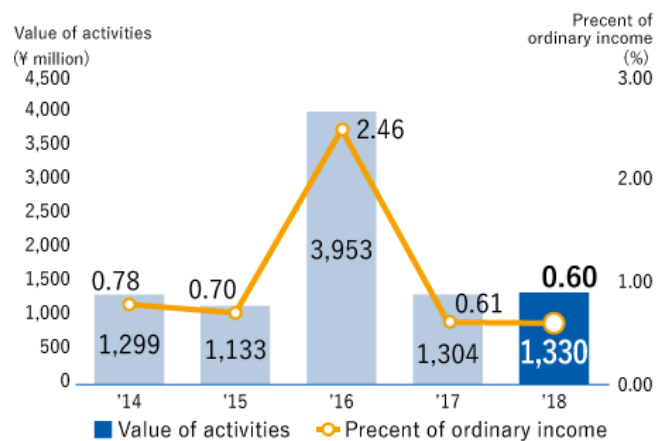
The Asahi Kasei Group is involved in a wide range of community-focused activities under the following Community Fellowship Policy to fulfill our responsibilities as a corporate citizen. We strive for mutual prosperity with the local communities and stakeholders focused on the three themes of Nurturing the Next Generation, Coexistence with the Environment, and Promotion of Culture, Art, and Sports.

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



Value of community fellowship activities

The Asahi Kasei Group supports the active participation of employees in community fellowship activities. In addition, we participate in the One-Percent Club of the Keidanren (Japan Business Federation), and convert our social contribution activities into monetary value by a method set forth in its annual Survey of Expenditure for Corporate Philanthropic Activities. The total value of our donations in fiscal 2018 (including community investments) was ¥1,330 million.



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 2019, a total of 2,750 students from 59 schools participated.



Kawasaki City, Kanagawa Prefecture



Kurashiki City, Okayama Prefecture



Moriama City, Shiga Prefecture



Nobeoka City, Miyazaki Prefecture



Nobeoka City, Miyazaki Prefecture



Nobeoka City, Miyazaki Prefecture

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, provided 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 2019, 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 Hideki Kobori presenting the Asahi Kasei Award at the Japan Student Science Awards

Planet Earth Classroom

We again provided sponsorship in fiscal 2019 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 some 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 (photo provided by The Asahi Shimbun)



Lecture at Planet Earth Classroom (photo provided by The Asahi Shimbun)

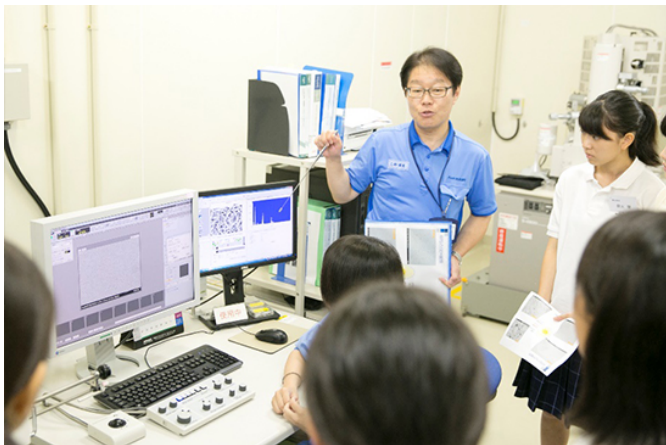
Supporting young women in science and technology careers

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 participated from the beginning.

On August 23, 2019, we held a laboratory tour at our research complex in Fuji, Shizuoka Prefecture, together with informal discussion with our female researchers, under the title "Knowing and connecting with women in science and technology careers."

The event was attended by 83 female high school students from the Tokyo metropolitan area and Shizuoka Prefecture.

The event was divided into two programs: "Science and analysis careers" and "Housing-related careers" with tours of the Platform Laboratory for Science & Technology and the Housing R&D Center respectively. All of the female high school students had the opportunity to take part in programs using the research facilities, including the operation of advanced research equipment, to experience analysis technology and the experience of proof-of-concept testing at a large research facility that contains a complete house. The students also had informal discussions with female researchers and managers during group meetings.



Studying diffraction with a transmission electron microscope



Discussion with female researchers

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, agricultural science, medical science, and veterinary science.

Coexistence with the Environment

Tree-planting at Asahi Forest in Miyazaki Prefecture

On May 11, 2019, Asahi Kasei planted trees at the Asahi Forest of Hayahi Ridge in Nobeoka as part of a reforestation program organized by Miyazaki Prefecture. This was the 8th year of the project which aims to regenerate a broad-leaf forest where cedar and cypress had been cultivated previously. A total of 448 people including Asahi Kasei Group employees, retirees, and local residents participated in the program, planting some 1,500 trees such as wild cherry, wild chestnut, and maple over a 1 hectare area.



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.

On February 19, 2020, we held a judo workshop in Düsseldorf, Germany. Four members of our judo team served as instructors for local elementary school students and experienced judo enthusiasts. The time spent in contact with children through these kinds of community fellowship activities was a valuable opportunity for our athletes to recharge and deepen interaction with the community.



The Golden Games in Nobeoka



Judo workshop in Düsseldorf, Germany



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.

[Events held in fiscal 2019]

The 35th anniversary of the founding of the Himuka Cultural Foundation was celebrated in 2020. As a commemorative event, a concert-style ballet performance of Romeo and Juliet was planned by the world-renowned conductor Tomomi Nishimoto. Although there were concerns about the spread of the coronavirus when the event was held on February 23, all possible measures were taken to prevent the spread of the virus and the performance was held.

Orchestra, ballet, and subtitles were used in a new attempt to create a triple performance, and the event concluded as a big success.



Music × Ballet × Language Concert-style Ballet (with subtitles)
(Artistic director and conductor: Tomomi Nishimoto)
Photo provided by Yukan Daily Co., Ltd.

[Art appreciation bus tour]

We doubled the number of participants in the Miyazaki International Music Festival program for the "Double Giants - Fumiaki Miura and Nobuyuki Tsujii Duo Recital" presented by Asahi Kasei.

In addition, a one-day tour to see the musical "The Lion King" by the Shiki Theater Company at the Fukuoka Canal City Theatre was planned.

Tickets for both tours sold out within a day, and the Shiki Theater Company offered a small surprise, with tour participants saying they were glad to have participated.



Double Giants - Fumiaki Miura and Nobuyuki Tsujii Duo Recital
(Violin: Fumiaki Miura, piano: Nobuyuki Tsujii)

[Co-organized project]

The Noguchi Memorial Hall was donated to Nobeoka City by Asahi Kasei as a project to commemorate the 30th anniversary of the founding of Asahi Kasei. In June 2019, the hall, which has contributed to the improvement of culture in the northern part of the prefecture, closed its 63-year history to be reborn three years later as the new Noguchi Shitagau Memorial Hall. A Noguchi Memorial Hall Gathering of Thanks and Concert was planned to give thanks for up until now, and it reflected on the contributions of the hall through videos, music, and talks.



Noguchi Memorial Hall Gathering of Thanks and Concert (Exterior view of Noguchi Memorial Hall at the time of its construction)
Photo provided by Nobeoka Backstage

[Sponsorship and support project]

Iwao Furusawa's Ishigamiyama Music Camp is designed to promote cultural activities, where participants can learn how to improve the level of their performance using various instruments and concert performance techniques under the guidance of the world-renowned violinist Iwao Furusawa. A wide range of participants, ranging from piano and violin players, pre-school children to adult semi-professionals, took part in the camp.



Iwao Furusawa's Ishigamiyama Music Camp (Violin: Iwao Furusawa)
Photo provided by Hyuga Cultural Promotion Agency

Disaster relief, local disaster prevention, and other activities

Disaster relief

The Group contributed donations to community chests and medical institutions around the world and donated masks and other items to help prevent and respond to the spread of the coronavirus.

(Monetary donation: approximately ¥26.7 million, approximately 150,000 masks, alcohol gel, etc.)

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)

Blood donation

To support "Contributing to life and living around the world," our Group Mission, the Asahi Kasei Group cooperates with the Japanese Red Cross Society to run blood donation drives as an easily accessible community fellowship activity.

We aim to hold the blood donation drive at our Head Office in Tokyo between February and March, when donated blood tends to be in short supply. We hope to gain the cooperation of even more employees to take part in donating blood as an easily accessible community fellowship activity.



Blood donation at the Tokyo head office

Community Fellowship Around the World

Activities tailored to the characteristics of the community

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. In addition, we proactively advance industrial-academic alliances (with Aachen University of Germany, etc.) where we have strategic business sites in Europe, pursuing mutual prosperity with the local communities of our operations. We also employ many talented personnel at Asahi Kasei Europe which was established in 2016 and our Europe R&D Center which was established in 2017.

Governance

The Asahi Kasei Group constantly endeavors to strengthen corporate governance in an effort to increase sustainable growth and enhance medium- to long-term corporate value.



> Corporate Governance

We continue to pursue the best approaches to corporate governance using a system for making decisions transparently, fairly, swiftly and boldly, based on changes in the business climate.



> Compliance

We aim for a higher level of corporate ethics in all of our business activities. This includes not only compliance with laws and regulations, but also social norms.



> Risk Management

We have established and are strengthening basic rules for risk management in our business operations and addressing contingencies.



> Tax Policy

We have established a tax policy to ensure the Group's compliance with tax related laws and regulations as well as improved tax transparency.

Corporate Governance

▶ Translation of the Corporate Governance Report  (736.7KB)

As of June 25, 2020

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

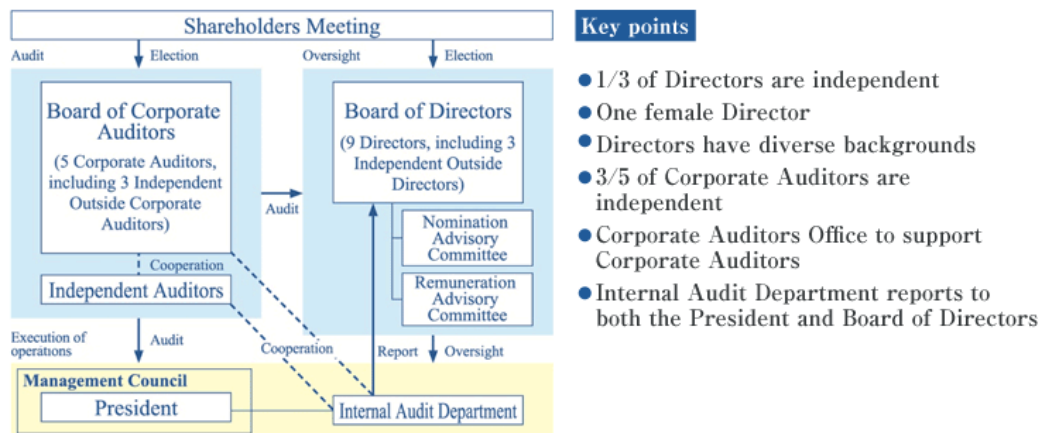
In order to achieve sustainable growth, enhance medium to long term corporate value, and increase earnings ability and capital efficiency, the Board of Directors of the Company presents the overall direction of its management strategy, develops an environment to support risk-taking by the management,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

Corporate Governance Framework

Corporate governance configuration



Meetings of Board of Directors, Advisory Committees, and Board of Corporate Auditors (fiscal 2019)

	No. of meetings held	Average attendance	Main subjects of agenda
Board of Directors	16	98.2% (Directors and Corporate Auditors)	<ul style="list-style-type: none"> • Business investment • Medium-term Management Initiative • Risk management and compliance
Nomination Advisory Committee*	3	100% (all members)	<ul style="list-style-type: none"> • Optimum composition and size of Board of Directors • Policy for nomination of candidates to be Directors and Corporate Auditors • Standards for judging independence of Outside Directors and Corporate Auditors
Remuneration Advisory Committee*	4	100% (all members)	<ul style="list-style-type: none"> • Policy and system for remuneration of Directors • Studying remuneration of Directors based on individual performance evaluation
Board of Corporate Auditors	16	97.5% (Corporate Auditors)	<ul style="list-style-type: none"> • Auditing state of performance of Directors' duties • Auditing state of operations and financial affairs • Evaluation of Independent Auditors

* Beginning in June 2019, the Nomination Advisory Committee and Remuneration Advisory Committee are comprised of the 3 Outside Directors and Representative Directors Hideki Kobori and Shigeki Takayama as members, with the Nomination Advisory Committee chaired by Hideki Kobori and the Remuneration Advisory Committee chaired by Outside Director Tsuyoshi Okamoto.

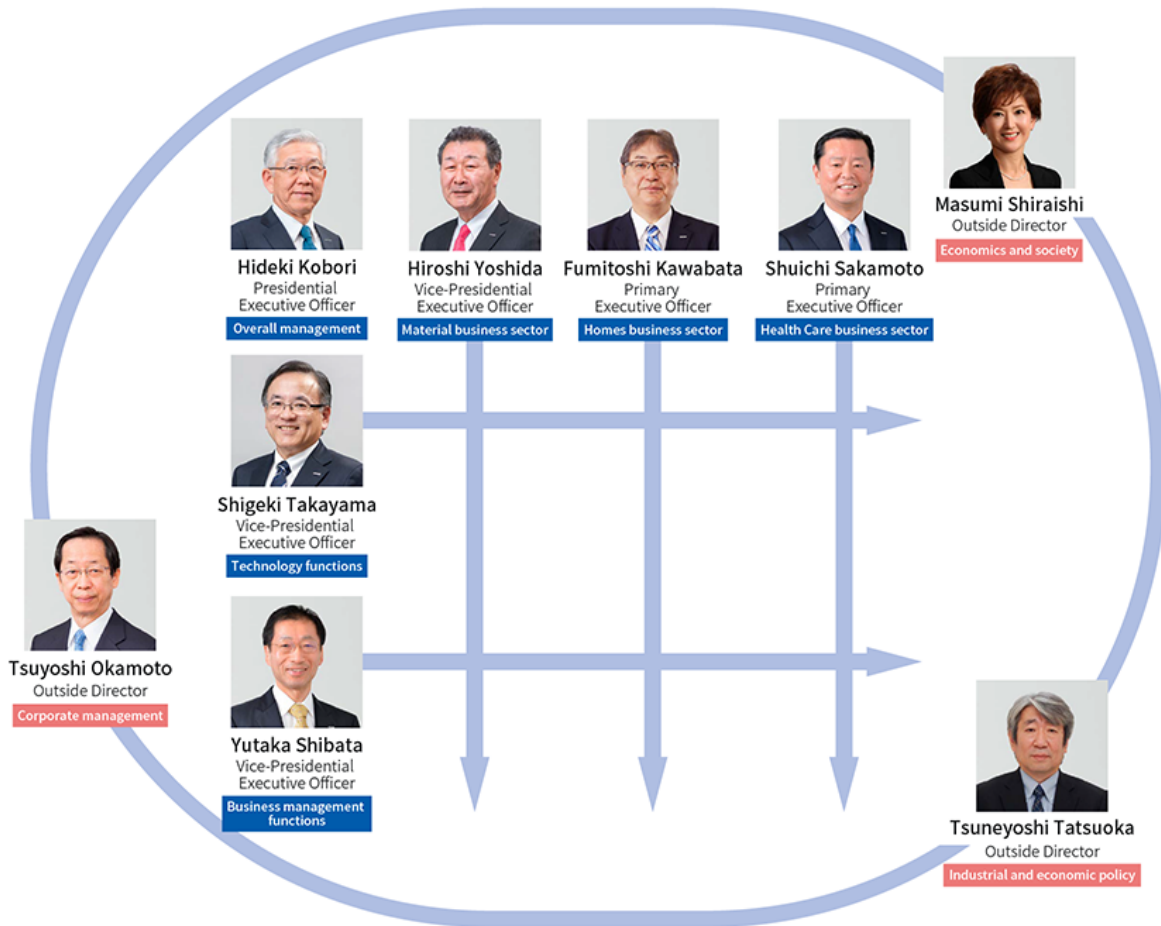
- Compliance
- Risk Management

Policy and Procedures to Nominate Candidates for Directors

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

To further increase the objectivity and transparency of the nomination of candidates for Directors, the Company has established the Nomination Advisory Committee whose members mainly comprise outside Directors. This committee is involved in the examination of the composition and size of the Board of Directors and the nomination policy for officers and provides advice.

Composition of Board of Directors (beginning in June 2020): 8 men, 1 woman



The 6 Directors within the company respectively have responsibility for overall management, technology functions, business management functions, and the Material, Homes, and Health Care business sectors, while the 3 Outside Directors have a diverse range of backgrounds.

- Supplementary Explanation on the Reason for Selecting Outside Directors and Their Independence (NOTICE OF THE 129TH ORDINARY GENERAL MEETING OF SHAREHOLDERS P.10)  (1.4MB)

Evaluation of the Effectiveness of the Board of Directors

The effectiveness of our Board of Directors is regularly evaluated after each fiscal year, and results of evaluation are disclosed.

Measures implemented in fiscal 2019

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

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

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

2. Information provision and discussions related to promotion of sustainability and enhancement of investors' view point

The responsible Executive Officer or the responsible department regularly reports to the Board of Directors on the content of communication with investors through investor relations and shareholder relations activities along with trends in the investment environment. Also, they report to the Board of Directors as necessary regarding initiatives for sustainability under the Medium-term Management Initiative. We will continue to incorporate the perspective of a broad range of stakeholders including investors in a timely manner and utilize their feedback in discussions among the Board of Directors.

Moving forward

Looking ahead, we plan to continue and expand the above initiatives, taking into account deliberations on the effectiveness of the Board of Directors during FY2019. To enhance the deliberations of the Board of Directors, we will improve reference materials used by the Board of Directors and review topics of deliberations. At the same time, we will continue to consider the subjects of approaches to deliberations by the Board of Directors, diversity of its members, and approaches to increase its effectiveness.

Remuneration of Directors

Fixed base remuneration	Performance-linked remuneration	Stock-based remuneration
50%	37%	12%

Note: Percentages shown for Directors who have executive responsibilities (FY2019)

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

Note: Outside Directors receive fixed base remuneration only

The remuneration of Directors is composed of fixed basic remuneration, variable performance-linked remuneration reflecting financial results, and stock-based remuneration. This remuneration is determined following the compensation system approved by the Board of Directors in advance within the maximum amount and maximum number of shares approved at the general meeting of shareholders.

- Basic remuneration is a fixed amount determined based on the rank of each individual Director.
- Performance-linked remuneration is determined based on the Group's consolidated performance and individual performance. Performance is comprehensively evaluated in consideration of the degree of achievement of individually-established objectives, achievements, contributions to financial performance, and the degree of contributions, in addition to management benchmarks including, but not limited to, net sales, operating income, and ROA. These criteria are selected in order to ensure objectivity and clarity of evaluation based on business results and to raise awareness for higher capital efficiency. Variable performance-linked remuneration is calculated by multiplying an index based on performance evaluation by a base amount according to the rank of each Director. Targeted fiscal 2019 financial performance standards for the purpose of variable performance-linked remuneration were consolidated net sales of ¥2,268.0 billion and operating income of ¥205.0 billion, while fiscal 2019 results were consolidated net sales of ¥2,151.6 billion, operating income of ¥177.3 billion, and ROA of 3.9%.
- Stock-based remuneration is granted to executives of the Group upon their retirement based on a number of shares granted according to the rank of each Director, creating a framework wherein current management efforts are reflected in the future stock prices and received as consideration.

Additionally, remuneration for Outside Directors is comprised solely of fixed basic remuneration based on their role.

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

The Company's Board of Directors is authorized to determine the Directors' remuneration system and amount of remuneration. In order to ensure the objectivity and transparency of Directors' remuneration, the Company has established a Remuneration Advisory Committee, which consists of a majority of Outside Directors.

The amount of fixed base remuneration and the number of shares to be granted as stock-based remuneration are determined in advance according to the rank of each Director. The amount of variable performance-linked remuneration is determined in part based on financial results and in part based on individual performance evaluation by the President. Arbitrariness is excluded as individual Directors' remuneration including performance evaluation is subject to prior confirmation by the Remuneration Advisory Committee.

The Remuneration Advisory Committee consisting of three Outside Directors and two Representative Directors held two meetings in fiscal 2019 with full attendance of all members.

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

In addition, the dates of resolutions of shareholders meetings concerning officer remuneration are as follows: June 27, 2014, which set the cash remuneration limit to be paid to Directors at ¥650 million per year, of which annual remuneration for Outside Directors is ¥50 million or less, June 29, 2006, which set the cash remuneration limit to be paid to Corporate Auditors at ¥150 million per year, and June 28, 2017, which set the stock-based remuneration limit at ¥300 million over three business years.

➤ Officer Remuneration, etc. (NOTICE OF THE 129TH ORDINARY GENERAL MEETING OF SHAREHOLDERS P.29)

Independence Standards and Qualification for Outside Directors/Corporate Auditors

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

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

Status of Audits by Corporate Auditors, Financial Audits and Internal Audits

- For internal audits of business execution, the company has established an Internal Audit Department, consisting of 18 members as of March 31, 2020, directly supervised by the President. The Internal Audit Department formulates an annual audit plan according to the Company's Basic Regulation for Internal Audits, and conducts an audit of the Group under the approval of the President.
- As for audits by Corporate Auditors, each Corporate Auditor audits the execution of duties of Directors by attending meetings of the Board of Directors and examining the status of execution of operations based on the audit policy stipulated by the Board of Corporate Auditors. To support the function of the Board of Corporate Auditors, the Company has established a Corporate Auditors Office.
- PricewaterhouseCoopers Aarata LLC is contracted as the Independent Auditors to perform financial audits according to the Companies Act and Financial Instruments and Exchange Act.

- The certified public accountants who audited the consolidated financial statements for fiscal 2019 were as follows.

Designated Limited Liability Partnership Engagement Partner	Koichiro Kimura
Designated Limited Liability Partnership Engagement Partner	Yuichiro Amano
Designated Limited Liability Partnership Engagement Partner	Hideki Godai

- The composition of assistants for performance of the audit in accordance with its audit plan is 16 certified public accountants and 36 other specialist accountants (as of March 31, 2020).
 - Mutual cooperation between the Internal Audit Department, Board of Corporate Auditors and accounting auditor is reinforced through periodic liaison meetings of the Internal Audit Department, Board of Corporate Auditors and corporate auditors of operating companies. During these meetings, the effectiveness of the Group's internal control system for legal compliance and risk management is checked. In addition, the Board of Corporate Auditors confirms the audit plan with the accounting auditor and receives reports of the results of audits on the Group at the end of the quarterly consolidated accounting period and at the end of the annual consolidated accounting period.
- Details of Independent Auditors Remuneration (NOTICE OF THE 129TH ORDINARY GENERAL MEETING OF SHAREHOLDERS P.29)
- Asahi Kasei Report

Compliance

Policy

The Asahi Kasei Group takes compliance seriously, and fully adheres to laws and regulations that are applicable to each business and function, as well as internal company rules.

Each employee is also expected to uphold high ethical standards and respect social norms throughout the course of business activities, acting with sincerity in accordance with our Group Values based on our Group Mission.

Asahi Kasei Group Code of Conduct

The Asahi Kasei Group Code of Conduct serves as a set of standards on compliance that applies to each and every member of the Asahi Kasei Group. The code serves as a foundation for the actions of all members of the Asahi Kasei Group to follow during the course of their day-to-day work activities to fulfill our Group Mission in accordance with our Group Values.

We will continue to review this Code of Conduct based on the expectations of society and changes in circumstances in order to maintain its effectiveness.

The Asahi Kasei Group Code of Conduct can be downloaded from the link below:

➤ [Asahi Kasei Group Code of Conduct](#) (441.0KB)



Asahi Kasei Group Code of Conduct

Awareness of Code of Conduct

After the establishment of the Code of Conduct in fiscal 2017, we created booklets containing this Code and distributed them to the executives as well as all domestic employees of our Group. We also spread awareness about the Code of Conduct by checking them against the Code at each workplace and establishing an e-learning course for reviewing the Code (required of new employees; optional for current employees).

In fiscal 2019, to further improve awareness of the Code of Conduct, we began using specific examples of compliance violations and holding discussions about them at each workplace (we plan to do this annually for the duration of the current Medium-term Management Initiative). In addition, we integrated a review of the Code of Conduct into the company training curriculum for new section managers. Further, to confirm the degree of awareness with regard to the Code of Conduct, we issued a Compliance Survey to our 29,572 domestic employees (including contract employees, temporary employees, and part-time employees) and received 27,683 responses (a response rate of 93.6%). Of these, approximately 80% said that they understood the Code of Conduct, confirming that the Code has firmly taken hold.

Overseas, in addition to distributing booklets of the Code of Conduct in various languages, we are steadily working to expand awareness through e-learning, training, and other means, and we are promoting actions that are based on a strong sense of ethics.

Management framework

We have established the Risk Management & Compliance Committee, which reports directly to the President of Asahi Kasei Corp., in order to reinforce the entire Group's risk management and compliance framework. The committee monitors the state of compliance and management of risks throughout the Asahi Kasei Group. Results of the committee's deliberations, etc., are reported to the Board of Directors.

Serious Compliance Violations Within Asahi Kasei Group

If a significant compliance violation occurs within our Group, a system is in place whereby the Executive Officer for compliance reports the incident to the Risk Management & Compliance Committee.

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. In fiscal 2015, the system was expanded to enable suppliers and their employees to report or consult. Reported matters will be investigated by an office consisting of those designated by the Executive Officer for compliance as well as an organized investigation and response team if required. The Executive Officer for compliance reports the status of operations to the Risk Management & Compliance Committee. For serious compliance violations and incidents involving executive officers, the Executive Officer reports to the Board of Corporate Auditors.

■ Strict observance of confidentiality

- The Asahi Kasei Group has measures in place to prevent the persons submitting reports to be treated unfairly as a result of their report.
- In addition, we strive to protect the confidentiality of the report as well as the personal information of persons submitting reports.

■ Applies to

- Executives and employees of our Group, business partners and their employees

■ Matters addressed

- There are no restrictions on what can be reported. The hotline receives reports on a broad range of matters, including harassment, human rights violations, and corruption, such as bribery.

■ Response method

- Reports can be both made either anonymously and using one's real name over the Internet or in writing (addressed to a designated law office).


Reports and responses

During fiscal 2019 there were 55 reports and consultations made through the hotline system. None of them regarded significant matters which would affect the performance of operations.

Prevention of bribery

The Asahi Kasei Group endorses the UN Global Compact and has proclaimed that it will "strive to prevent all forms of corruption including coercion and bribery." Corruption including bribery is clearly prohibited within the Asahi Kasei Group Code of Conduct as well.

The Asahi Kasei Group considers bribery to be a particularly important risk factor which could seriously jeopardize our corporate reputation. The Asahi Kasei Group Policies for Prevention of Bribery clarify basic policies to prohibit bribery and procedures to follow to prevent bribery. These policies are made known to the entire Group based on a clear internal framework.

➤ [Asahi Kasei Group Basic Policies for Prevention of Bribery](#)  (92.5KB)

1. Procedures

Transactions subject to procedures under these regulations directly or indirectly involve counterparties in (1) the public sector (regardless of country) and (2) the private sector in certain countries with commercial bribery regulations including China. Specifically, receiving a meal or gift or providing donations is only permitted after obtaining the advanced screening and approval of the prescribed person in charge of each organization. Due diligence is conducted to check the suitability of business partners from the standpoint of bribery prevention in terms of transactions that fulfill certain formats of concern in terms of bribery prevention, such as contracts with agents and distributors. In addition, business partners are informed of our basic policy on bribery prevention and they are required to sign a pledge or include contractual provisions on the declaration of compliance with anti-bribery related laws.

2. Education

We provide educational opportunities to employees, including those outside of Japan, in the form of e-learning and in-house training on overall prevention of corruption (bribery, money laundering, fraud, etc.)

3. Monitoring

We carry out internal audits periodically as well as evaluate and review the management framework for bribery prevention in order to maintain a continuous and effective framework for bribery prevention.

4. Consulting and Reporting

We have put into place a framework by which employees can consult with a legal department in Japan or at overseas offices or with an outside law office in case uncertainties or doubts arise regarding bribery during the course of their daily work.

In case an employee discovers a violation of or act that could violate bribery laws, they are required to report the matter immediately to the prescribed person in charge.

Our whistleblowing system also enables suppliers and their employees to report or consult regarding bribery and other aspects of corruption.

5. Legal violations related to corruption

In fiscal 2019, there were no cases where an employee was dismissed or subjected to legal proceedings due to corruption.

Political contributions

In terms of political contributions, we have established a system of checks and balances based on company rules to ensure compliance with the Political Funds Control Act. Political contributions are made only after the required pre-approvals are obtained. The company's political contributions in fiscal 2019 were ¥16,030,000 (Asahi Kasei Group total) .

Compliance with antimonopoly and competition laws

The Asahi Kasei Group Regulation for Management of Compliance with Antimonopoly Law prohibits acts which violate the competition laws of each country. To prevent acts which would constitute or arouse suspicion of participation in a cartel, standards are set for attendance at industry gatherings, and inappropriate contact and information exchange with competitors are prohibited. Furthermore, across-the-board price revisions for products sold in Japan require submission to our Market Compliance Committee which includes the Executive Officer for compliance among its members, confirmation of the reason for the price revision, and confirmation that there is no violation of antimonopoly law prior to implementation.

Compliance with export-related laws

The Asahi Kasei Group thoroughly complies with export-related laws and regulations in accordance with our Export Control Regulation. All exported products are subject to screening for applicability of export restrictions and examination of customers. In the case that a permit is required, application to the Ministry of Economy, Trade, and Industry is made after obtaining internal company approval. To ensure awareness and understanding of the requirements of relevant laws, regulations, and internal company rules, periodic training sessions are held and the related departments undergo paper and onsite audits annually.

Ethical Considerations in Pharmaceutical and Medical Device Development

Asahi Kasei Pharma, which engages in the research and development of pharmaceuticals, and Asahi Kasei Medical, which engages in the development of medical devices, ensure ethical considerations and full compliance with laws and guidelines on animal testing. See below for further details.

- Asahi Kasei Pharma
- Asahi Kasei Medical

Risk Management



Policy

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

Management framework

Managers responsible for Risk Management & Compliance are designated in each SBU, core operating company, and subsidiary. They work to identify, assess, and analyze the risks of each business, and to plan measures to mitigate serious risks. Through the Risk Management & Compliance Committee, chaired by the president, we confirm and follow-up on the state of risk management across the entire Group.

Handling ESG Risks

In light of environmental issues such as climate change as well as changes in industrial structure, decreases in the working population, and so on, it is possible that new risks will become apparent from social changes related to sustainability. Our Group will address these ESG risks as a vital management issue. In particular, given that our businesses rely heavily on energy, addressing climate change is essential, and we consider it to present both risks and opportunities in terms of management. Based on this mindset, we conducted an analysis of the risks and opportunities presented by climate change in keeping with the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures) and devised countermeasures. We are working to make management as well as our business and environmental divisions aware of these results and take appropriate action.

- ▶ Information disclosed in accordance with TCFD recommendations

Information Security

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

Asahi Kasei Group Information Security Policy

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

1. 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

The Asahi Kasei Group is committed to the proper handling and use of personal information, in accordance with the Asahi Kasei Group Regulation for Management of Personal Information. An information security handbook which describes our rules for handling information is distributed to all employees, and education is performed via e-learning. Furthermore, we made necessary changes to the Asahi Kasei Group Regulation for Management of Personal Information to comply with Japan's revised Personal Information Protection Act that took effect in May 2018.

➤ [Privacy Policy](#)

Response to the EU GDPR

To comply with the General Data Protection Regulations (GDPR) that took effect in the EU in May 2017, we have newly formulated the Asahi Kasei Group Regulation for Management of Personal Information and established the necessary standards and systems.

Protection of intellectual property

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

Crisis response system

Due to accidents, incidents, or problems, if Asahi Kasei Group operations are significantly damaged or would cause serious adverse effects on the general public, we have a system to establish a group emergency response headquarters which works with the relevant divisions and departments to ensure that the proper response is taken.

In fiscal 2017, we established the Asahi Kasei Group Emergency Response Regulation which stipulates basic policy when an emergency occurs, standards to institute an Emergency Response Headquarters, and the functions thereof.

Tax Policy

Asahi Kasei Group Tax Policy

The Asahi Kasei Group endeavors to thoroughly comply with the laws and regulations of each country, and to prepare and appropriately apply internal company rules, based on the Asahi Kasei Group Code of Conduct.

In terms of tax, the Asahi Kasei Group also complies with the tax laws of each country in which it operates and makes appropriate tax payments in accordance with the laws by performing tax treatment based on internal company rules.

In addition, in order to maximize free cash flow, the Asahi Kasei Group makes its best effort to minimize tax risks, implement appropriate tax planning strategies, and make use of any available tax incentives. As a result, the Asahi Kasei Group aims at the maximization of shareholders' value.

1. Tax Compliance

The Asahi Kasei Group complies with the tax laws and regulations of each country in which it operates, as well as taxes guidelines published by the OECD. In addition, the Asahi Kasei Group ensures that each group company files tax returns and pays taxes within the due dates stipulated in each country.

2. Tax Governance

In the Asahi Kasei Group Code of Conduct that is obligatory for all officers, managers, and employees, the Asahi Kasei Group establishes that each group company understands the tax laws and performs proper and lawful tax treatment based on such laws, regulations, and internal company rules. Moreover, based on the Asahi Kasei Group Accounting Regulations, each group company is required to develop practical management of tax governance and appropriately report on their tax situation.

3. Managing Tax Risk

The Asahi Kasei Group performs tax treatment based on the tax laws, regulations, and internal company rules. However, the Asahi Kasei Group realizes that, in some cases, a difference of opinion with a tax authority may arise. If this is the case, the Asahi Kasei Group endeavors to mitigate tax risks by seeking the advice of qualified external tax advisors and consulting with the tax authorities in advance as appropriate.

4. Tax Planning

The Asahi Kasei Group realizes that it is important to undertake effective tax planning for commercial purposes. The Asahi Kasei Group implements tax planning conducive to cash flow in accordance with the legislative intent underlying the tax laws and regulations, and does not use tax havens for the purpose of tax avoidance. In case that any income is subject to CFC rules in accordance with the tax laws and regulations of each country as a result of carrying out plans for commercial purposes, the Asahi Kasei Group files a tax return and pays tax appropriately.

5. Transfer Pricing

The Asahi Kasei Group realizes that prices in executing international related party transactions are easily arbitrarily determined and it likely results in a tax risk in each country. In order to mitigate any risk associated with arbitrary transfer pricing methodologies, the Asahi Kasei Group establishes prices for international transactions among our companies that are in accordance with the arm's length principle. Also, the Asahi Kasei Group prepares transfer pricing documentation in each country in which it operates based on the transfer pricing documentation requirements.

6. Tax Incentives

In each country in which the Asahi Kasei Group operates, various kinds of tax incentives have been introduced based on government policy. The Asahi Kasei Group continually studies the applicable laws and endeavors to enhance tax efficiency by making use of any available tax incentives to the extent that they fall within the scope of commercial purposes.

7. Relationship with tax authorities

The Asahi Kasei Group endeavors to build and sustain mutually respectful relationships with the tax authorities by responding to inquiries in good faith. The Asahi Kasei Group endeavors to address items suggested in tax audits appropriately. However, in the event that a dispute or difference of opinion arises with a tax authority, the Asahi Kasei Group requests for system of remedy for taxpayer rights only if the Asahi Kasei Group determines that tax reassessment by the tax authorities is likely not in accordance with the tax laws and that the system of remedy is appropriate in addressing the issues.

ESG Data

Environment

Society

Governance

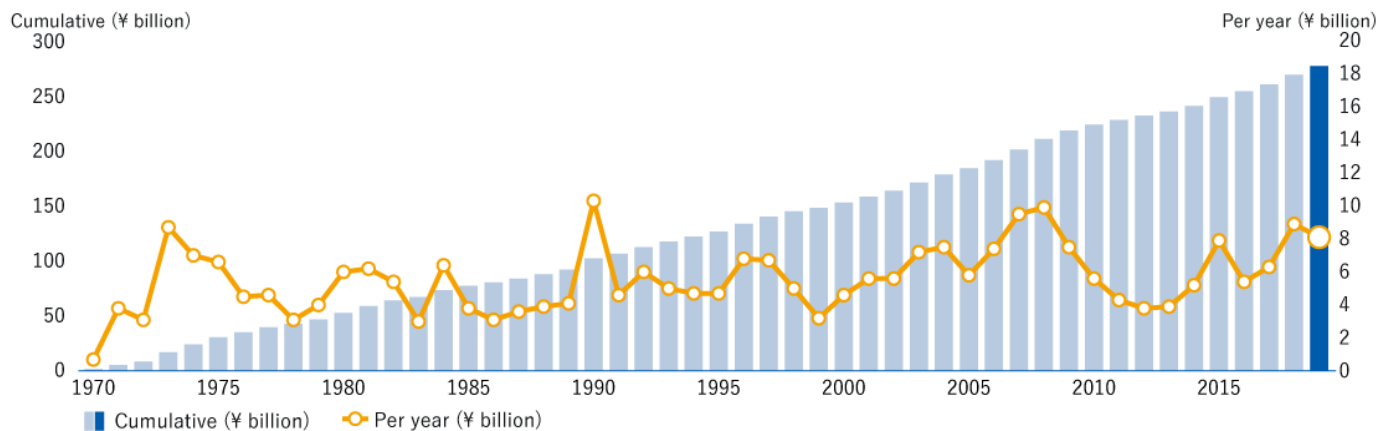
Cost and performance data on the environmental activities of the Asahi Kasei Group

Investment for Environmental Protection and Safety

The Asahi Kasei Group has invested the necessary management resources in RC activities.

Investments in environmental protection and safety-related facilities up to fiscal 2018 and in fiscal 2019 are shown below.

Investment in environmental preservation and safety modification

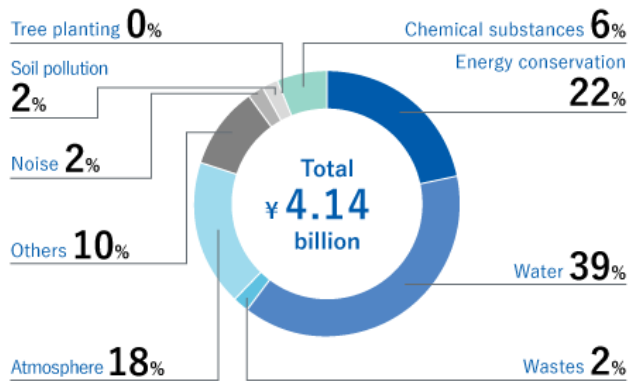


Breakdown of investment

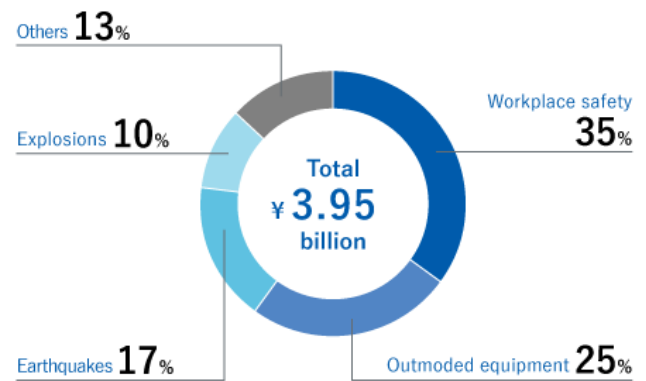
Fiscal year	2015	2016	2017	2018	2019
Environmental protection	2.63	2.03	2.98	2.18	4.14
Safety	5.25	3.35	3.30	6.71	3.95
Total	7.88	5.38	6.28	8.89	8.09

(¥ billion)

Investments in environmental protection-related facilities (fiscal 2019)



Investments in safety-related facilities (fiscal 2019)



Environmental Accounting

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

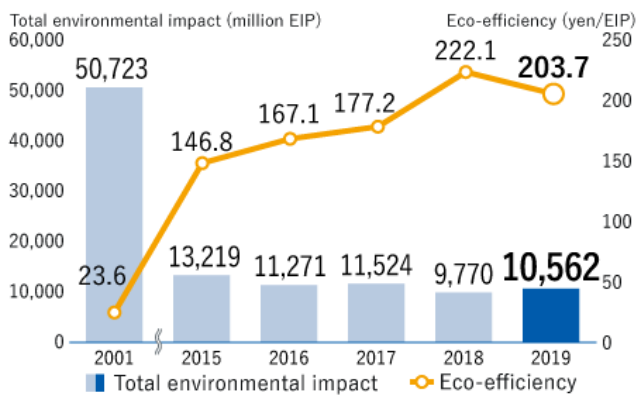
Environmental accounting by fiscal year

(¥ million)

Cost classification	2015		2016		2017		2018		2019	
	Investment	Expense	Investment	Expense	Investment	Expense	Investment	Expense	Investment	Expense
1 Combined operation area	2,041	7,339	1,943	7,320	3,780	9,303	1,942	11,183	3,905	10,089
Pollution prevention	1,408	4,466	1,080	4,340	1,881	6,187	944	7,705	2,198	6,874
Global environmental protection	421	689	502	808	929	841	807	1,230	1,221	773
Resource circulation	212	2,184	360	2,173	970	2,276	190	2,248	485	2,442
2 Upstream and downstream	0	131	0	115	0	117	0	140	0	115
3 Management activities	11	1,078	54	1,266	39	1,124	62	636	43	2,394
4 R&D	329	5,781	158	2,591	114	1,274	119	2,787	192	8,431
5 Community outreach	11	38	0	36	2	29	0	27	0	24
6 Environmental damage	44	195	49	192	1	203	45	1,128	0	206
Total	2,435	14,560	2,203	11,520	3,936	12,050	2,169	15,901	4,139	21,259

Climate change

Eco-efficiency (JEPIX) performance*



* JEPIX is an abbreviation for the "Japan Environmental Policy Index", and it was developed by teams under the leadership of Professor Nobuyuki Miyazaki of the International Christian University at the Japan Science and Technology Agency and Sustainable Management Forum Japan. Environmental performance data are converted to an environmental impact point (EIP) scale and aggregated to determine total environmental impact. Eco-efficiency is calculated as follows.
Eco-efficiency = value added (economic index) / JEPIX Eco-Points

Eight aspects of environmental impact (including chemical releases, greenhouse gas emissions, landfill wastes, and COD load) are evaluated, and net sales are used for value added. A new accounting policy is applied to net sales from fiscal 2011.

JEPIX-method eco-efficiency

Fiscal year	2001	2015	2016	2017	2018	2019
Total environmental impact (million EIP)	50,723	13,219	11,271	11,524	9,770	10,562
Net sales (¥ million)	1,195,393	1,940,914	1,882,991	2,042,216	2,170,403	2,151,646
Eco-efficiency (¥/EIP)	23.6	146.8	167.1	177.2	222.1	203.7

Greenhouse gas emissions in Japan by fiscal year

(million tons CO₂ equivalent)

Item	Index set at Kyoto Protocol (1990)	Baseline year (2005)	2015	2016	2017	2018	2019
Carbon dioxide*	5.06	4.96	3.76	3.03	2.93	2.89	2.61
Nitrous oxide	6.82	0.76	0.12	0.13	0.07	0.09	0.13
Methane	0.00	0.01	0.00	0.00	0.00	0.00	0.00
HFCs	0.16	0.02	0.03	0.03	0.04	0.04	0.04
PFCs	0.01	0.14	0.12	0.14	0.13	0.11	0.12
Sulfur hexafluoride	0.00	0.04	0.01	0.02	0.01	0.01	0.01
Nitrogen trifluoride	-	-	0.00	0.00	0.00	0.00	0.00
Total	12.06	5.92	4.04	3.35	3.18	3.13	2.91

Calculation standards for greenhouse gas emissions:

For greenhouse gases covered by the Act on Rationalizing Energy Use and the Act on Promotion of Global Warming Countermeasures, calculations are in accordance with the methods stipulated by these laws. For gases not covered by either law, calculation methods are based on considerations such as chemical reactions.

* CO₂ emissions from generation of electricity and steam sold to other companies are excluded from data for the baseline year but included in annual data from fiscal 2013.

Overseas greenhouse gas emissions by fiscal year*

(million tons CO₂ equivalent)

	2015	2016	2017	2018	2019
CO₂ emissions	0.79	1.00	1.03	1.03	1.08

Calculation standards for overseas greenhouse gas emissions:

Overseas greenhouse gas emissions are calculated, in principle, based on the provisions given by the Act on the Rational Use of Energy and the Act on Promotion of Global Warming Countermeasures. CO₂ emissions from the burning of by-product gases are mainly calculated by material balance. CO₂ emissions associated with purchased electricity are calculated with the latest available coefficients given in International Energy Agency's CO₂ Emissions from Fuel Combustion.

* Sage Automotive Interiors, Inc. is included only in North America.

FY2019 global greenhouse gas emissions by segment

(million tons CO₂ equivalent)

	Material	Homes	Health Care	Other	Total
Total	3.78	0.10	0.12	0.00	3.99

Scope 3 emissions by fiscal year*

(million tons CO₂ equivalent)

	2015	2016	2017	2018	2019
Purchased goods and services	1.39	2.26	4.54	4.74	4.43
Capital goods	0.22	0.16	0.19	0.29	0.32
Fuel and energy-related activities (not included in scope 1 or scope 2)	0.11	0.14	0.21	0.21	0.24
Upstream transportation and distribution	0.46	0.27	0.28	0.30	0.27
Waste generated in operations	0.00	0.00	0.00	0.00	0.00
Business travel	0.02	0.03	0.03	0.03	0.03
Employee commuting	0.01	0.01	0.02	0.03	0.03
Upstream leased assets	0.00	0.00	0.00	0.00	0.00
Use of sold products	1.13	1.07	1.00	0.92	0.96
End-of-life treatment of sold products	2.24	1.93	4.84	4.98	4.70
Total	5.58	5.87	11.11	11.50	10.98

Calculation method for Scope 3:

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.

* Including overseas subsidiaries from fiscal 2017.

Calculation method for purchased goods and services:

Up to fiscal 2015, emissions were calculated by multiplying the amounts, either in physical or monetary units, of the largest 20 raw materials and services (30 items 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.

From fiscal 2016 onward, items with emissions equal to or greater than 4,000 tons of CO₂-equivalent were included. The emissions were calculated by multiplying the amounts, either in physical or monetary units, of raw materials and services purchased from outside the Asahi Kasei Group by Asahi Kasei Corp., Asahi Kasei Homes, Asahi Kasei Construction Materials, Asahi Kasei Microdevices, Asahi Kasei Medical and major overseas consolidated subsidiaries, by the respective emission factor for each type of raw material or service.

Calculation method for use of sold products:

Based on the calculation standards set by Asahi Kasei Homes, emissions are calculated after deducting the CO₂ emission reduction effects, etc., based on the energy-saving equipment actually installed, which differs in each case, in the Hebel Haus (detached house/apartment building) units delivered each fiscal year (calculation period is set to 60 years).

Calculation method for disposal of sold products:

For Asahi Kasei, Asahi Kasei Construction Materials, Asahi Kasei Microdevices, Asahi Kasei Medical and major overseas consolidated subsidiaries, emissions are calculated by multiplying the weight of products shipped each fiscal year by the CO₂ emission factor at the time of disposal for each product. For Asahi Kasei Homes, emissions are calculated by multiplying the number of Hebel Haus units delivered each fiscal year by the CO₂ emission factor per building.

Note: In fiscal 2018, we revised some of the calculation methods for upstream transportation/distribution and disposal of sold products so that they are based on the actual situation. Regarding past results, data up to fiscal 2016 that can be recalculated has been revised retroactively.

CO₂ emissions from product shipment

		Material	Homes	Health Care	Other	Total
FY2019	Shipment volume (million ton-km)	821.96	383.89	2.13	0.00	1,207.98
	CO ₂ emissions (tons CO ₂)	46,640	39,913	1,046	0	87,599

Low-pollution vehicles*

(Number of vehicles)

		2015	2016	2017	2018	2019
Used on public roads	Low-pollution vehicles	1,170	1,238	1,270	1,252	1,295
	Other vehicles	93	85	93	74	86
	Subtotal	1,263	1,323	1,363	1,326	1,381
Used within plant grounds	Low-pollution vehicles	398	456	534	492	451
	Other vehicles	297	280	250	227	208
	Subtotal	695	736	784	719	659
Total	Low-pollution vehicles	1,568	1,694	1,804	1,744	1,746
	Other vehicles	390	365	343	301	294
	Total vehicles	1,958	2,059	2,147	2,045	2,040
Proportion of low-pollution vehicles (%)	Used on public roads	93	94	93	94	94
	Used within plant grounds	57	62	68	68	68
	Total	80	82	84	85	86

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

Pollution and natural resources / water resource preservation

Treatment and disposal of industrial waste* by company

(Thousand tons)

Company	Waste generated	Recycling	Volume reduction	Landfill	Effluent	Recycling	Volume reduction	Final disposal
Asahi Kasei Corp.	295.3	48.7	0.7	0.0	245.9	243.4	1.5	1.1
Asahi Kasei Microdevices	1.5	0.0	0.0	0.0	1.5	1.4	0.1	0.0
Asahi Kasei Homes	5.7	0.0	0.0	0.0	5.7	5.7	0.0	0.0
Asahi Kasei Construction Materials	69.9	49.0	0.0	0.0	20.9	20.8	0.0	0.0
Asahi Kasei Pharma	1.1	0.0	0.0	0.0	1.1	1.1	0.0	0.0
Asahi Kasei Medical	4.7	0.0	0.0	0.0	4.7	4.7	0.0	0.0
FY2019 total	378.2	97.8	0.7	0.0	279.8	277.1	1.6	1.1
FY2018 total	334.2	67.4	0.6	0.0	226.1	263.5	1.9	0.7
FY2017 total	330.6	108.1	0.6	0.0	221.9	219.3	1.9	0.8
FY2016 total	339.2	104.4	0.7	0.0	233.5	229.2	3.7	1.1
FY2015 total	356.5	123.7	3.3	0.0	229.6	225.3	3.4	0.8
FY2014 total	388.5	114.6	36.4	0.0	237.3	231.7	4.1	1.5
FY2013 total	386.3	112.4	29.0	0.0	244.7	240.3	3.1	1.3
FY2012 total	387.9	99.0	27.2	0.0	261.6	255.4	4.4	1.8
FY2011 total	441.8	105.1	73.5	0.0	263.1	254.1	7.8	1.3
FY2000 total	316.9	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.

Note: Sums of figures may differ totals shown due to rounding (also in other tables hereinafter).

Final disposal by category of waste

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

Category	Disposal volume (thousand tons)	Percentage (%)
Debris	0.599	56.3
Sludge	0.108	10.2
Plastic waste	0.066	6.2
Cinders	0.064	6.0
Glass/ceramic waste	0.045	4.2
Others	0.182	17.1
Total	1.064	100.0

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

(Thousand tons)

Fiscal year	2000	2015	2016	2017	2018	2019
New construction	16.6	0	0	0	0	0
Dismantling	39.1	10.2	11.8	11.7	14.1	14.1
Total	55.7	10.2	11.8	11.7	14.1	14.1

AAC trimmings recycled by Asahi Kasei Construction Materials

(Tons)

Fiscal year	2015	2016	2017	2018	2019
Hebel™ panels	450	300	260	360	354
Cement materials	2,300	1,800	1,400	970	368
Lightweight artificial soil	0	0	0	0	0
Total	2,800	2,100	1,700	1,330	722

Release and transfer of PRTR-specified substances by fiscal year

(Tons)

Fiscal year	2000	2015	2016	2017	2018	2019
Release to air	4,720	390	350	330	520	290
Release to water	170	70	60	60	50	60
Release to soil	0	0	0	0	0	0
Total release	4,890	450	410	390	570	350
Reduction rate (%)	—	91	92	92	88	93
Transfer	2,100	2,300	2,900	2,800	2,500	2,400

VOC* air emissions

	2000 Baseline year	2015	2016	2017	2018	2019
Volume (tons)	10,400	1,300	1,300	1,350	1,400	1,100
Reduction rate (%)	—	87	87	87	87	89

* 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.

FY2019 release and transfer of PRTR-specified substances

(Tons)

Company	Sites	Substance	Release to air	Release to water	Release to soil	Total release	Transfer
Asahi Kasei Corp.	Others	Toluene	18	0	0	18	0
	Nobeoka	1,1-Dichloroethylene (vinylidene chloride)	27	0	0	27	169
		Dichloromethane (methylene chloride)	13	0	0	13	0
		Chloroethylene (vinyl chloride)	7	0	0	7	40
		Chlorodifluoromethane (HCFC-22)	5	0	0	5	0
		Boron compounds	0	7	0	7	0
		Water-soluble copper salts (except complex salts)	0	17	0	17	0
	Moriyama	Dichloromethane (methylene chloride)	15	0	0	15	0
	Mizushima	n-Hexane	78	0	0	78	21
		Molybdenum and its compounds	0	18	0	18	0
		Vinyl acetate	6	0	0	6	4
	Kawasaki	n-Hexane	60	0	0	60	13
Asahi Kasei Medical	Nobeoka	N,N-dimethylacetamide	2	7	0	8	162

Note: Substances listed are those of which total release was 5 tons or more.

Rounded to the nearest ton.

Release of air and water pollutants by fiscal year

Item	Unit	2015	2016	2017	2018	2019
SOx*1	Tons	7,700	6,100	6,600	6,000	6,300
NOx*2	Tons	4,100	3,300	3,300	3,300	3,400
Soot and dust*3	Tons	130	100	110	140	90
Waste water effluence	Million m ³	217	212	212	297	216
COD*4	Tons	970	910	820	880	890
N	Tons	6,400	6,600	6,200	7,000	6,500
P	Tons	30	20	20	20	20

Air emissions by site

(t/y)

Site	2017			2018			2019		
	SOx	NOx	Soot and dust	SOx	NOx	Soot and dust	SOx	NOx	Soot and dust
Nobeoka	6,100	2,100	30	5,600	2,000	40	5,800	2,200	30
Mizushima	260	1,000	70	180	1,100	80	190	960	50
Moriyama	0	40	1	0	30	1	0	30	1
Fuji	6	9	0	0	3	0	0	3	0
Ohito	1	20	0	1	10	0	2	10	0
Kawasaki	2	100	4	2	100	6	2	90	6
Others	260	80	4	260	80	5	310	90	6
Total	6,600	3,300	110	6,000	3,300	140	6,300	3,400	90

*1 Sulfur oxides (SOx) are formed when crude oil, fuel oil, or coal containing sulfur are used as fuel. Sulfur dioxide (SO₂) is most common, but some sulfur trioxide (SO₃) also forms. The term SOx is inclusive of both of these.

*2 Nitrogen oxides (NOx) are formed in nature and during combustion at thermal power plants, factory boilers, internal combustion engines, and incinerators. The term NOx is inclusive of both nitric oxide (NO) and nitrogen dioxide (NO₂).

*3 Soot and dust are fine particles formed in the combustion of fuel and other materials.

*4 Chemical oxygen demand is an indicator of water pollution by organic substances. COD is expressed in terms of the amount of oxygen that can be consumed by an oxidizer to chemically oxidize the organic substances contained in the water.

Water usage and effluence

(Million m³)

Item		2015	2016	2017	2018	2019
Japan	Usage	274	272	266	294	253
	Effluence	217	212	212	297	216
Overseas	Usage	6	23	16	13	15
	Effluence	6	17	11	8	10
Japan and overseas	Usage	280	295	282	307	268
	Effluence	223	229	223	305	226

Water usage and sources by fiscal year in Japan

(Million m³)

	2015	2016	2017	2018	2019
Total	274	272	266	294	253
Municipal water	9	10	10	9	9
Ground water	24	23	23	22	21
Industrial water	241	239	234	263	223

Water emissions in Japan by site

(Tons, except effluence: million m³)

Site	2017				2018				2019			
	COD	N	P	Effluence	COD	N	P	Effluence	COD	N	P	Effluence
Nobeoka	620	5,800	9	135	690	6,700	8	145	680	6,200	9	143
Mizushima	40	180	3	35	50	210	3	35	60	210	3	34
Moriyama	8	9	2	10	6	8	1	10	6	8	2	10
Fuji	20	90	9	10	20	60	7	11	20	60	8	11
Ohito	0	1	0	0	0	1	0	0	1	1	0	0
Kawasaki	110	80	1	13	90	90	1	89	100	60	1	11
Others	30	5	0	7	20	5	0	7	30	5	0	7
Total	820	6,200	20	212	880	7,000	20	297	890	6,500	20	216

ESG Data

Environment

Society

Governance

Number of Group Employees

	Scope	FY2015	FY2016	FY2017	FY2018	FY2019
Number of Group Employees	Asahi Kasei Group Total (Global)	32,821	33,720	34,670	39,283	40,689

Number of Employees by Status

		Scope	FY2015	FY2016	FY2017	FY2018	FY2019
Permanent	Total	*1 (FY2015 includes Asahi Kasei Chemicals, Asahi Kasei Fibers, and Asahi Kasei E-materials)	14,831	14,786	15,026	15,463	15,801
Non-permanent	Men	*1	1,705	1,919	1,907	678	1,967
	Women		1,045	1,029	954	1,870	609
	Total		2,750	2,948	2,861	2,548	2,576

Persons with disabilities

	Scope	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
Number of employees with disabilities *2	All Group companies applicable as Special Subsidiaries	511	588	579	574	595	614
Employment rate *2 (%)		2.06	2.21	2.24	2.23	2.25	2.27
Statutory employment rate (%)		2	2	2	2.2	2.2	2.2

Employment/Retention

Employment/Retention		Scope	FY2015	FY2016	FY2017	FY2018	FY2019
Number of new hires	New graduate total	*1	397	438	516	565	614
	(men)		284	333	387	427	486
	(women)		113	105	129	138	128
	Mid-career total		74	120	232	487	410
	(men)		66	112	210	468	349
	(women)		8	8	22	19	61
Number of resignations			217	221	216	232	292

Working Hours / Salary

	Scope	FY2015	FY2016	FY2017	FY2018	FY2019
Average annual salary (¥)	Asahi Kasei Corp. (Transitioned from a pure holding company to an operating holding company in 2016)	9,218,391	7,703,239	7,645,207	7,871,666	7,691,021

Education/Training

	Scope	FY2015	FY2016	FY2017	FY2018	FY2019
Annual education and training costs (¥)	*1	69,000	78,000	82,000	129,000	116,000

Diversity / Work-life Balance

		Scope	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
Number of female managers and supervisors		*1	453	499	534	574	622	660
Number of female managers			141	153	171	193	212	231
Total number of managers			5,838	5,828	5,783	5,786	5,767	5,780
Ratio of female managers			2.4%	2.6%	3.0%	3.3%	3.7%	4.0%
Number of employees taking child care leave	Men		316	316	346	392	406	
	Women		226	240	266	236	251	
Number of employees using shortened working hours system for child care	Men		0	1	5	3	4	
	Women		335	355	371	344	413	
Number of employees using "Kids Support" shortened working hours system	Men		0	0	1	1	2	
	Women		70	80	70	92	153	
Number of employees taking family care leave	Men		1	0	1	4	3	
	Women		6	4	4	5	8	
Number of employees using shortened working hours system for family care	Men		0	0	0	0	3	
	Women	2	1	1	1	2		

Occupational Health and Safety

Occupational Health and Safety	Scope	FY2015	FY2016	FY2017	FY2018	FY2019
Group Lost Time Frequency Rate	*3	0.3	0.35	0.3	0.41	0.44
Group Severity Rate		0.005	0.024	0.005	0.008	0.074
Percentage finding problems during health examinations	*4	61.9	63.4	62.5	62.6	62.3
Average age		43.3	43.6	43.8	43.8	43.8
BMI		24.8	25.2	26	26.3	26.8
Smoking rate		28.2	26.6	26.9	26.3	25.8

Social Contribution

	Scope	FY2015	FY2016	FY2017	FY2018	FY2019
Social contribution activity expenses (¥ million)	Asahi Kasei Group Total (Global)	1,133	3,953	1,304	1,330	(not calculated)
Ratio of ordinary income		0.7	2.46	0.61	0.6	(not calculated)

About scope

- *1 Asahi Kasei, Asahi Kasei Microdevices, Asahi Kasei Homes, Asahi Kasei Construction Materials, Asahi Kasei Pharma, and Asahi Kasei Medical
- *2 The rate of employment and the number of persons employed are the average figures for each fiscal year for applicable companies of the Asahi Kasei Group. Calculations are based on total employment of 26,990 persons at the 20 applicable companies as of June 1, 2020. (number of persons calculated in accordance with the Act on Employment Promotion, etc. of Persons with Disabilities)
- *3 Group companies in Japan and overseas implementing the Responsible Care (RC) Program (see below for a list of departments and plants)
<https://www.asahi-kasei.com/sustainability/rc/#anc-09>
- *4 In addition to *1, employees of major Japanese subsidiaries

ESG Data

Environment

Society

Governance


Corporate Governance

			Scope	FY2015	FY2016	FY2017	FY2018	FY2019
Number of Directors	Inside Directors	Men	Asahi Kasei Corp.	6	6	6	6	6
		Women		0	0	0	0	0
		Total		6	6	6	6	6
	Independent Outside Directors	Men		2	2	2	2	2
		Women		1	1	1	1	1
		Total		3	3	3	3	3
	Total				9	9	9	9
Ratio of Women on Board of Directors				11.1%	11.1%	11.1%	11.1%	11.1%

* The number of Board of Directors meetings and committee meetings and their attendance rates are reported on the following page.

➤ Corporate Governance

Policy Statements

	Policy
CSR-orientated management	› Group Philosophy
	› Corporate Governance
	› Sustainability at the Asahi Kasei Group
	› Strategic Management Initiative
Responsible Care	› Asahi Kasei Group RC Principles
Environmental	› Asahi Kasei Group Code of Conduct
	› Asahi Kasei Group RC Principles
	› The Asahi Kasei Group's Global Environmental Policy
Social	› Asahi Kasei Group Code of Conduct
	› Asahi Kasei Group Quality Policy
	› The Asahi Kasei Group Purchasing and Procurement Principles and Policy
	› Human Resources Principles
	› Expansion of opportunities for women: Asahi Kasei Group Action Plan
	› Basic Policy for Safe Operation
	› Basic Policy for High-Pressure Gas Safety
	› Community Fellowship Policy
Governance	› Principles of Corporate Governance
	› Asahi Kasei Group Code of Conduct
	› Asahi Kasei Group Basic Policies for Prevention of Bribery
	› Ethical Considerations in Pharmaceutical and Medical Device Development
	› Asahi Kasei Group Information Security Policy
	› Privacy Policy
	› Tax Policy
	› Basic Guidelines on Animal Care and Use (Asahi Kasei Pharma) 

GRI Standards Content Index

The Asahi Kasei Group's report on sustainability activities references the "GRI Sustainability Reporting Standards."

Universal Standards

Disclosure Number	Disclosure	Page number(s) and/or URL(s)
GRI102: General Disclosures 2016		
Organizational profile		
102-1	Name of the organization	<ul style="list-style-type: none"> ➤ Corporate Profile ➤ Group Companies
102-2	Activities, brands, products, and services	<ul style="list-style-type: none"> ➤ Asahi Kasei all around ➤ Products
102-3	Location of headquarters	<ul style="list-style-type: none"> ➤ Corporate Profile
102-4	Location of operations	<ul style="list-style-type: none"> ➤ Asahi Kasei Worldwide
102-5	Ownership and legal form	<ul style="list-style-type: none"> ➤ Group Companies ➤ Corporate Governance
102-6	Markets served	<ul style="list-style-type: none"> ➤ Asahi Kasei Worldwide ➤ Products
102-7	Scale of the organization	<ul style="list-style-type: none"> ➤ Corporate Profile ➤ Financial Information
102-8	Information on employees and other workers	<ul style="list-style-type: none"> ➤ Corporate Profile ➤ Corporate Governance Report
102-9	Supply chain	
102-10	Significant changes to the organization and its supply chain	<ul style="list-style-type: none"> ➤ Editorial Policy
102-11	Precautionary Principle or approach	<ul style="list-style-type: none"> ➤ Sustainability at the Asahi Kasei Group ➤ Compliance ➤ Asahi Kasei Group's Responsible Care Program
102-12	External initiatives	<ul style="list-style-type: none"> ➤ Sustainability at the Asahi Kasei Group ➤ Quality assurance ➤ Biodiversity

Disclosure Number	Disclosure	Page number(s) and/or URL(s)
102-13	Membership of associations	<ul style="list-style-type: none"> ➤ Sustainability at the Asahi Kasei Group ➤ Asahi Kasei Group's Responsible Care Program ➤ Quality assurance
Strategy		
102-14	Statement from senior decision-maker	<ul style="list-style-type: none"> ➤ Management Message ➤ Asahi Kasei Report
102-15	Key impacts, risks, and opportunities	<ul style="list-style-type: none"> ➤ Corporate Governance Report
Ethics and integrity		
102-16	Values, principles, standards, and norms of behavior	<ul style="list-style-type: none"> ➤ Group Philosophy ➤ Sustainability at the Asahi Kasei Group ➤ Compliance ➤ Asahi Kasei Group's Responsible Care Program ➤ CSR Procurement ➤ Human resources development and active engagement ➤ Community fellowship ➤ Policy Statements
102-17	Mechanisms for advice and concerns about ethics	<ul style="list-style-type: none"> ➤ Compliance
Governance		
102-18	Governance structure	<ul style="list-style-type: none"> ➤ Corporate Governance
102-19	Delegating authority	<ul style="list-style-type: none"> ➤ Corporate Governance ➤ Sustainability at the Asahi Kasei Group
102-20	Executive-level responsibility for economic, environmental, and social topics	<ul style="list-style-type: none"> ➤ Sustainability at the Asahi Kasei Group
102-21	Consulting stakeholders on economic, environmental, and social topics	<ul style="list-style-type: none"> ➤ Corporate Governance
102-22	Composition of the highest governance body and its committees	<ul style="list-style-type: none"> ➤ Corporate Governance ➤ Corporate Officers ➤ Asahi Kasei Report
102-23	Chair of the highest governance body	<ul style="list-style-type: none"> ➤ Corporate Governance
102-24	Nominating and selecting the highest governance body	<ul style="list-style-type: none"> ➤ Corporate Governance
102-25	Conflicts of interest	<ul style="list-style-type: none"> ➤ Corporate Governance

Disclosure Number	Disclosure	Page number(s) and/or URL(s)
102-26	Role of highest governance body in setting purpose, values, and strategy	➤ Corporate Governance
102-27	Collective knowledge of highest governance body	➤ Sustainability at the Asahi Kasei Group
102-28	Evaluating the highest governance body's performance	
102-29	Identifying and managing economic, environmental, and social impacts	➤ Corporate Governance
102-30	Effectiveness of risk management processes	➤ Corporate Governance ➤ Risk management
102-31	Review of economic, environmental, and social topics	➤ Sustainability at the Asahi Kasei Group
102-32	Highest governance body's role in sustainability reporting	➤ Risk management
102-33	Communicating critical concerns	➤ Sustainability at the Asahi Kasei Group
102-34	Nature and total number of critical concerns	➤ Compliance
102-35	Remuneration policies	➤ Corporate Governance
102-36	Process for determining remuneration	➤ Corporate Governance
102-37	Stakeholders' involvement in remuneration	➤ Corporate Governance Report
102-38	Annual total compensation ratio	
102-39	Percentage increase in annual total compensation ratio	
Stakeholder engagement		
102-40	List of stakeholder groups	➤ Sustainability at the Asahi Kasei Group
102-41	Collective bargaining agreements	➤ Approach to human resources and employment
102-42	Identifying and selecting stakeholders	➤ Sustainability at the Asahi Kasei Group
102-43	Approach to stakeholder engagement	➤ Sustainability at the Asahi Kasei Group
102-44	Key topics and concerns raised	➤ Social activities
Reporting practice		

Disclosure Number	Disclosure	Page number(s) and/or URL(s)
102-45	Entities included in the consolidated financial statements	<ul style="list-style-type: none"> ➤ Group Companies ➤ Asahi Kasei Worldwide ➤ Corporate Governance Report
102-46	Defining report content and topic Boundaries	<ul style="list-style-type: none"> ➤ Editorial Policy ➤ Sustainability at the Asahi Kasei Group
102-47	List of material topics	<ul style="list-style-type: none"> ➤ Sustainability at the Asahi Kasei Group
102-48	Restatements of information	<ul style="list-style-type: none"> ➤ Editorial Policy
102-49	Changes in reporting	As noted on the relevant pages
102-50	Reporting period	<ul style="list-style-type: none"> ➤ Editorial Policy
102-51	Date of most recent report	<ul style="list-style-type: none"> ➤ Editorial Policy
102-52	Reporting cycle	<ul style="list-style-type: none"> ➤ Editorial Policy
102-53	Contact point for questions regarding the report	<ul style="list-style-type: none"> ➤ Inquiries
102-54	Claims of reporting in accordance with the GRI Standards	
102-55	GRI content index	GRI Standards Content Index (this page)
102-56	External assurance	<ul style="list-style-type: none"> ➤ Independent Review and Independent Assurance Report
GRI103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	<ul style="list-style-type: none"> ➤ Sustainability at the Asahi Kasei Group
103-2	The management approach and its components	<ul style="list-style-type: none"> ➤ Sustainability at the Asahi Kasei Group and the policy and management framework shown on relevant pages
103-3	Evaluation of the management approach	

Topic-specific Standards

Disclosure Number	Disclosure	Page number(s) and/or URL(s)
Economic topics		
GRI201: Economic Performance 2016		
201-1	Direct economic value generated and distributed	
201-2	Financial implications and other risks and opportunities due to climate change	<ul style="list-style-type: none"> ➤ Environmental Management
201-3	Defined benefit plan obligations and other retirement plans	
201-4	Financial assistance received from government	
GRI202: Market Presence 2016		
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	
202-2	Proportion of senior management hired from the local community	
GRI203: Indirect Economic Impacts 2016		
203-1	Infrastructure investments and services supported	<ul style="list-style-type: none"> ➤ Local communities ➤ Community fellowship
203-2	Significant indirect economic impacts	
GRI204: Procurement Practices 2016		
204-1	Proportion of spending on local suppliers	
GRI205: Anti-corruption 2016		
205-1	Operations assessed for risks related to corruption	
205-2	Communication and training about anti-corruption policies and procedures	<ul style="list-style-type: none"> ➤ Compliance
205-3	Confirmed incidents of corruption and actions taken	<ul style="list-style-type: none"> ➤ Compliance
GRI206: Anti-competitive Behavior 2016		

Disclosure Number	Disclosure	Page number(s) and/or URL(s)
Economic topics		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	➤ Compliance
GRI207: Tax 2019		
207-1	Approach to tax	➤ Tax Policy
207-2	Tax governance, control, and risk management	➤ Tax Policy
207-3	Stakeholder engagement and management of concerns related to tax	—
207-4	Country-by-country reporting	—
Environmental topics		
GRI301: Materials 2016		
301-1	Materials used by weight or volume	➤ Environmental Management
301-2	Recycled input materials used	
301-3	Reclaimed products and their packaging materials	➤ Pollution and Natural Resources
GRI302: Energy 2016		
302-1	Energy consumption within the organization	➤ Environmental Management
302-2	Energy consumption outside of the organization	
302-3	Energy intensity	
302-4	Reduction of energy consumption	
302-5	Reductions in energy requirements of products and services	➤ Climate Change
GRI303: Water and Effluents 2018		
303-1	Interactions with water as a shared resource	➤ Environmental Management
303-2	Management of water discharge-related impacts	➤ Water Resource Preservation
303-3	Water withdrawal	<ul style="list-style-type: none"> ➤ Environmental Management ➤ Water Resource Preservation ➤ ESG Data

Disclosure Number	Disclosure	Page number(s) and/or URL(s)
Economic topics		
303-4	Water discharge	<ul style="list-style-type: none"> ➤ Environmental Management
303-5	Water consumption	<ul style="list-style-type: none"> ➤ Water Resource Preservation ➤ ESG Data
GRI304: Biodiversity 2016		
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Not applicable
304-2	Significant impacts of activities, products, and services on biodiversity	<ul style="list-style-type: none"> ➤ Biodiversity
304-3	Habitats protected or restored	<ul style="list-style-type: none"> ➤ Biodiversity
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Not applicable
GRI305: Emissions 2016		
305-1	Direct (Scope 1) GHG emissions	<ul style="list-style-type: none"> ➤ Climate Change ➤ ESG Data
305-2	Energy indirect (Scope 2) GHG emissions	<ul style="list-style-type: none"> ➤ Climate Change ➤ ESG Data
305-3	Other indirect (Scope 3) GHG emissions	<ul style="list-style-type: none"> ➤ Climate Change ➤ ESG Data
305-4	GHG emissions intensity	<ul style="list-style-type: none"> ➤ Climate Change
305-5	Reduction of GHG emissions	<ul style="list-style-type: none"> ➤ Climate Change ➤ ESG Data
305-6	Emissions of ozone-depleting substances (ODS)	Not applicable
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	<ul style="list-style-type: none"> ➤ Pollution and Natural Resources ➤ ESG Data
GRI306: Effluents and Waste 2016		
306-1	Water discharge by quality and destination	<ul style="list-style-type: none"> ➤ Pollution and Natural Resources ➤ ESG Data

Disclosure Number	Disclosure	Page number(s) and/or URL(s)
Economic topics		
306-2	Waste by type and disposal method	<ul style="list-style-type: none"> ➤ Pollution and Natural Resources ➤ ESG Data
306-3	Significant spills	Not applicable
306-4	Transport of hazardous waste	<ul style="list-style-type: none"> ➤ ESG Data
306-5	Water bodies affected by water discharges and/or runoff	Not applicable
GRI307: Environmental Compliance 2016		
307-1	Non-compliance with environmental laws and regulations	Not applicable
GRI308: Supplier Environmental Assessment 2016		
308-1	New suppliers that were screened using environmental criteria	<ul style="list-style-type: none"> ➤ CSR Procurement
308-2	Negative environmental impacts in the supply chain and actions taken	
Social topics		
GRI401: Employment 2016		
401-1	New employee hires and employee turnover	<ul style="list-style-type: none"> ➤ Approach to human resources and employment
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	<ul style="list-style-type: none"> ➤ Human resources development and active engagement ➤ Diversity
401-3	Parental leave	<ul style="list-style-type: none"> ➤ Diversity
GRI402: Labor/Management Relations 2016		
402-1	Minimum notice periods regarding operational changes	
GRI403: Occupational Health and Safety 2018		
403-1	Occupational health and safety management system	<ul style="list-style-type: none"> ➤ Occupational Health and Safety
403-2	Hazard identification, risk assessment, and incident investigation	<ul style="list-style-type: none"> ➤ Occupational Health and Safety
403-3	Occupational health services	<ul style="list-style-type: none"> ➤ Occupational Health and Safety
403-4	Worker participation, consultation, and communication on occupational health and safety	<ul style="list-style-type: none"> ➤ Occupational Health and Safety

Disclosure Number	Disclosure	Page number(s) and/or URL(s)
Economic topics		
403-5	Worker training on occupational health and safety	<ul style="list-style-type: none"> ➤ Occupational Health and Safety
403-6	Promotion of worker health	<ul style="list-style-type: none"> ➤ Occupational Health and Safety
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	<ul style="list-style-type: none"> ➤ Occupational Health and Safety
403-8	Workers covered by an occupational health and safety management system	<ul style="list-style-type: none"> ➤ Editorial Policy
403-9	Work-related injuries	<ul style="list-style-type: none"> ➤ Occupational Health and Safety ➤ ESG Data
403-10	Work-related ill health	<ul style="list-style-type: none"> ➤ Occupational Health and Safety ➤ ESG Data
GRI404: Training and Education 2016		
404-1	Average hours of training per year per employee	
404-2	Programs for upgrading employee skills and transition assistance programs	<ul style="list-style-type: none"> ➤ Human resources development and active engagement
404-3	Percentage of employees receiving regular performance and career development reviews	
GRI405: Diversity and Equal Opportunity 2016		
405-1	Diversity of governance bodies and employees	<ul style="list-style-type: none"> ➤ Corporate Governance ➤ Diversity
405-2	Ratio of basic salary and remuneration of women to men	
GRI406: Non-discrimination 2016		
406-1	Incidents of discrimination and corrective actions taken	
GRI407: Freedom of Association and Collective Bargaining 2016		
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	
GRI408: Child Labor 2016		

Disclosure Number	Disclosure	Page number(s) and/or URL(s)
Economic topics		
408-1	Operations and suppliers at significant risk for incidents of child labor	
GRI409: Forced or Compulsory Labor 2016		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	
GRI410: Security Practices 2016		
410-1	Security personnel trained in human rights policies or procedures	
GRI411: Rights of Indigenous Peoples 2016		
411-1	Incidents of violations involving rights of indigenous peoples	
GRI412: Human Rights Assessment 2016		
412-1	Operations that have been subject to human rights reviews or impact assessments	
412-2	Employee training on human rights policies or procedures	
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	
GRI413: Local Communities 2016		
413-1	Operations with local community engagement, impact assessments, and development programs	<ul style="list-style-type: none"> ➤ Local communities ➤ Community fellowship
413-2	Operations with significant actual and potential negative impacts on local communities	
GRI414: Supplier Social Assessment 2016		
414-1	New suppliers that were screened using social criteria	➤ CSR Procurement
414-2	Negative social impacts in the supply chain and actions taken	
GRI415: Public Policy 2016		
415-1	Political contributions	➤ Compliance

Disclosure Number	Disclosure	Page number(s) and/or URL(s)
Economic topics		
GRI416: Customer Health and Safety 2016		
416-1	Assessment of the health and safety impacts of product and service categories	> Quality assurance
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	
GRI417: Marketing and Labeling 2016		
417-1	Requirements for product and service information and labeling	> Quality assurance
417-2	Incidents of non-compliance concerning product and service information and labeling	
417-3	Incidents of non-compliance concerning marketing communications	
GRI418: Customer Privacy 2016		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	
GRI419: Socioeconomic Compliance 2016		
419-1	Non-compliance with laws and regulations in the social and economic area	

SASB Content Index

This is an index of disclosed information in accordance with the ESG information disclosure framework “SASB Standards” issued by the U.S. Sustainability Accounting Standards Board (SASB). The table below refers to the criteria for the Chemicals industry in the Resource Transformation sector, and shows the location of the relevant information.

TOPIC	ACCOUNTING METRIC	CATEGORY	UNIT OF MEASURE	CODE	Disclosability and disclosure website
Greenhouse Gas Emissions	Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations	Quantitative	Metric tons (t) CO ₂ -e, Percentage (%)	RT-CH-110a.1	<ul style="list-style-type: none"> ➤ Climate Change > Policy > Scope 1 and 2 GHG emissions ➤ ESG Data (Environment)
	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Discussion and Analysis	n/a	RT-CH-110a.2	<ul style="list-style-type: none"> ➤ Climate Change > Policy > Greenhouse Gas (GHG) Emission Reduction Targets in the Medium-Term Management Initiative
Air Quality	Air emissions of the following pollutants: (1) NO _x (excluding N ₂ O), (2) SO _x , (3) volatile organic compounds (VOCs), and (4) hazardous air pollutants (HAPs)	Quantitative	Metric tons (t)	RT-CH-120a.1	<ul style="list-style-type: none"> ➤ (1), (2) Pollution and Natural Resources > Air pollution, Environmental Management, ESG Data (Environment) ➤ (3) Pollution and Natural Resources > Reducing emissions of chemical substances, Environmental Management, ESG Data (Environment) • (4) -
Energy Management	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable, (4) total self-generated energy	Quantitative	Gigajoules (GJ), Percentage (%)	RT-CH-130a.1	<ul style="list-style-type: none"> ➤ (1) Environmental Management • (2) - ➤ (3) Climate Change > Efforts to Reduce CO₂ Emissions in Japan > Renewable energy • (4) -

TOPIC	ACCOUNTING METRIC	CATEGORY	UNIT OF MEASURE	CODE	Disclosability and disclosure website
Water Management	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	Quantitative	Thousand cubic meters (m ³), Percentage (%)	RT-CH-140a.1	<ul style="list-style-type: none"> ➤ (1) Water Resource Preservation > Reducing water use, ESG Data (Environment) • (2) -
	Number of incidents of non-compliance associated with water quality permits, standards, and regulations	Quantitative	Number	RT-CH-140a.2	<ul style="list-style-type: none"> ➤ Water Resource Preservation > Prevention of water pollution
	Description of water management risks and discussion of strategies and practices to mitigate those risks	Discussion and Analysis	n/a	RT-CH-140a.3	-
Hazardous Waste Management	Amount of hazardous waste generated, percentage recycled	Quantitative	Metric tons (t), Percentage (%)	RT-CH-150a.1	<ul style="list-style-type: none"> ➤ Pollution and Natural Resources > Reducing industrial waste
Community Relations	Discussion of engagement processes to manage risks and opportunities associated with community interests	Discussion and Analysis	n/a	RT-CH-210a.1	-
Workforce Health & Safety	(1) Total recordable incident rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees	Quantitative	Rate	RT-CH-320a.1	<ul style="list-style-type: none"> ➤ Occupational Health and Safety
	Description of efforts to assess, monitor, and reduce exposure of employees and contract workers to long-term (chronic) health risks	Discussion and Analysis	n/a	RT-CH-320a.2	<ul style="list-style-type: none"> ➤ Occupational Health and Safety > Developments in health management, Health management for employees
Product Design for Use-phase Efficiency	Revenue from products designed for use-phase resource efficiency	Quantitative	Reporting currency	RT-CH-410a.1	-

TOPIC	ACCOUNTING METRIC	CATEGORY	UNIT OF MEASURE	CODE	Disclosability and disclosure website
Safety & Environmental Stewardship of Chemicals	(1) Percentage of products that contain Globally Harmonized System of Classification and Labeling of Chemicals (GHS) Category 1 and 2 Health and Environmental Hazardous Substances, (2) percentage of such products that have undergone a hazard assessment	Quantitative	Percentage (%) by revenue, Percentage (%)	RT-CH-410b.1	<ul style="list-style-type: none"> ➤ (1) Quality Assurance • (2) -
	Discussion of strategy to (1) manage chemicals of concern and (2) develop alternatives with reduced human and/or environmental impact	Discussion and Analysis	n/a	RT-CH-410b.2	<ul style="list-style-type: none"> ➤ (1), (2) Quality Assurance > Product safety initiatives, Chemical substance management ➤ Pollution and Natural Resources > Reducing emissions of chemical substances
Genetically Modified Organisms	Percentage of products by revenue that contain genetically modified organisms (GMOs)	Quantitative	Percentage (%) by revenue	RT-CH-410c.1	-
Management of the Legal & Regulatory Environment	Discussion of corporate positions related to government regulations and/or policy proposals that address environmental and social factors affecting the industry	Discussion and Analysis	n/a	RT-CH-530a.1	<ul style="list-style-type: none"> ➤ Environmental Management > Policy ➤ Climate Change > Policy
Operational Safety, Emergency Preparedness & Response	Process Safety Incidents Count (PSIC), Process Safety Total Incident Rate (PSTIR), and Process Safety Incident Severity Rate (PSISR)	Discussion and Analysis	n/a	RT-CH-540a.1	<ul style="list-style-type: none"> ➤ Process Safety > Process safety management
	Number of transport incidents	Quantitative	Number	RT-CH-540a.2	<ul style="list-style-type: none"> ➤ Process Safety > Transportation and Distribution Safety

Independent Review and Independent Assurance Report

Independent Review (Japan Chemical Industry Association)

Independent review

[translation from Japanese]

Asahi Kasei Group Sustainability Report 2020 Internet Edition
Independent Review

September 18, 2020

Hideki Kobori
President
Asahi Kasei Corporation

Shigeki Nagamatsu
Chief Director
Responsible Care Verification Center
Japan Chemical Industry Association

Objectives of Verification

Responsible Care Report Verification was performed by the Responsible Care Verification Center with respect to *the Asahi Kasei Group Sustainability Report 2020 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 sustainability activities.
- 4) Characteristics of the Report.

Verification Procedure

- At the head office: Examination of the reasonableness and accuracy of methods to aggregate numerical values reported from each site (branch, production site, etc.) 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 Hozumi Plant of Asahi Kasei Construction Materials Corporation: Reasonableness of methods to calculate numerical values, and accuracy of the numerical values and information other than numerical values, reported to the head office, were examined. Examination was performed at the plant 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, cross-check of reported information with supporting materials, and on-site visits for confirmation.
- Numerical values and reported information were verified by sampling.

Opinion

- 1) Reasonableness of methods of calculation and aggregation of performance metrics (numerical values); accuracy of numerical values

- Calculation and aggregation of numerical values at the head office and the Hozumi Plant of Asahi Kasei Construction Materials Corporation are performed using a reasonable method, and an RC Performance Data Collection System is used throughout the company for accurate and efficient aggregation of data.
- Numerical values within the scope of our examination have been calculated and aggregated accurately.

2) Accuracy of reported information other than numerical values

- Information contained in the Report was confirmed to be accurate. Some minor issues related to appropriateness of expression and ease of understanding were identified in the draft stages, but these have been revised in the present Report.

3) Evaluation of RC and Sustainability Activities

- It is noteworthy that the company reorganized its promotion structure in 2019 and established and committed to delivering the medium-term management initiative (Cs+ for Tomorrow 2021) in order to develop activities aimed at achieving the two aspects of sustainability, namely “contributing to sustainable society” and “enhancing sustainable growth of corporate value.”
- It is noteworthy that the company has clarified “Care for People, Care for Earth” as the stance of the Asahi Kasei Group, identified materiality and indicated that it will respond to the SDGs by strengthening initiatives in the areas of environmental contribution products and combating climate change.
- In terms of concrete activities aimed at organizational improvements, it is expected that the company will continue with the “individual hearings on environmental safety and health” conducted prior to RC audits and the “interview activities,” which are direct exchanges of opinions between the Corporate Quality Assurance Officer, the Senior General Manager of Corporate Quality Assurance, and RC Implementation Manager as effective activities to upgrade RC and quality assurance.
- It is noteworthy that there is systematic development and education (including advanced professionals, manager education, grade-specific education, quality assurance awareness education, process safety and disaster prevention education, technology transfer, development of conservation human resources, development of globally-minded human resources, and languages) of human resources, which form the basis for organizational revitalization.
- It is noteworthy that the Hozumi Plant emphasizes concrete safety initiatives (caution signs, locks, posting of case studies, and equipment-based measures) and communication with employees (face-to-face dialogue). It is expected that initiatives to ensure safety will be strengthened further.

4) Characteristics of the Report

- As the Report is online, relevant information can be confirmed immediately, and the ESG data covers numerical information that includes employee information, employment, education and training results, diversity, work-life balance, and community fellowship in addition to environmental safety information.
- It is noteworthy that the Report features numerous environmental contribution products as well as covering interactions with a number of stakeholders and many community


fellowship activities (including plant and research center tours, community engagement, support for education to nurture the next generation and develop young female human resources in science and engineering, disaster relief, and social contribution through sport).

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



Independent Assurance Report

To the President and Representative Director of Asahi Kasei Corp.

We were engaged by Asahi Kasei Corp. (the “Company”) to undertake a limited assurance engagement of the global greenhouse gas emissions marked with  (the “GHG emissions”) for the period from April 1, 2019 to March 31, 2020 included in its Sustainability Report 2020 (the “Report”) for the fiscal year ended March 31, 2020.

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 Report.

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 the ‘International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information’ and the ‘ISAE 3410, Assurance Engagements on Greenhouse Gas Statements’ issued by the International Auditing and Assurance Standards Board. The limited assurance engagement consisted of making inquiries, primarily of persons responsible for the preparation of information presented in the Report, 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 the Company’s responsible personnel to obtain an understanding of its policy for preparing the Report 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 procedures on 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 recalculating the GHG emissions.
- Visiting the Company’s Kawasaki Works (Shiohama Area) and making inquiries and reviewing materials including documented evidence as alternative procedures to a site visit to Asahi Kasei POM (Zhangjiagang) Co., Ltd. selected on the basis of a risk analysis.
- Evaluating the overall presentation of the GHG emissions.

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 Report are not prepared, in all material respects, in accordance with the Company’s reporting criteria as described in the Report.

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

March 26, 2021