

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.



> Health and Productivity Management and Occupational Health and Safety

We engage in diverse activities based on an occupational safety management system 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 reform 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 Product Safety 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.

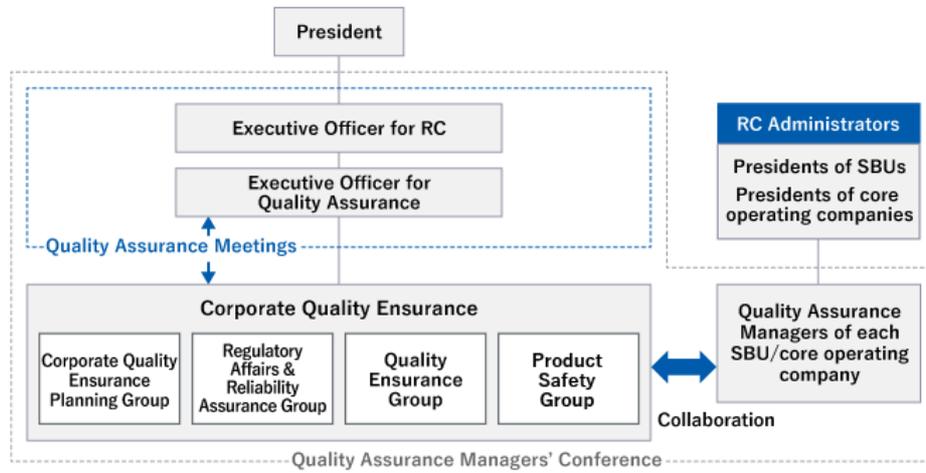


Diagram of quality assurance framework

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.

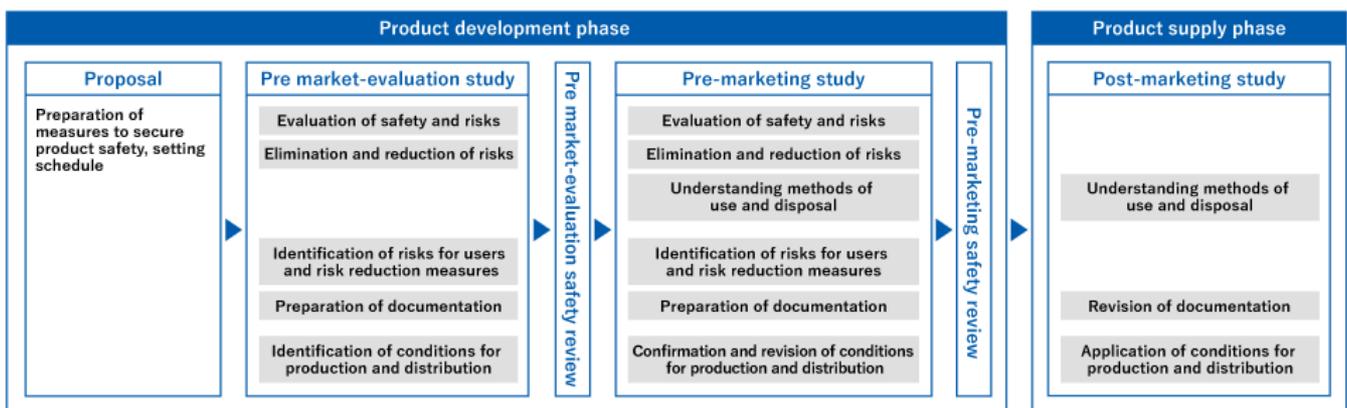
Quality Assurance Managers' Conference (held four times a year):

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.

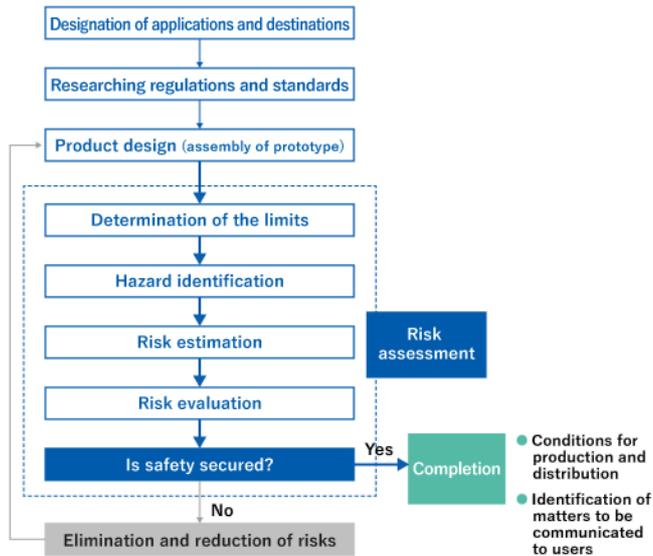
Product safety measures are implemented at each stage of product development and product supply, to ensure product safety and to prevent product problems and complaints from emerging. In addition, we have also established appropriate measures to be taken if a serious product problem or serious accident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



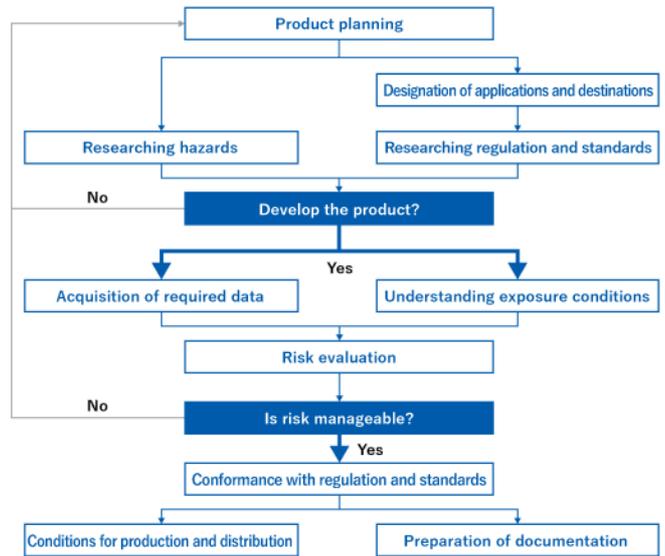
Flow of product safety measures

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

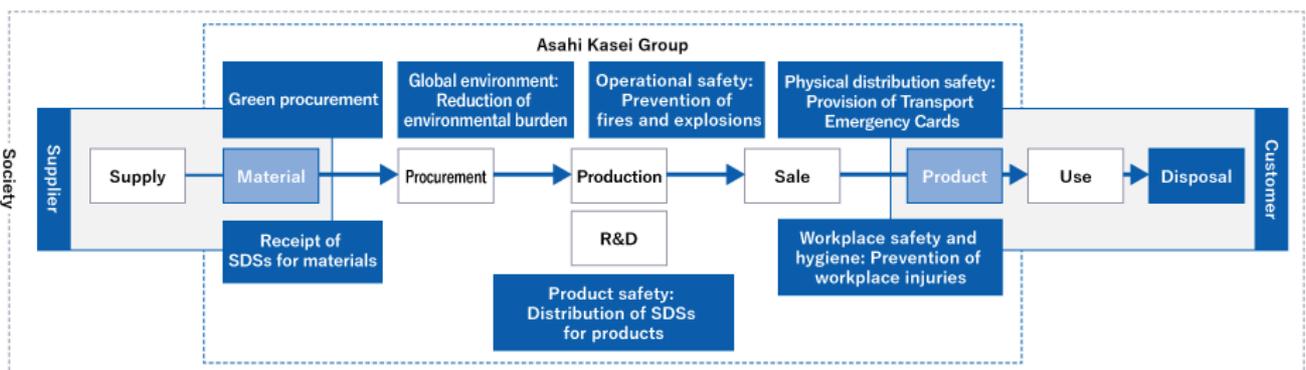


Product safety procedure for chemicals

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 (Product Safety 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

At the production stage, we manage chemical substances, including intermediates, in an appropriate manner to suppress emissions into the environment. We also strive to prevent fires, explosions, and leaks at facilities where chemical substances are handled to ensure the safety of local communities and preserve the global environment. 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 2020, 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. In fiscal 2021, we are continuing this as a key project for in-house quality assurance training.

Fostering a quality assurance mindset among department and group managers

In fiscal 2019, 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 plan to continue to provide quality assurance training for department heads in 2021 and beyond.

Fostering a quality assurance mindset among all employees

Coinciding with Quality Month in November 2020, the President, the Executive Officer for RC and the Executive Officer for Quality Assurance issued messages for all Group employees about the importance of quality assurance. Training via e-learning was conducted as well, further raising awareness on the subject for employees. This is slated to continue in 2021 and beyond as well.

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 the latest domestic 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. The Group participates in a number of committees of the JCII (Japan Chemical Innovation and Inspection Institute) Food Contact Material Safety Center, and it is continuing its activities to ensure that nothing is overlooked in the PL system and to provide customers with appropriate information related to 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.

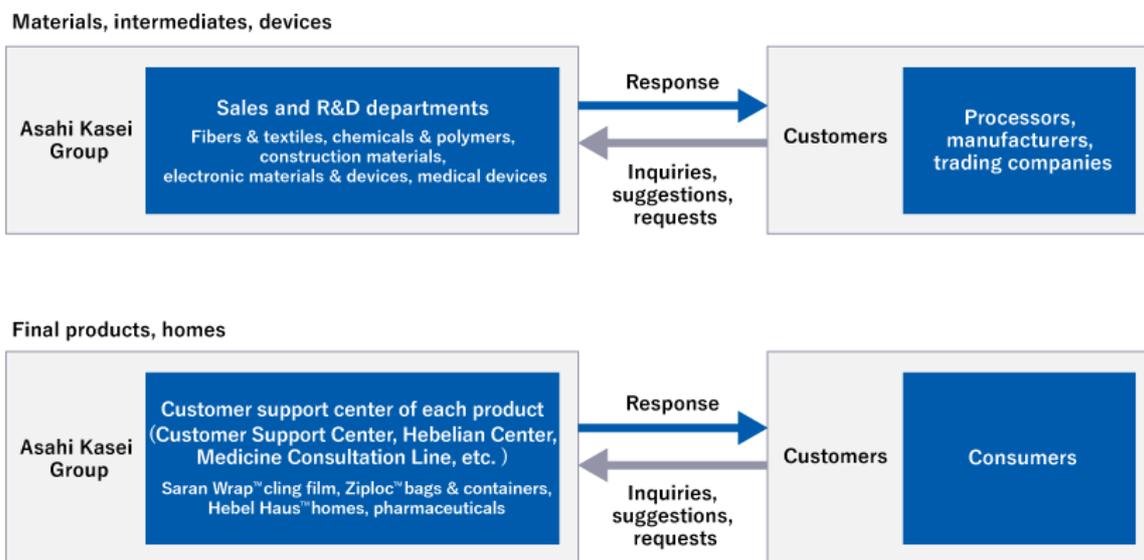
Participation in Joint Article Management Promotion-consortium (JAMP) and promotion of chemSHERPA

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. Starting in fiscal 2018, we have been 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. Together with the JAMP executive office, we will continue to work to raise awareness as a representative of upstream companies.

➤ 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.

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

Formulation of Supplier Guidelines

We conduct business activities in various countries and regions around the world, and are expected to address social issues to achieve a sustainable society, including measures against climate change and respect for human rights, not only within the Asahi Kasei Group but throughout the entire supply chain as well.

For this reason, in 2021 we formulated our Supplier Guidelines as a tool for promoting CSR procurement based on our purchasing policy. In order for our suppliers to understand our policies, we have made our Purchasing Policy and Supplier Guidelines available on the web, and we are preparing to release an English version. We will also monitor compliance through CSR assessments of our suppliers and cooperate to improve our management.

➤ [Supplier Guidelines](#) (92.2KB)

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.

As part of our supply chain management, we use the latest version of the UN Global Compact's CSR Procurement Assessment Sheet and disclose information in accordance with global standards.

Evaluation of CSR at suppliers

The Asahi Kasei 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. Human rights
3. Labor
4. Environment
5. Fair corporate activities (ethics and compliance)
6. Product safety and quality assurance
7. Information security
8. Supply chain
9. Harmony with the local community

➤ FY2020 CSR Procurement Questionnaire  (1.2MB)

FY2020 CSR Procurement Questionnaire Results

In fiscal 2020, to gain a quantitative understanding of the status of our suppliers' initiatives and to enhance communication that facilitates joint growth with our customers, we reviewed the survey questions and answer choices, using the CSR Procurement Tools published by the United Nations Global Compact as a reference.

In 2020, we asked 139 of our major suppliers that had taken the survey in the past to complete the new survey, and we also added 50 new suppliers (189 in total). We received responses from 187 suppliers.

Viewing the results by item, the "quality and safety," "labor," and "corporate governance" categories received high scores, while "local communities" received relatively low scores.



FY2020 CSR Procurement Questionnaire (Comprehensive Evaluation)



Average scores by category

We actually visited several of our business partners who received a D rating in the previous survey to (1) explain the content and purpose of the survey and (2) support them in making improvements in accordance with their circumstances, which resulted in an improved rating in the fiscal 2020 survey. We will continue to communicate with them in the future.

For suppliers ranked C and D in this questionnaire, 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.

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 50% of our major suppliers (187 companies in total) have systems and mechanisms in place to promote environmental protection.

Training for Employees

To promote CSR procurement, we have been providing ongoing training to employees in procurement-related departments about CSR procurement in cooperation with the Sustainability Promotion Department and the procurement departments at subsidiaries and affiliates. In fiscal 2020, we conducted online training activities not only for the procurement division at our headquarters, but also for each region despite the COVID-19 pandemic.

Communication with stakeholders

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

We also actively engage in close communication with our suppliers by actually visiting them or having them visit our offices to inform them about sustainability-related trends and promotional activities, as well as to exchange views. We will continue to enhance mutual communication going forward.

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 safety 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, We 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 2020, there were six cases of Labor Standards Act violations where labor standards were violated in the Group (in Japan). Four of the cases involved overtime that exceeded the monthly limit (80 hours), and the other two cases involved overtime that exceeded the annual limit for the application of the special provisions in the Article 36 Agreement (six times). We have taken thorough measures to prevent recurrences at workplaces where cases have occurred.

For more information on our basic policy for dealing with COVID-19 infections, the status of telework, and related measures, please refer to the following page.

➤ [Asahi Kasei's response to COVID-19](#)

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 within our domestic Group companies 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.

Within our domestic Group companies and most of our overseas Group companies, 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.

In line with the amendment of the Law Regarding Power Harassment in April 2020, we used our internal magazine and intranet to share our company policy on harassment and inform a wide range of employees. From fiscal 2020 onward, to prevent the spread of COVID-19, we are promoting harassment prevention training that is tailored to workplace conditions, utilizing video training, and conducting training via videoconference.

Improving Employee Work Engagement

We aim to create an organization that can enhance vitality and spur the growth of both individuals and the organization. In fiscal 2020, we reviewed the content of our existing employee awareness survey and introduced KSA (Vitality and Growth Assessment), a new survey that aims to confirm work engagement and behaviors conducive to growth. The survey is provided once a year to all employees in Japan, and the report is provided to line managers as a reference for understanding the current state of their organizations. We also promote activities aimed at creating a better workplace through dialogue with employees. At the same time, we conduct stress checks to identify health risks and create an environment in which each employee can achieve sustainable growth while maintaining good physical and mental health.

In addition, the Group as a whole is also working to promote diversity in work styles, expand the Group Masters system to recognize employees with high levels of expertise, and cultivate the next generation of leaders. We aim to be a company where a diverse array of human resources can take on challenges, play active roles, and develop even in a time of rapid change.

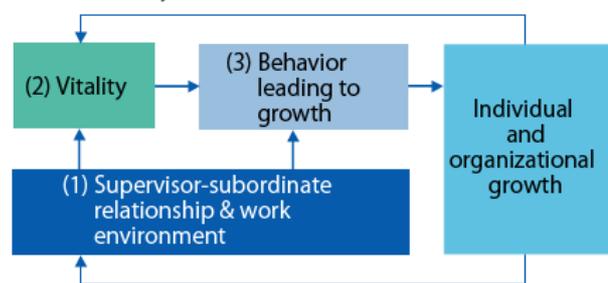
Overview of KSA (Vitality and Growth Assessment)

KSA is based on the Vitality and Growth Environment Model in Organizational Behavior by Professor Hirakimoto of Osaka University, and assesses the state of individuals and organizations in terms of three indicators: (1) supervisor-subordinate relationship & work environment (2) vitality (3) behavior leading to growth.

By assessing the level of impact of those three indicators, it can:

- Clarify the effects of initiatives taken so far
- Indicate the current state of the organization to guide next steps.

The KSA (Vitality and Growth Assessment) Structure



Items measurable by KSA (Vitality and Growth Assessment)

(1) Supervisor-subordinate relationship & work environment (Organizational resources)	(2) Vitality	(3) Behavior leading to growth
<ul style="list-style-type: none"> ● Supervisor encouragement ● Interpersonal relationships supporting work ● Inspiring ingenuity ● Respecting diversity ● Workplace encouraging frank discussion 	<ul style="list-style-type: none"> ● Ability to maintain a positive outlook (Individual resources) <ul style="list-style-type: none"> - Self confidence, self actualization - Ability to overcome adversity - Ability to work out a path toward a goal - Optimism ● Work engagement 	<ul style="list-style-type: none"> ● Experiential learning behavior ● Contribution to the organization ● Problem solving & improvement activity ● Job crafting

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 9,816 members (as of June 1, 2021).

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 our 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.

The Human Resources Principles established in March 2006 outlines the values and behavioral guidelines that should be shared by each employee. By ensuring that our employees act in accordance with these principles, we aim to establish it as part of our corporate culture and achieve both growth for each and every employee and development for our Group.

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

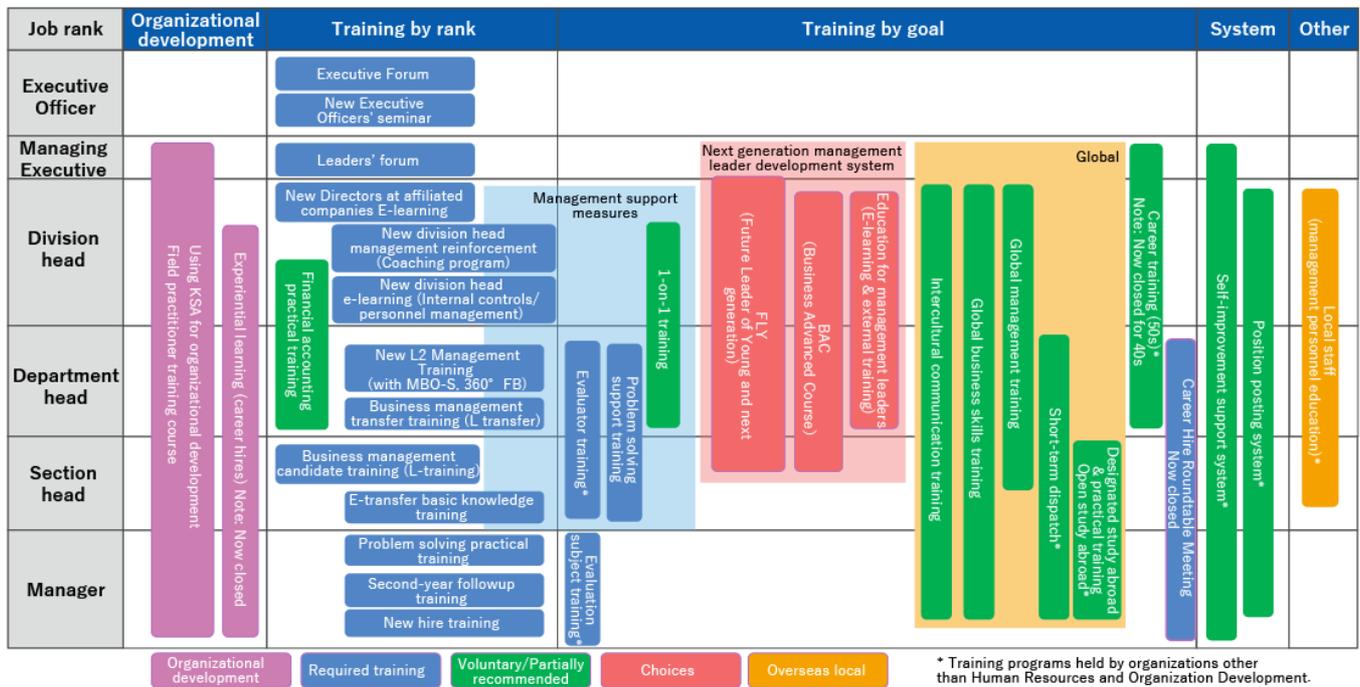
- Enterprise and growth through challenge and change
- Integrity and responsibility in action
- Respect for diversity

Expectations of Leaders

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

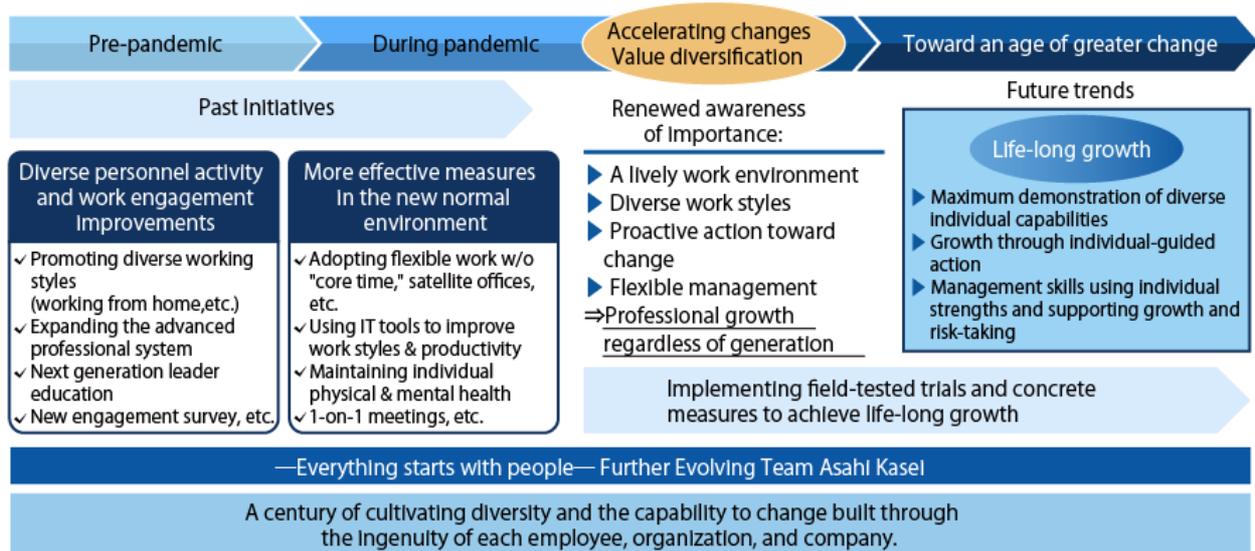
In accordance with these principles, our human resources development is focused on the mutual growth of individuals and organizations. As part of the medium-term plan beginning in fiscal 2019, efforts for human resources are focused on the growth of management and leaders, growth of professional groups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

■ Diagram of human resources development system in fiscal 2021



Creating a foundation for a diverse array of individuals to play an active role

Based on the idea that everything starts with people, we have been working to develop our human resources infrastructure and implementing a variety of measures. In the “new normal” resulting from the COVID-19 pandemic, we have reaffirmed the importance of an environment where people can work with enthusiasm, as well as diverse work styles, a proactive approach toward change, and flexible management skills. In this era of rapid change, it is important for employees from all generations, from the youngest to the most experienced, to continue to develop their expertise and grow. We will take concrete measures to achieve lifelong growth going forward.



Development of human resource infrastructure

Human resource development

A wide range of training programs

We utilize a combination of training based on job level and purpose to help employees develop their skills and perform their duties, improve their fundamental skills as they proceed with their work, develop personnel who can work globally, support line management, and develop next-generation management leaders.

Starting fiscal 2020, we are also taking a proactive approach to implementing digital learning, and we are working to develop an effective training system and curriculum that will allow employees to take advantage of high-quality learning opportunities on their own, regardless of their work location or work hours.

Reference: Investment in training per employee (actual)

	FY2019	FY2020
Investment in training (total)	2,053,238 (thousand yen)	756,367 (thousand yen)
Investment in training (per employee)	116.0 (thousand yen)	42.5 (thousand yen)
Time invested in training (per employee)	—	21.5 (hours)

Developing digital human resources to promote Digital Transformation (DX)

In 2021, the Group formulated DX Vision 2030 to promote the development of DX as a pillar of its growth strategy. We will strive to achieve a sustainable society a reality by maximizing the benefits of digital technology.

The most important factor in promoting DX is digital human resources. While enhancing DX training by employee level, we are working to increase the number of digital professionals who can promote advanced digitalization to 230 by the end of fiscal 2021. As part of our DX training for all employees, in April 2021 we launched an internal “Open Badge System” to promote the acquisition of fundamental digital knowledge, and we are also developing a DX training program for business managers.



➤ For more information about our DX strategy, please refer to the management briefing materials.

Group Masters

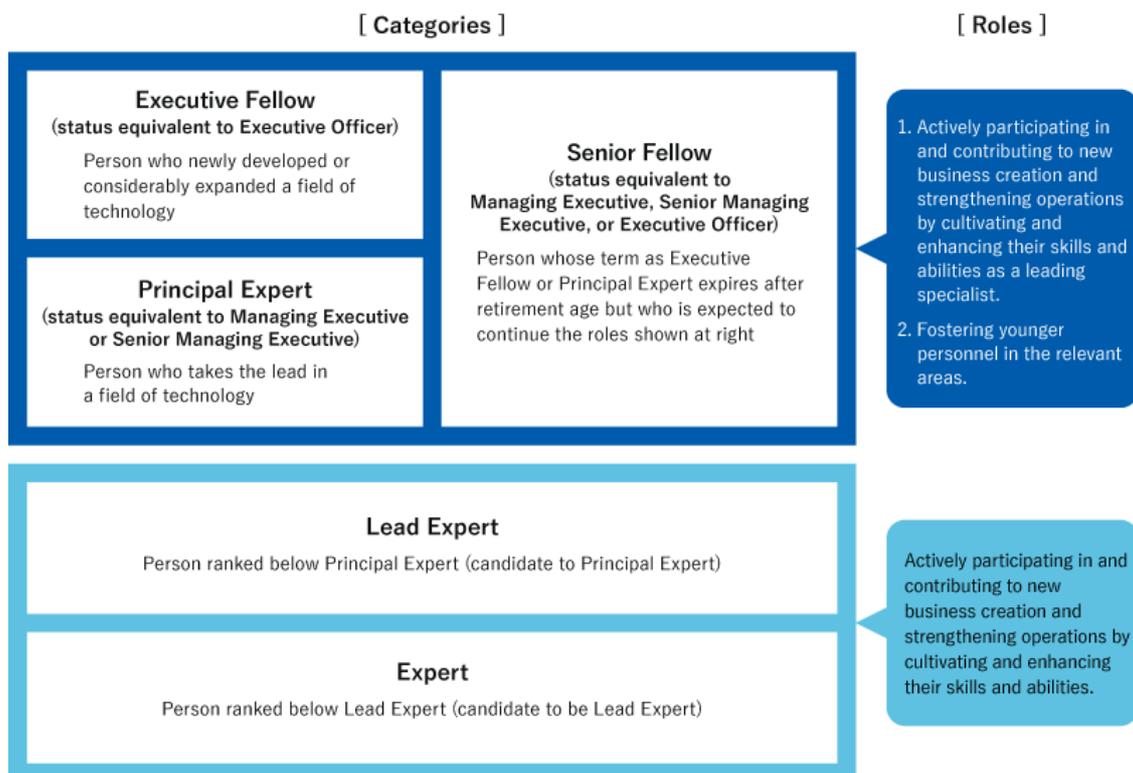
For the Asahi Kasei Group to achieve sustainable growth amid dramatic changes in the business environment, we must seek growth and win in the global market. Human resources hold the key for doing this.

In this situation, we employ a "Group Masters" program to broaden the segment of human resources with expertise that holds universal value through the appointment, training, and treatment of human resources expected to be actively involved and participating in creating new business and strengthening existing business as "Group Masters."

Under the program, we have defined five categories of Group Masters. We have clarified the respective roles of each Group Master category and enhanced treatment to create a mechanism that encourages the growth of human resources while securing outstanding external human resources at the same time.

We have also formulated a succession plan for Group Masters in each field, and have linked the succession plan to business reinforcement and human resource development, which will strengthen our competitive edge.

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 12 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 (12) Biotechnology <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 advance the expansion of our global business set forth in the medium-term management initiative "Cs+ for Tomorrow 2021" from the perspective of human resources, we are implementing an overseas open study program for young employees to challenge themselves to an overseas experience, with the aim of cultivating personnel with a global perspective. We are also working on measures to nurture human resources at overseas subsidiaries. To that end, we are implementing and operating a succession plan for overseas posts, measures for raising awareness about our philosophy, cross-cultural communication training, and management training.

For example, in China, Asahi Kasei (China) Co., Ltd. provides all local subsidiaries of Asahi Kasei in China with open lectures, as well as human resource development programs based on their job function and level.

In the past few years, we have placed particular emphasis on training local employees to become select section chiefs (from fiscal 2017 to 2019) and training executive management candidates for prospective general manager positions and above (from fiscal 2020 to the present). We have been closely monitoring the trends in the Chinese market on an ongoing basis, and we have been promoting measures based on an understanding that localization of management is essential for our company to be able to incorporate these trends.

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 2020, a total of 694 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 and gender identity, 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.

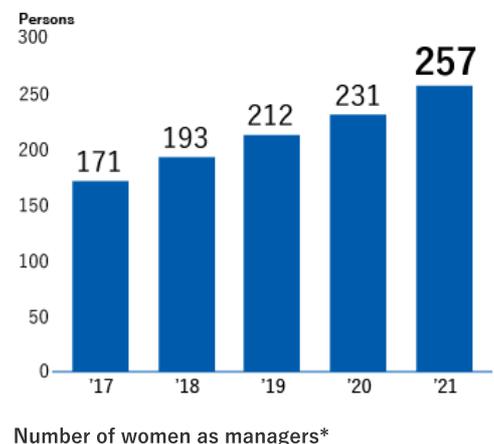
Management framework

The Asahi Kasei Group believes that the development of a human-based organization in which personnel with diverse values can play active roles is vital to the sustainable growth of our business.

The Asahi Kasei Diversity Promotion Office, a department dedicated to promoting the activities of a diverse group of personnel and encouraging work-life balance, plays a central role in this effort.

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 three employees at the rank of supervisor or above were women in 1994, this has risen to 257 (as of July 1, 2021). 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 2020, 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.



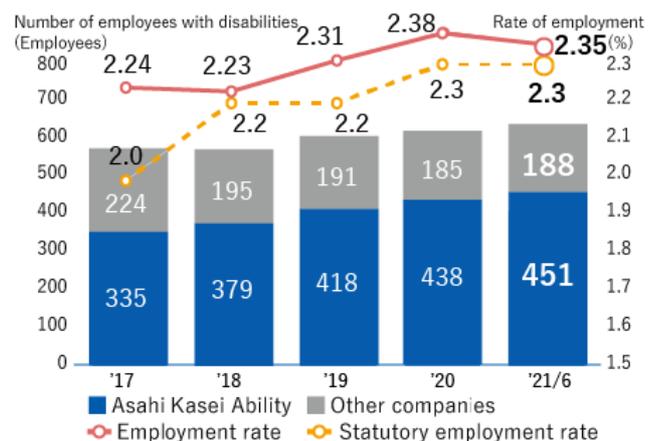
Asahi Kasei Group Action Plan*	We have developed an action plan to promote the active participation of women more than ever. As part of our efforts to create an environment in which diverse human resources with various values and backgrounds can play an active role together and contribute to the growth of our business and organization.
Term	April 1, 2021 – March 31, 2026
Content	<p>Objective 1</p> <p>Expand the human resources that can be candidates for senior management who play a leading role:</p> <p>Increase the number of female managers by 40% from the number as of March 31, 2021</p> <p>Objective 2</p> <p>Aim for a situation where women are active in positions where they play a leading role:</p> <p>Increase the total number of female section chief line managers and highly-skilled professionals by 20% compared to the number as of the end of March 2021</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.

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 March 1, 2021, the legal minimum proportion for employment of persons with disabilities was revised upward from 2.2% to 2.3%. The proportion for applicable companies of the Asahi Kasei Group was 2.38% throughout the year, and as of June 1, 2021, stood at 2.35% (639 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 27,191 persons at the 20 applicable companies as of June 1, 2021 (number of persons 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

(1) Initiatives for Hiring More People with Disabilities

Asahi Kasei Ability, which actively employs people with disabilities, has established the Ohito Project Office as an organization for laying the groundwork to open a base in the Ohito area (Izunokuni City, Shizuoka Prefecture) in October 2020. The scale of its business activities continues to expand.



Ohito Project Office established in October 2020

(2) Securing new business

(1) Supporting remote work for our Group's employees

In the past, Group employees had to come to the office to process invoices. However, after the COVID-19 pandemic began, Asahi Kasei Ability, which also has multiple regional offices, has been receiving these invoices en masse and uploading them to a dedicated system on behalf of the Group companies. This makes it possible to handle administrative work without requiring employees to come to the office, thereby making it easier for Group employees to work remotely.

(2) Ceramics (handmade ceramics) and coffee processing (drip pack production)

We have been developing job duties suitable for the unique natures of various disabilities, and we began operations in the ceramics industry and coffee processing in fiscal 2020. This allows us to ensure a wide variety of work processes and provide manufacturing work experience by having employees use their hands and fingers.



Working with ceramics



Ceramic products

(3) Abilympics (skills competition for people with disabilities)

Many employees from Asahi Kasei Ability participate in the Abilympics (a skills competition for people with disabilities) in various prefectures every year and win prizes. Eight employees represented their respective prefectures in the 2020 national competition (held in Aichi Prefecture), with one employee winning a bronze medal in the sewing category and another winning a bronze medal in the desktop publishing category, demonstrating the skills cultivated through daily work and practice. In addition, one qualifying contestant has been selected to participate in the international competition scheduled to be held in Russia in 2022.

(4) Efforts to enhance communication

As an initiative for enhancing communication among the five sales offices, which is usually lacking, a culture festival was held online and participated in by all offices. Many unique “senryu” poems and handmade works were displayed online, allowing employees to appreciate them and feel what the creators were thinking, thus fostering a sense of unity among the sales offices.



Online culture festival

System to Support the Activities of All Motivated Human Resources

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 2020, this provision was utilized by 16 personnel (including 1 male employee).

In addition, in January 2021, we began treating same-sex partnerships as equivalent to marriage in our internal system.

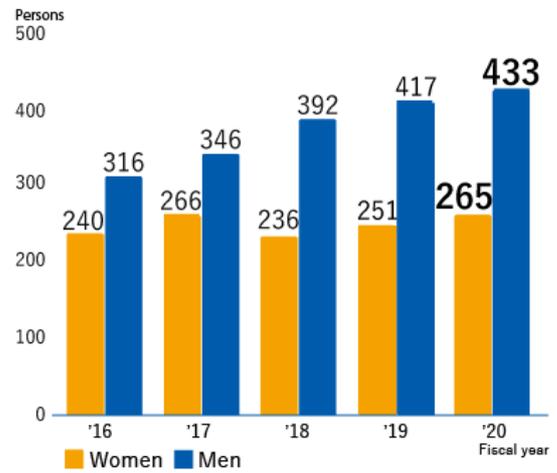
Balancing work and family life

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 employees 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 2020, parental leave was utilized by 698 personnel. This is included 433 men, with the rate of those who were qualified and actually utilized the leave exceeding 40% for the past six years in a row, and 265 women.

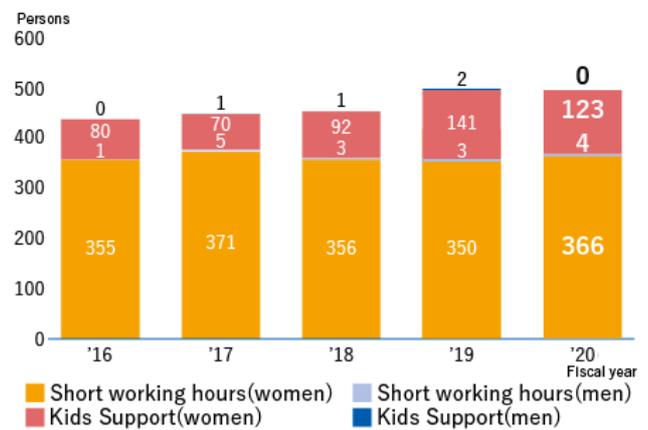


Employees using parental leave

Shortened working hours for child care

At Group companies in Japan*, employees 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 employees 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 2020, 493 employees took advantage of shortened working hours for childcare and kids’ support, four of whom were male employees. 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.



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., and Asahi Kasei Medical Co., Ltd. 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.



Support for family care

Group companies in Japan* have 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.

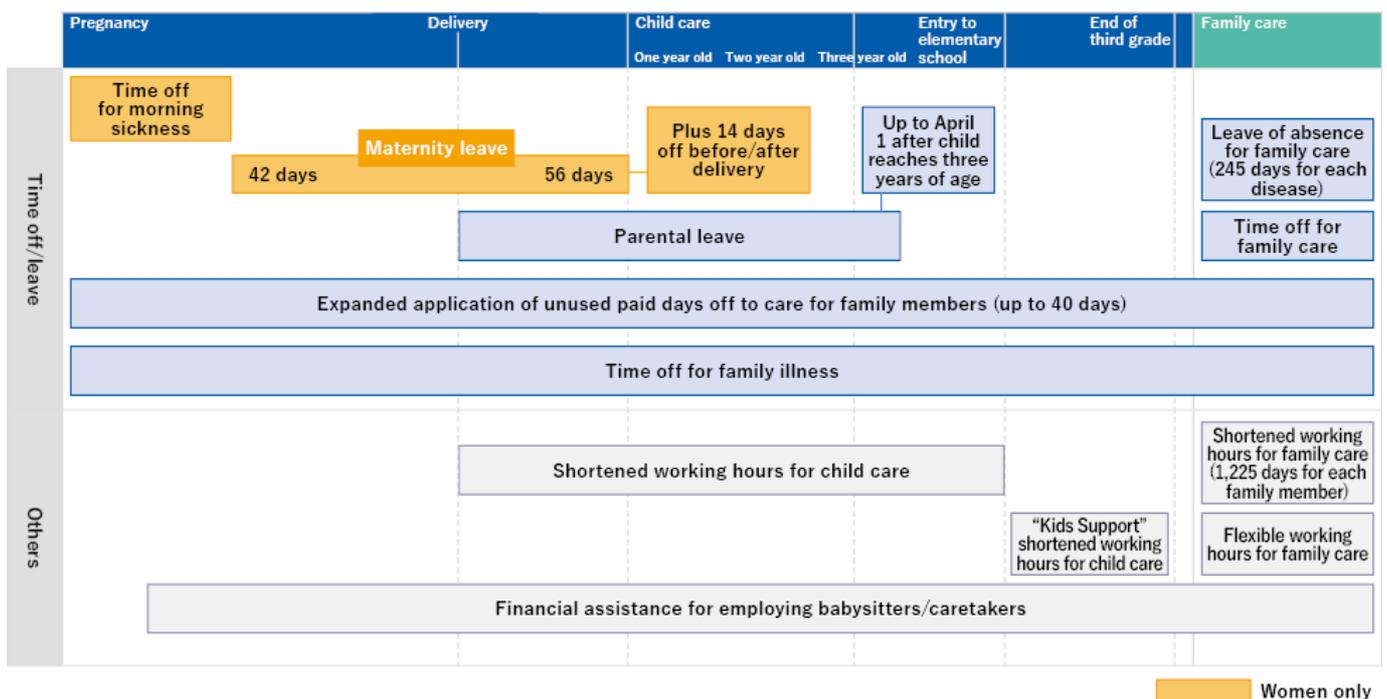


Booklet on balancing work with care for family members

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 20 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).

* Regular employees of Asahi Kasei, Asahi Kasei Microdevices, Asahi Kasei Homes, Asahi Kasei Construction Materials, Asahi Kasei Pharma, Asahi Kasei Medical, and major affiliates in Japan are eligible.



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 domestic 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 2020, over 80% of employees who reached retirement age utilized the program to be actively engaged.

Human Rights

Policy

Respect for everyone's human rights is one of the most important parts of the Asahi Kasei Group's business activities. In 2021 we created the Asahi Kasei Group Human Rights Policy (scheduled for release in fiscal 2021). We will comply with this policy and respect human rights as stipulated in the International Bill of Human Rights and the International Labour Organization's (ILO) Declaration On Fundamental Principles and Rights at Work.

We will also support the UN Guiding Principles on Business and Human Rights and implement initiatives in accordance with these principles.

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)

Human Rights Due Diligence

To fulfill our responsibility to respect human rights, we established a human rights due diligence system and will create a mechanism for implementing this system on an ongoing basis. The term “human rights due diligence” refers to the ongoing process implemented to proactively identify, avoid, and mitigate any negative human rights impact that the Group may have on society.

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.

➤ Compliance > Compliance hotline (whistleblower system)

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 Asahi Kasei Group Human Rights Policy and 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 implement 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.

Health and Productivity Management and Occupational Health and Safety

Occupational Health and Safety

Health and Productivity Management

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 and enable them to make the most of their capabilities and possibilities.

The Asahi Kasei Group regards all employees as precious assets. In terms of maintaining health and safety at our workplaces and work sites, our RC Principles state: "We give the utmost consideration to environmental protection, quality assurance, operational safety, workplace safety and hygiene, and health management, 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.

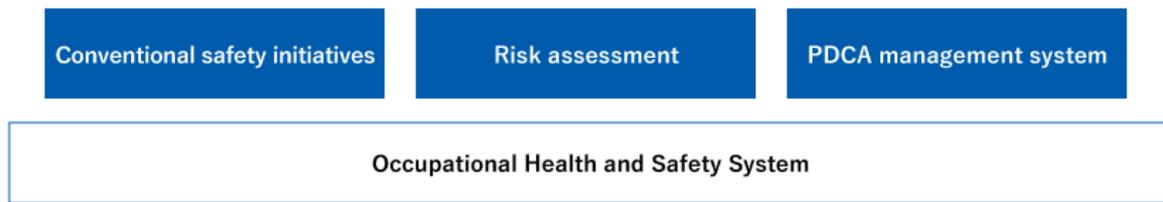
Preventive action for occupational accidents

In fiscal 2020, the Asahi Kasei Group established a Life Saving Action (LSA) program to eradicate serious occupational accidents, and we began implementing it throughout the Group. We have established the following four behaviors as prohibited behaviors that could result in loss of life if not observed, and are promoting thorough adherence to these behaviors in all aspects of our business activities.



The four behaviors prohibited by LSA

In addition, our ongoing efforts to prevent workplace accidents is integrated into our comprehensive OHSMS¹ program that combines conventional safety and hygiene initiatives² with risk assessments and a prevention-oriented plan-do-check-act (PDCA) system.



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

1. Identification of potential hazards

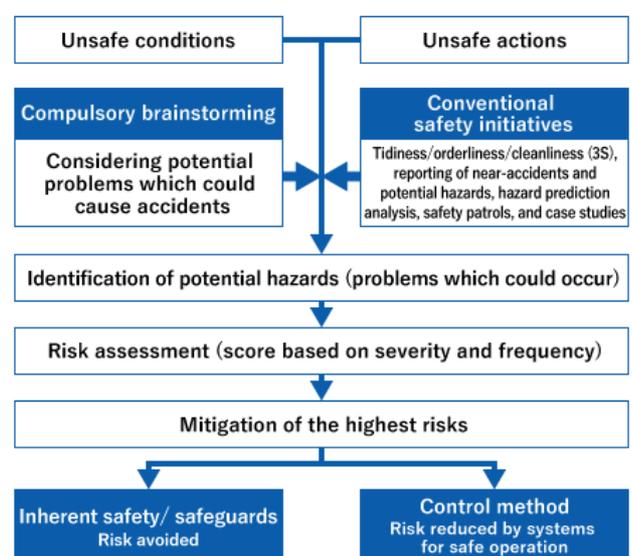
Effective prevention of workplace accidents requires the identification of all potential hazards in a workplace. In addition to conventional safety and hygiene initiatives, it is important to think of potential issues and consider safety from the perspective of the problems which conceivably arise in 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 work actions of personnel.

2. 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.

3. 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. The table on the right illustrates the principles (excerpted from reference documents). 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 particularly severe injury.



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.	20%
		Manuals, approved systems, etc.	20%

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

Formulation of safety measures

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

Our group is striving to ensure safety in our activities to comply with safe operating standards*. Specifically, we are devising and implementing measures such as checking the status of compliance with safe operating standards in our daily operations. Operations for which the elimination of risk through equipment modification is impractical are classified as operations requiring special control and strictly managed as such.

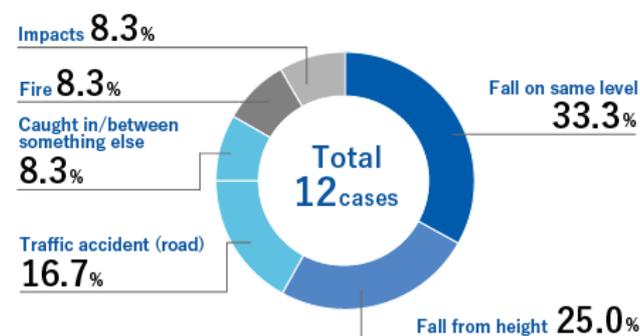
* Rather than individual rules for specific procedures, safe operating standards are a system of safety principles which define common safety practices that apply to categories of operation based on similarity of risk. For example, to prevent entanglement in machinery, our standard stipulates not to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

Sharing and utilizing information of occupational accidents

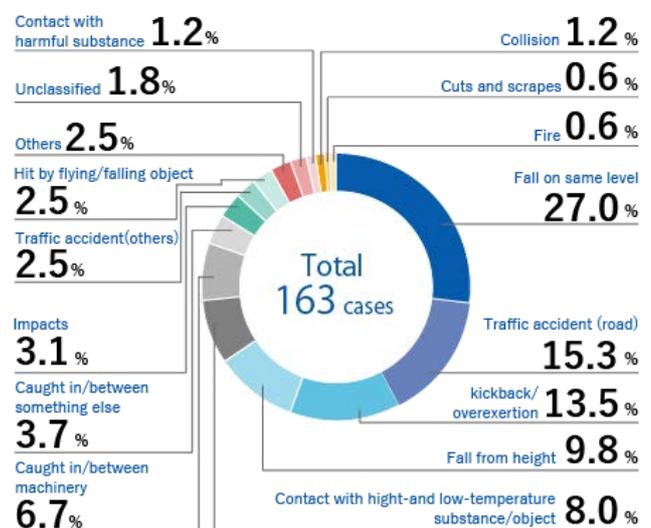
We investigate causes and take measures to prevent recurrence at sites where workplace accidents occur. We share a database of information on all workplace accidents within the Asahi Kasei Group for utilization in activities such as safety training, case study discussions, and prevention of similar accidents.

Occupational accident statistics

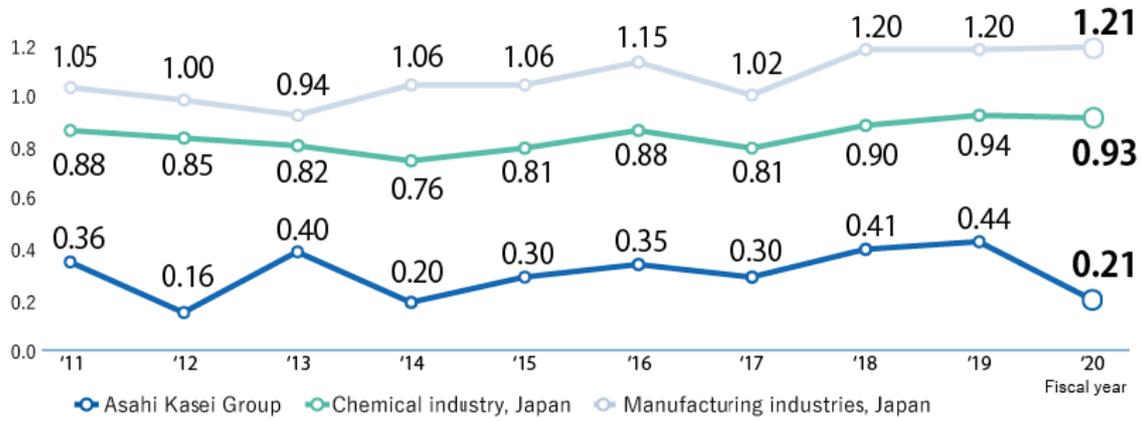
Unfortunately, in fiscal 2020, a fatal accident occurred at one of our subcontractors due to a fire and explosion accident while equipment was being dismantled. We are currently making company-wide efforts to prevent such an accident from recurring. Also, in fiscal 2020, 12 accidents resulting in lost-time injuries occurred among Group employees in Japan (no fatal accidents have occurred since fiscal 2012). When classifying the accidents that occurred by type, we see that the percentage of “fall from height” has been rising in recent years. In combination with the aforementioned LSA, we will not only work to prevent falls from height, which tend to lead to serious injuries, but also other types of industrial accidents.



Incidence of lost-workday injury by event category (FY2020 in Japan)

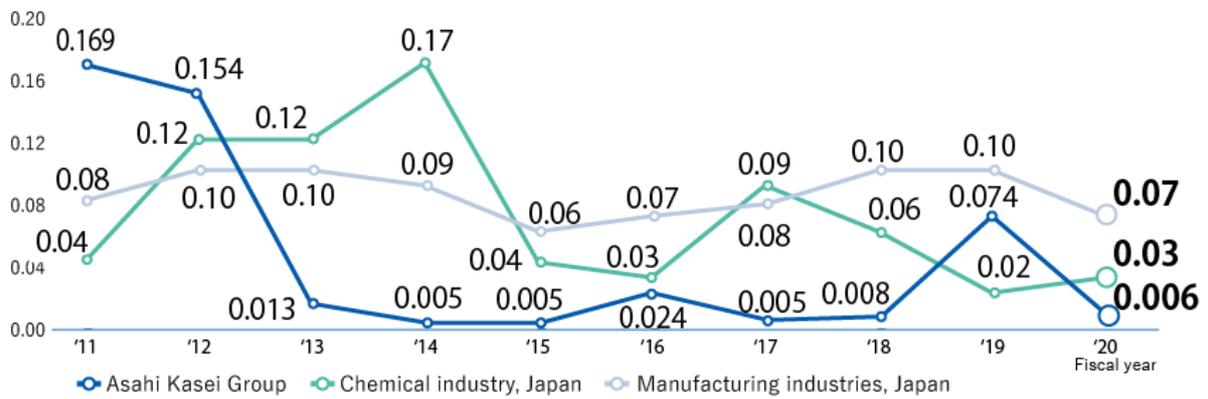


Incidence of lost-workday injury by event category (FY2011-2020 in Japan)



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

Frequency rate¹



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 rate²

- 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, we will manage risks for chemicals to identify and reduce risks resulting from 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.

Asahi Kasei Pharma, Pharmaceutical Sales Division, MR Traffic Safety Activities

1. Introduction

Under the slogan "As many answers as there are lives," Asahi Kasei Pharma conducts its business activities with the entire company working together to accomplish the mission "to sincerely care for each individual life and solve their unmet medical needs with a wealth of ideas and solid science."

Asahi Kasei Pharma promotes traffic safety activities for its Medical Representatives (MRs) in the Pharmaceutical Sales Division, achieving steady improvement.

2. Efforts to prevent traffic accidents

Asahi Kasei Pharma currently has approximately 660 MRs. Their main job is to visit doctors, pharmacists, and other medical professionals at hospitals and clinics to provide and collect information. They see the perspectives of both doctors and patients and make a significant contribution to society as partners playing a role in the healthcare system.

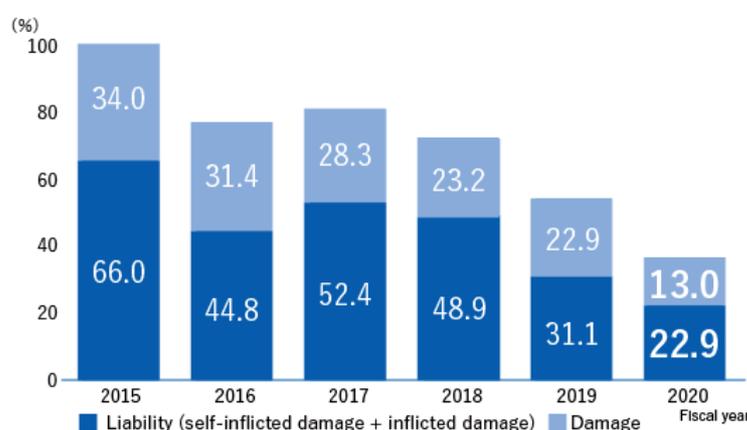
There are 61 branches, sales offices, and sub-branches throughout Japan. Since MRs visit medical institutions in company-owned vehicles, traffic accidents are a major safety issue. Due to the high number of traffic accidents (including accidents involving minor property damage in parking lots), we have been working on traffic safety activities as a top priority since fiscal 2018.

We are using 3M (Man, Machine, Management) analysis to assess the causes of past accidents and link them to countermeasures.

- Man: Improving training for newly graduated MRs who have a high accident rate
- Machine: Installation of back-up cameras and brake assistance systems
- Management: Analysis of accident causes using drive recorders, Zero Traffic Violation project

These activities also aim to build a culture of workplace safety in which each individual can seriously think about and implement what they should do to prevent traffic accidents and violations from occurring.

Initially, these activities began from a strong desire by top management to eradicate traffic accidents. However, through a series of honest discussions, each MR's sense of ownership increased, and a culture of safety was built in which MRs say "stay safe" when they go out. As a result, the number of traffic accidents in fiscal 2020 was reduced to 36% of the number in fiscal 2015, which is a significant achievement.



Traffic accidents by fiscal year

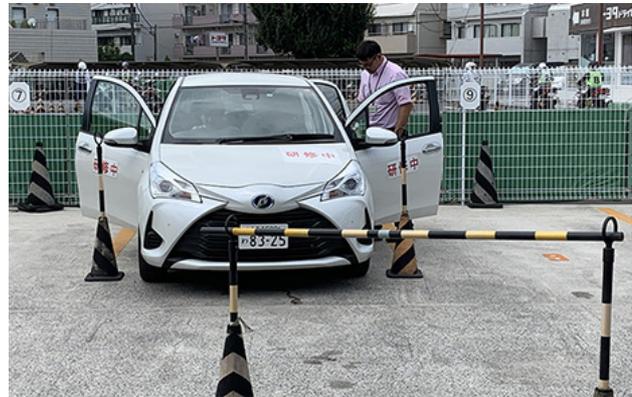
3. Efforts to improve driving skills

The accident rate is high among newly graduated MRs due to their lack of driving experience, so we have taken various measures to improve them. We provide traffic safety education for newly graduated MRs, including safe driving training and driving skill improvement training before we assign them to a department. After their assignment, we provide training tailored to specific region characteristics, as well as training in which they are accompanied by the department head. We believe that one particular cause of accidents is a lack of skill driving on narrow roads and when parking, so we cooperate with driving schools and put special emphasis on training for improving driving skills. The key to this training is using the same type of leased vehicle that will be used once employees are actually assigned. We conduct driving skill training sessions with a focus on situations where many accidents have occurred in the past, such as checking blind spots when actually inside a vehicle, driving on narrow roads, and driving in multi-story parking lots. The training is conducted in a safe environment.

This resulted in the accident rate for new graduate MRs in fiscal 2020 falling to one-seventh the number of accidents in fiscal 2016.



Training to improve newly graduated MRs' driving skills (driving on narrow roads)



Training to improve newly graduated MRs' driving skills (backing up into a parking spot in a multi-level parking garage)

4. Aiming for Zero Traffic Violations

We believe that traffic violations are one reason for traffic accidents, so we are promoting the Zero Traffic Violation Project as a major pillar of our traffic safety activities. In particular, we have designated the use of mobile phones, exceeding the speed limit by more than 30 km/h, and disregarding traffic signals, all of which can lead to serious accidents, as designated traffic violations, and are working earnestly to eliminate these violations.

In fiscal 2020, we achieved zero mobile phone usage violations.

Currently, each MR is taking personal responsibility and working to eliminate violations by analyzing the causes and implementing countermeasures at their workplace.

Dealing with the asbestos issue

We have 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 sheets	Asbestos in joint sheets 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.

Health and Productivity Management and Occupational Health and Safety

Occupational Health and Safety

Health and Productivity Management

Policy and Promotion System

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 Asahi Kasei Group to provide value to society through its business, we need employees to be more productive and creative than ever.

In response, we have decided to develop health and productivity management*, which positions health-related initiatives as a company-wide management issue, and expand on the health management of past Responsible Care activities.

Specifically, we established Corporate Health and Productivity Management in January 2020, appointed Executive Officers with responsibility and deputy responsibility for health and productivity management in April 2020, and issued a Statement on Management for Health in October 2020. In terms of continuously raising corporate value, it is becoming increasingly important for companies to provide an environment in which employees can maintain their physical and mental health as they play an active role. We will work to further promote health and productivity management based on the Group Health and Productivity Management Vision described in the Statement.

In April 2021, the health management centers that our occupational health staff at our major domestic sites belong to were placed under the umbrella of Corporate Health and Productivity Management. The system was changed to enable standardization and overall optimization of health-related operations, strengthen cooperation among sites, and enable a prompt response to issues shared within the Group.

* In Japanese “Kenkokeiei” is a registered trademark of Nonprofit Organization Kenkokeiei.

Statement on Management for Health

The Asahi Kasei Group pursues sustainable growth of corporate value while contributing to the achievement of a sustainable society by leveraging its strengths of diversity and the capability to change. We believe that human resources are the key to achieving this goal.

In the future, it will become ever more important for the company to create an environment where employees can both physically and mentally healthy and where everyone can play an active role. We hereby declare that we will work to promote health and productivity management, which further refines the initiatives for promoting and maintaining health we have developed to date, under our Group Health and Productivity Management Vision.

October 2020, Hideki Kobori, President & Representative Director, Asahi Kasei Corporation

The Asahi Kasei Group Health and Productivity Management Vision

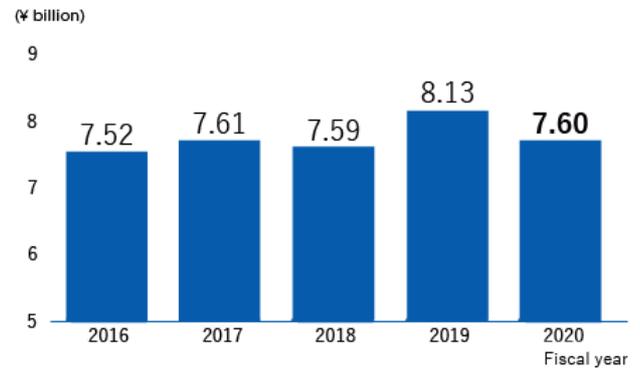
The Asahi Kasei Group will contribute to the achievement of a sustainable society by encouraging the active participation and growth of each individual and the improvement and development of Group productivity. To this end, the company will ensure that its employees and their families are both physically and mentally healthy, and strive to enhance their job and life satisfaction.

Achieving health and productivity management

In recent years, the Asahi Kasei Group has seen an increase in medical expenses and labor losses due to factors such as a trend toward more employees taking days off. Insurance costs for the Asahi Kasei Health Insurance Society increased slightly from ¥7.5 billion in fiscal 2016 to ¥7.6 billion in fiscal 2020. In addition, the total number of days employees were absent from work due to injury or illness increased by 12% in fiscal 2020 compared to fiscal 2016.

The Group considers the maintenance and promotion of the physical and mental health of its employees and their families to be the foundation of health and productivity management. As such, it is taking measures against mental health issues, cancer, and lifestyle-related diseases, which have caused an increasing number of employees to take days off.

Furthermore, by promoting measures and activities to achieve the objectives of health and productivity management, which are to encourage the active participation and growth of each individual, improve job and life satisfaction, and create a strong and vibrant organizational culture, we will improve and develop the Group's productivity. We will also strive to achieve sustainability (contributing to a sustainable society and the sustainable growth of corporate value), which is the goal of our medium-term management plan Cs+ for Tomorrow 2021.



Asahi Kasei Health Insurance Society insurance costs



Overview of health and productivity management

Health & Productivity Management Objectives

To achieve our health and productivity management objectives, we believe it is important both to create opportunities for employees to be active and grow, and to revitalize individuals and organizations.

To create opportunities for employees to be active and grow, we will reduce the number of days employees take off work. We also believe that reducing the number of days employees take off work is not enough to promote health and productivity management, so we will work to make individuals and their workplaces more active.

From the perspective of improving productivity, we will also strive to help employees get more and better-quality sleep, a lack of which is said to be a major contributing factor behind "presenteeism¹."

For this reason, the Group has set its primary health and productivity management goals as follows: (1) creation of opportunities for employees to play an active role and grow, etc. (improving the absence rate through countermeasures for mental health issues, people with serious lifestyle-related diseases, people with metabolic syndrome, cancer, and smoking), (2) revitalizing individuals and organizations (improving work engagement²), and (3) improving the quality and quantity of sleep.

¹ A state in which employees go to work but are unable to perform due to physical and mental health issues. In a study conducted by the Ministry of Economy, Trade and Industry (METI) that used the WHO-HPQ to measure employee productivity, it was reported that presenteeism accounts for 60-80% of total health-related costs.

² A positive and fulfilling psychological mindset toward one's work that consists of three components: enthusiasm, immersion, and vitality.

(1) Creating opportunities for employees to play an active role and grow, etc. (improving the absence rate)

	FY2019 Results	FY2020 Results	FY2021 Target	FY2024 Target
Percentage of employees absent from work due to mental health issues	0.91%	0.98%	0.85%	0.64%
Percentage of employees seriously ill with lifestyle-related diseases*	11.0%	11.0%	11.0%	7.7%
Percentage of employees suffering from metabolic syndrome	11.1%	11.4%	11.1%	7.8%
Number of days off per cancer case	79.2 days	68.1 days	76.0 days	67.3 days
Smoking rate	25.8%	24.7%	23.1%	15.5%

* Selected based on in-house criteria

(2) Revitalizing individuals and organizations (improving work engagement)

Each July, the Group conducts a mental health checkup using the simple mental health support system “Organizational Stress Assessment e-Diagnosis” (Fujitsu Software Technologies Limited). This initiative is aimed at primary prevention and encourages employees to become aware of their own stress levels and reduce the risk of mental health issues. Moreover, the results of the e-diagnosis are analyzed by workplace, allowing us to identify situations that cause stress for each workplace as well as the factors thereof, and thus promote activities to improve the workplace environment. The objective of these efforts is to reduce stress factors originating from the workplace itself.

In fiscal 2020, we introduced KSA (Vitality and Growth Assessment), which enables us to analyze and visualize work engagement (enthusiasm, immersion, and vitality) in workplaces in more detail than the employee awareness survey, which had a broader range of questions. We will use the results of the KSA analysis to have employees engage in dialogue with each other at their workplaces, with the aim of further improving work engagement.

In the future, we will also build a system to utilize the results of the e-Diagnosis and KSA surveys in a comprehensive manner as a support tool to further revitalize individuals and organizations at each workplace.

(3) Improving the quality and quantity of sleep

Presenteeism generally accounts for 60-80% of total health-related costs, and this is said to be several times higher than medical costs. Next to mental health issues, the quality and quantity of sleep is considered to be a major cause of presenteeism, so we will promote countermeasures to address this problem.

Specifically, we will (1) establish a method for evaluating sleep, (2) investigate ways to handle employees who are not getting enough sleep, and (3) promote education and training to improve sleep literacy.

Specific initiatives

Mental health and care

The Asahi Kasei Group is working to reduce the rate of employees missing work due to mental health issues by enhancing its four complimentary approaches to care in accordance with its mental health care guidelines.

(1) Self-care

Many kinds of factors may cause absence from work due to mental health issues, and the cause often cannot be attributed to a single factor, so addressing the issue is not easy. In this situation, as a primary preventive measure, we believe that it is important for employees, no matter what the causes of their absences may be, to identify and recognize the stress they are under, and we must support measures for preventing and reducing stress.

To promote understanding of stress and how to approach mental health, we will implement and improve training on mental health, beginning with new employees and career hires.

(2) Care provided by occupational health staff and others

We use the mental health support system e-Diagnosis, and in addition to individual stress surveys, we also conduct workplace stress analysis using “Health and Vitality Criteria.”

Moreover, in the Tokyo and Osaka office areas, we have begun administering the Health Questionnaire for Transfer Employees to check the status of employees who have been transferred to other locations for various reasons and see how they are adapting to life and work in their new environment. This allows us to take early action for employees who show signs of poor health to prevent serious conditions.

(3) Line care

As part of our “Line Care” initiative, we are working to improve the workplace environment in each area by using measures such as the Health and Vitality Criteria (Nobeoka area) and MIRROR* (Fuji area). In fiscal 2020, we held a workshop in the Mizushima area that made comprehensive utilization of e-Diagnosis and KSA in collaboration with the human resources department, occupational health staff, and labor unions.

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

(4) Care provided by specialized organizations

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.

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

To reduce the number of employees who are absent from work due to mental health issues, we use the “Stress Classification Tool for Absent Employees.” To identify the causes of their absences, occupational health staff use interview results to input the contribution ratio of direct factors and background information into the tool, then analyze the trends and characteristics by area and visualize the results in graph form. 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, and for which countermeasures are created.

Initiatives for employees with severe lifestyle-related diseases and metabolic syndrome

In order to maintain and improve the health of our employees, the Asahi Kasei Group is working to prevent and address lifestyle-related diseases. In addition to running the “Health Up” program that provides specific health guidance, from fiscal 2021 we are expanding the target groups of the program. We are working to help prevent lifestyle-related diseases by getting involved early on with groups that were unreachable until now.

Efforts to Reduce the Smoking Rate

In addition to the Non-smoking Challenge, an optional non-smoking program planned and implemented thus far by the Asahi Kasei Health Insurance Society, we hold non-smoking seminars and other events for smokers at each of our sites. Also, to address the problem of secondhand smoke, we are working to reduce the number of smoking areas, convert them into outside smoking areas, and ban smoking during work hours.

Health and Productivity Management Strategy Map

We approach health and productivity management by first fully grasping the hoped-for results from our investments and measures, and how our initiatives lead to concrete actions that can resolve the issues that we hope to address. We have charted these relationships on a diagram.

➤ Strategy Map  (436.8KB)

Highlights

Establishing an exercise routine using the “&well” walking app

In fiscal 2020, 72 teams of 639 employees in office areas participated in the “&well” Walk Team Competition*, in which they competed to have the highest average number of steps taken. The goal was to establish regular exercise habits and reduce the number of people with serious lifestyle-related diseases and metabolic syndrome. In the competition, 340 teams from 11 companies, including our company, participated, and we came in fourth place in the corporate rankings.

Even in today’s telecommuting environment, we confirmed that participants changed their behavior, became more aware of their health, and communicated in a more active manner, and many of them had a positive impression of the program. We therefore decided to officially introduce “&well” in office areas in fiscal 2021. We will roll out the system at other sites as well.

* Planned and operated by Mitsui Fudosan



Occupational health staff visualize the physical and mental state of employees at each workplace as a group and report to the department heads

In the Nobeoka and Fuji districts, which are the main manufacturing bases of the Asahi Kasei Group, the results of health checkups, lifestyle data, and sickness and injury leave data are analyzed by workplace, and the occupational health staff report the results of the group analysis to the head of each workplace. This allows those overseeing each workplace to gain an objective understanding of the physical and mental state of their employees as a group, identify issues, and take measures to improve the situation.

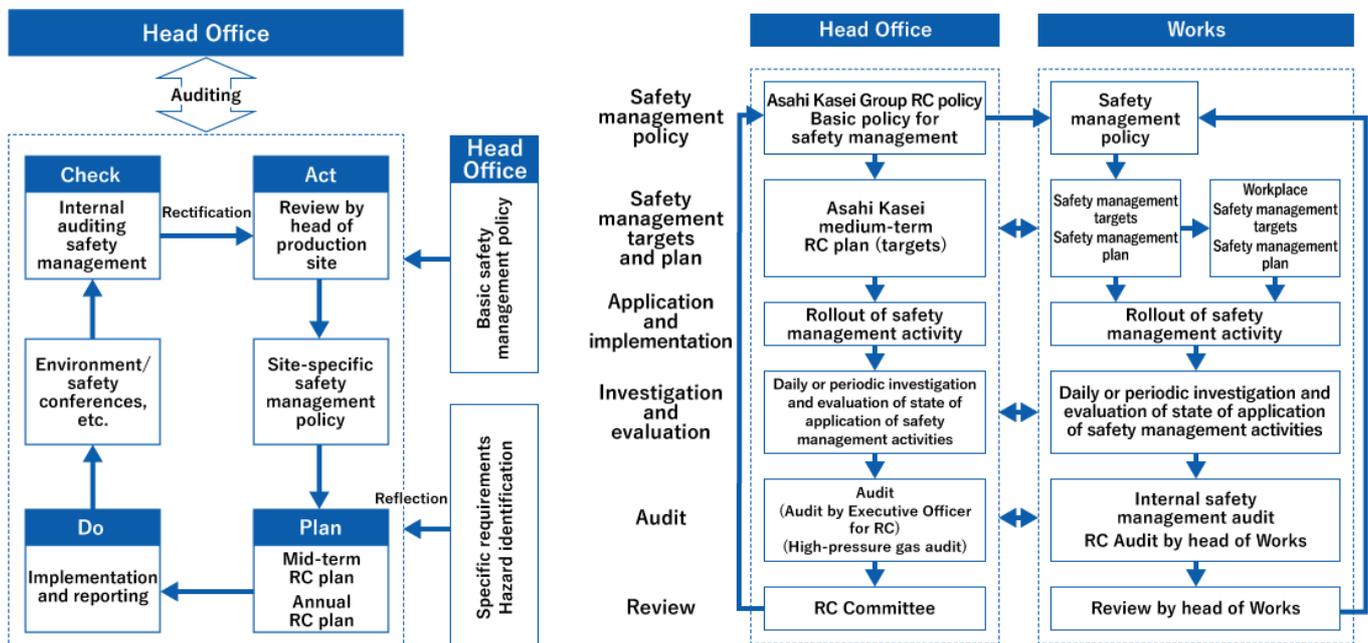


Initiatives prior to the COVID-19 pandemic

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 2020 and January and April 2021) 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 2020) to check on the status of process safety at the two works. In addition, the annual on-site patrol by the High Pressure Gas Process Safety Division General Manager was not conducted last year due to the impact of the COVID-19 pandemic. Both Works recognize that continuing operations is a top priority and are taking thorough measures to prevent COVID-19 infections and secure the availability of personnel to ensure that operations do not have to be suspended due to an increase in infections.

In addition, at the time of the renewal assessment (September 2021), Mizushima Works applied for super certification (Specified Certified Operator), which necessitates a higher level of high-pressure gas safety management. We continued our considerations through the preparatory project we launched in fiscal 2018, and we have discussed how to address the main issues as we look to apply. The official kick-off was 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 2020, including Group subsidiaries and affiliates in Japan and abroad.

[Number of safety-related accidents in fiscal 2020]

- Number of serious industrial accidents: 2 (accident intensity of 18 points or more, or accident resulting in death)
- Number of industrial accidents: 1 (accident intensity of 3 points or more but less than 18 points)
- Number of minor industrial accidents: 20 (accident intensity of less than 3 points)

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

In fiscal 2020, as described below, two serious safety accidents occurred, one of which resulted in the death of a contracted worker.

- (1) June 10, 2020 (Moriyama Works): Explosion during removal operations at the Hipore Plant (one death)
- (2) October 20, 2020 (Nobeoka Branch) Asahi Kasei Microsystems building fire

In the explosion at the Moriyama Works, equipment for which safety measures had already been implemented was being removed, but the contractor was unaware that part of the equipment was a sealed cavity, and that hazardous materials had entered and settled inside the cavity due to corrosion. Flammable operations were performed, which led to an explosion that resulted in the death of a contracted worker. An accident investigation committee was established to conduct a thorough analysis of the causes of the accident, and in January 2021, the Executive Officer in charge of RC issued instructions to the Group to prevent a recurrence. The building fire at the Nobeoka Branch, which took about four days to be extinguished, was a serious incident that created a lot of inconvenience and concern for local residents, firefighters, government officials, and customers. An accident investigation committee has been set up to discuss this matter, and the authorities (police) are still investigating the incident, so we will provide information in a timely manner and take thorough measures to prevent a recurrence.

These two significant safety incidents are the first of their kind since the Leona plant fire in Nobeoka (March 2002). Based on the lessons learned from these incidents, the entire Group will continue to work together to prevent similar accidents from occurring in the future.

While there was also another safety incident (a fire breaking out during standard repair operations in March 2021), as well as 20 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

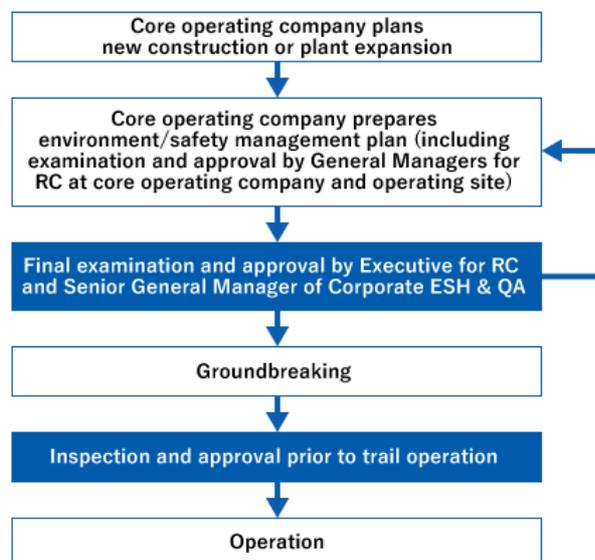
- (1) Identification of hazard sources
- (2) Passing on through technology communication materials (summaries)
- (3) Analysis of factors leading to high level hazards (equipment damage, fire and explosion) and checking on appropriateness of countermeasures
- (4) Training of operators with ability to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

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

We are also focusing on environmental and safety education at our branch offices and Works.

The Fuji Branch not only has plants for a wide variety of products, such as electronic materials, compound semiconductors, water treatment membranes, and pharmaceuticals, but also several research laboratories, which necessitates the cultivation of human resources in a wide range of areas, from R&D to manufacturing. In addition, in recent years, there has been an increasingly high percentage of relatively inexperienced employees, including career hires, and there are concerns about the occurrence of various industrial accidents and safety incidents. To address this, we are working to improve our training system for inexperienced employees. Specifically, in fiscal 2019, as part of our “School of Manufacturing Fundamentals,” we launched an initial training course for operators to learn the Code of Conduct and basic safety and manufacturing knowledge.

In addition, as part of the “School of Manufacturing Fundamentals II,” we launched a manufacturing operator skills training course in fiscal 2020 to teach them the basics of equipment engineering, and we also began a hands-on safety training course to simulate industrial accidents. The hands-on safety training course in particular allows students to become familiar with a wide variety of occupational accidents, such as being caught in/between machinery, being covered in liquid, fires and explosions, falls, and electric shocks. This allows them to learn through hands-on experience based on the knowledge gained from classroom lectures.



Fuji Branch: Hands-on training for fire and explosion
(December 9, 2020)



Fuji Branch: Hands-on training for getting caught in equipment
(December 9, 2020)

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.

At the Fuji Branch, we have established internal regulations on how to respond to emergencies such as major earthquakes and fires, and we conduct drills on a regular basis. In fiscal 2020, joint drills with the fire department were canceled due to the COVID-19 pandemic, but fire drills, first aid drills, and drills for dealing with abnormal wastewater continued as in previous years for each department.



Fuji Branch fire fighting drill (February 24, 2021)



Fuji Branch first aid training (February 24, 2021)

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. In fiscal 2020, all drills were held remotely to prevent COVID-19 infections, but many participated.

[Fiscal 2020 logistics safety symposiums and safety meetings by transportation mode]

- Logistics safety symposiums: 48 companies
- Land transport safety meetings: 16 companies
- Marine transport safety meetings: 16 companies
- Product safety meetings: 11 companies



HAZMAT emergency dispatch vehicle (example)

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 2020]

	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 2020. This accident occurred when a small amount of hazardous material leaked while being poured into an ISO container at a shipping company. While we immediately took measures to clean up the material and prevented it from leaking outside the area, we have taken corrective measures and are working to prevent a recurrence.

[Definition of accidents]

- * 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

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).

Note: Plant tours were suspended in fiscal 2020 due to the COVID-19 pandemic (photos from fiscal 2019 shown).



Factory tour (Suzuka Works)



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 (Oita area)



Gathering for tree planting (Moriyama Works)



Participating in a class on gender equality (Fuji Branch)



Donating masks to local governments (Nobeoka Branch)



Participating in the "Work Experience Fair" (Ohito area)



Clean-up activities around the plant (Suzuka 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. We support the NPO.



Asahi Kasei retirees volunteer to help students as an NPO activity

Social Activities

Local communities

Community fellowship

Policy

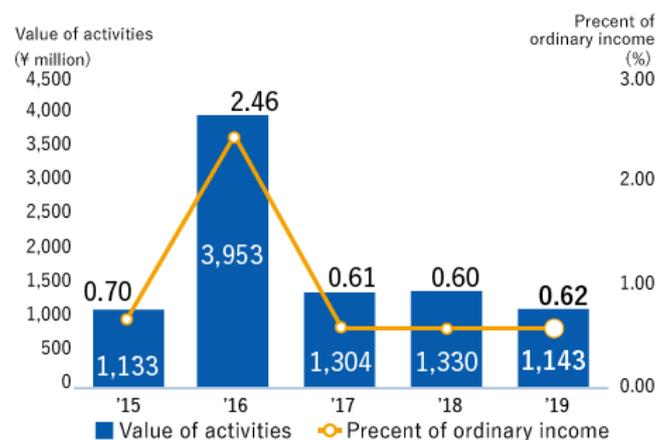
The Asahi Kasei Group is involved in a wide range of community-focused activities under the following Community Fellowship Policy to fulfill our responsibilities as a corporate citizen. We strive for mutual prosperity with the local communities and stakeholders focused on the three themes of Nurturing 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 2019 (including community investments) was ¥1,143 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 2020, a total of 413 students from seven schools participated.

Note: This activity was restricted considerably due to the COVID-19 pandemic (photos from fiscal 2019 shown).



Kawasaki City, Kanagawa Prefecture



Kurashiki City, Okayama Prefecture



Moriyama 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 2020, including the Asahi Kasei Award, which are given in recognition of outstanding study of science at junior high schools and high schools.

The award ceremony was held online due to the COVID-19 pandemic.



Hideki Kobori, President & Representative Director of Asahi Kasei Corporation, presenting the winning school and submission for the Junior High division of the Asahi Kasei Prize

Planet Earth Classroom

We again provided sponsorship in fiscal 2020 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 elementary schools nationwide, giving lectures focused on energy conservation at elementary schools, and dispatching personnel as instructors for environmental study events for families.



Online lecture at an environmental event (photo provided by Asahi Shimbun)

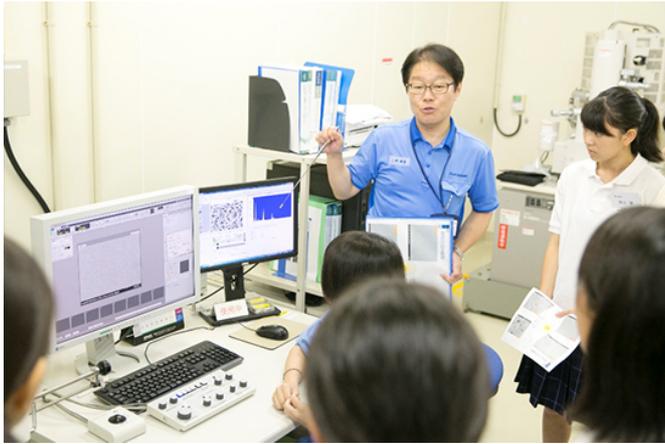


Online lecture at Planet Earth Classroom (photo provided by Asahi Shimbun)

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.

Note: The event was cancelled in fiscal 2020 due to the COVID-19 pandemic (photos from fiscal 2019 shown).



Studying diffraction with a transmission electron microscope



Discussion with female researchers

Scholarship program

We 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

We had been conducting tree-planting activities every year at the Asahi Forest at Hayahi Ridge in Nobeoka City, Miyazaki Prefecture, but in fiscal 2020 this was suspended due to the COVID-19 pandemic (photo from fiscal 2019 shown).



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. In fiscal 2020, the Golden Games in Nobeoka at the Asahi Kasei Judo Workshop were suspended due to the COVID-19 pandemic (photos from fiscal 2019 shown).



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.

In fiscal 2020, all activities were suspended due to the COVID-19 pandemic.

Disaster relief, local disaster prevention, and other activities

COVID-19 Support Activities

The Asahi Kasei 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 coronavirus infections.

Support for research and educational activities for resuscitation and acute critical care

In December 2020, ZOLL Medical Corporation (Headquarters: Massachusetts, USA), a subsidiary of Asahi Kasei, made a donation of \$10 million to The ZOLL Foundation to support research and educational activities related to resuscitation and acute critical care.

Established in 2013, The ZOLL Foundation is a non-profit charitable organization that operates independently of ZOLL Medical. The Foundation supports innovative new research as well as research, education, and awareness-raising activities for young researchers to improve life expectancy through improved CPR techniques, preventing patient deterioration due to myocardial infarction, and improving care to reduce mortality and morbidity among emergency care patients. Grant applications are accepted twice a year through The ZOLL Foundation website. For more information, please visit the following website.

➤ [The ZOLL Foundation website](#) 

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 our 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  (779.8KB)

As of November 5, 2021

Basic Approach

The Asahi Kasei Group Vision 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, decisive, and appropriate 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

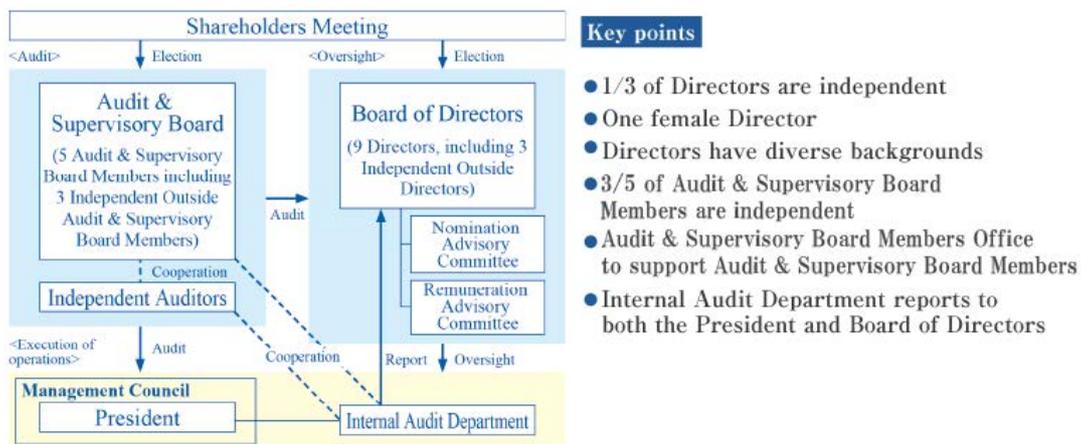
In order to achieve sustainable growth, enhance medium to long term corporate value, and increase earnings ability and capital efficiency, the Board of Directors of the Company presents the overall direction of its management strategy, develops an environment to support risk-taking by the management, 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 Audit & Supervisory Board (fiscal 2020)

	No. of meetings held	Average attendance	Main subjects of agenda
Board of Directors	14	98% (Directors and Audit & Supervisory Board Members)	<ul style="list-style-type: none"> • Business investment • Medium-term Management Initiative • Risk management and compliance • Sustainability
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 Audit & Supervisory Board Members • Standards for judging independence of Outside Directors and Audit & Supervisory Board Members
Remuneration Advisory Committee*	4	100% (all members)	<ul style="list-style-type: none"> • Policy and system for remuneration of Directors • Deciding on performance-linked remuneration of individual Directors
Audit & Supervisory Board	18	96% (Audit & Supervisory Board Members)	<ul style="list-style-type: none"> • Auditing state of performance of Directors' duties • Auditing state of operations and financial affairs • Evaluation of Independent Auditors

* 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 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.

- Supplementary Explanation on the Reason for Selecting Outside Directors and Their Independence (NOTICE OF THE 130TH ORDINARY GENERAL MEETING OF SHAREHOLDERS)  (1.9MB)

Diversity of Expertise and Experience of Outside Directors/Audit & Supervisory Board Members (Skills Matrix)

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

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

Evaluation of the Effectiveness of the Board of Directors

The Board of Directors of the Company conducts regular evaluations of its own effectiveness through discussion in the Board of Directors, having collected questionnaires from Directors and Audit & Supervisory Board Members after the end of each fiscal year. The main measures implemented in fiscal 2020 and issues recognized for the future are as follows:

Main measures implemented in fiscal 2020

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

(1) Enhanced agenda items

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

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

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

(3) Improved committee operations

The Board of Directors decided that an Outside Director shall chair the Nomination Advisory Committee, in addition to the Remuneration Advisory Committee. Furthermore, the Board of Directors entrusted the Remuneration Advisory Committee with deciding the individual performance-linked remuneration portion of remuneration for Directors.

These changes have improved the independence, objectivity, and transparency of the decision-making process for the nomination and remuneration of Directors and Audit & Supervisory Board Members.

Issues recognized for the future

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

(1) Enhancing agenda items

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

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

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

(3) Miscellaneous

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

Remuneration of Directors

Note: Percentages shown for Directors who have executive responsibilities (FY2020)

Fixed base remuneration	Performance-linked remuneration	Stock-based remuneration
55.8%	32.5%	11.8%

• Performance-linked remuneration → commitment to results

• Stock-based remuneration → perspective of shareholders

Note: Outside Directors receive fixed base remuneration only

The amount of remuneration, etc. of Directors and Audit & Supervisory Board Members in fiscal 2020

Classification	Amount Paid (¥ million)	Breakdown by remuneration type (¥ million)			Number of Directors and Audit & Supervisory Board Members Paid
		Basic remuneration	Performance-linked remuneration	Stock-based remuneration	
Directors	484	291	142	51	9
(of which Outside Directors)	48	48	–	–	3
Audit & Supervisory Board Members	132	132	–	–	5
(of which Outside Audit & Supervisory Board Members)	45	45	–	–	3
Total	616	423	142	51	14

Policy on Determining Remuneration Amounts and Calculation Methods

As one of the corporate governance mechanisms to ensure that the Group can achieve sustainable growth and enhance corporate value over the medium to long term, the Company has sought advice of the Remuneration Advisory Committee on the decision-making policy pertaining to the contents of remuneration, etc. for individual Directors (hereinafter, the "Decision-making Policy"). Respecting the contents of the reports thereof, the Board of Directors has made a resolution on the Decision-making Policy as follows.

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

Policy for Determining Director Remuneration

1. Basic policy

Remuneration of Outside Directors, who have a position of independence with respect to management of the Company, is comprised solely of fixed basic remuneration at a level determined in consideration of third-party survey data, in order to secure a high degree of independence unaffected by short-term earnings fluctuations. The remuneration system for Directors with executive responsibilities, who are the senior management, combines performance-linked remuneration together with stock-based remuneration as nonmonetary remuneration, in addition to fixed basic remuneration which serves a basic livelihood, in order to provide incentives tied to earnings and management strategy, with levels of remuneration amounts and proportions of types of remuneration adjusted as appropriate for each role according to management strategy and tasks, in consideration of third-party survey data.

To ensure the optimal way of remunerating Directors and design of the remuneration system, the Board of Directors and the Remuneration Advisory Committee regularly deliberate and continually confirm appropriateness and make improvements.

2. Policy for determining timing and conditions of remuneration

Considering the purpose of each type of remuneration, fixed basic remuneration is provided monthly as it serves as a basic livelihood, performance-linked remuneration is provided monthly as it serves as a constant incentive, and stock-based remuneration is provided to relevant Directors at the time they retire both as Director and as officer of the Group as it serves to bring medium-to-long-term alignment with shareholders' perspective.

3. Policy for determining each individual's basic remuneration (monetary remuneration)

Amounts of basic remuneration for Directors are determined through comprehensive consideration in accordance with rank and responsibility taking account of other companies' levels and the Company's earnings.

4. Policy for determining content of performance-linked remuneration and nonmonetary remuneration as well as method of calculating amounts and numbers thereof

Performance-linked remuneration, which comprises a part of remuneration for Directors with executive responsibilities, combines both achievement of financial targets including asset efficiency to provide incentives tied to earnings and management strategy as management leaders together with achievement of nonfinancial targets including individual targets including progress on sustainability.

Performance-linked remuneration is calculated based on comprehensive judgment based on achievement of financial targets such as consolidated net sales, operating income, ROA, etc., together with achievement of individually set targets including progress on sustainability. Standards for financial incentives are selected as appropriate for clear and objective evaluation based on earnings results together with the perspective of awareness for increased asset efficiency.

The formula required to calculate individual performance-linked remuneration is outlined as follows.

[Formula required to calculate individual performance-linked remuneration]

$$\boxed{\text{Index calculated by evaluation}^*} \times \boxed{\text{basic amount by rank}} = \boxed{\text{individual performance-linked remuneration amount}}$$

* Coefficient comprehensively considering achievement of financial targets and nonfinancial targets

A portion of remuneration for Directors with executive responsibilities is the provision of shares of the Company's stock as nonmonetary remuneration. To reinforce a common perspective with shareholders including both the benefits of share price increases and the risk of share price decreases, a stock-based remuneration system was adopted at the 126th Ordinary General Meeting of Shareholders on June 28, 2017, whereby a trust established by the Company acquires shares of the Company and grants them to eligible Directors. Based on the Share Grant Regulations adopted by the Board of Directors, eligible Directors are conferred points in accordance with their rank, etc. (maximum of 100,000 points per fiscal year) and the Company's shares are granted to eligible Directors corresponding to the accumulated number of points at the time of their retirement as Director and as officer of the Group (one share of stock per point).

5. Policy for determining the proportion of basic remuneration, performance-linked remuneration, and nonmonetary remuneration for individual Directors with executive responsibilities

The proportion of basic remuneration, performance-linked remuneration, and stock-based remuneration for each Director with executive responsibilities is determined to provide an appropriate incentive in accordance with management strategy and management tasks, with consideration given to the level obtained from third-party survey data.

The proportion of basic remuneration, performance-linked remuneration, and stock-based remuneration for each Director with executive responsibilities is generally 6:3:1, with performance-linked remuneration being 0% to 200%, according to evaluation, of a basic amount based on rank. However, the Board of Directors and the Remuneration Advisory Committee regularly deliberate on the appropriateness of this, and improvement is made based on continual confirmation of appropriateness.

6. Policy for determining items to be entrusted regarding determination of content of remuneration of individual Directors and for determining content of remuneration of individual Directors

Among remuneration of each individual Director, determination of the amount of performance-linked remuneration is entrusted to the Remuneration Advisory Committee based on a resolution of the Board of Directors, with the Remuneration Advisory Committee being authorized to confirm the reasonableness and appropriateness of the evaluation of the achievement of targets by each Director with executive responsibilities as proposed by the President & Director, and to determine remuneration amounts for individual Directors by applying this evaluation to the framework formula determined by the Board of Directors.

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

Regarding determination of basic remuneration and stock-based remuneration for individual Directors, the Board of Directors requests deliberation from the Remuneration Advisory Committee and makes a determination based on ample consideration of the result of deliberation by the Remuneration Advisory Committee.

Fixed basic remuneration by rank is paid upon determination of the amount by the Board of the Directors. Stock-based remuneration is granted to eligible Directors when certain conditions are met, corresponding to points conferred to each Director based on the Share Grant Regulations adopted by the Board of Directors.

➤ Officer Remuneration, etc. (NOTICE OF THE 130TH ORDINARY GENERAL MEETING OF SHAREHOLDERS)  (1.9MB)

Independence Standards and Qualification for Outside Directors/Audit & Supervisory Board Members

In determining that Outside Directors and Outside Audit & Supervisory Board Members 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/Audit & Supervisory Board Member 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/Audit & Supervisory Board Members/employees of the Group as Directors/Audit & Supervisory Board Members
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 Audit & Supervisory Board Members, Financial Audits and Internal Audits

- For internal audits of business execution, the company has established an Internal Audit Department, reporting directly to 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 Audit & Supervisory Board Members, each Audit & Supervisory Board Member 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 Audit & Supervisory Board. To support the function of the Audit & Supervisory Board, the Company has established an Audit & Supervisory Board Members Office.
 - PricewaterhouseCoopers Arata LLC is contracted as the Independent Auditors to perform financial audits according to the Companies Act and Financial Instruments and Exchange Act.
 - Mutual cooperation between the Internal Audit Department, Audit & Supervisory Board, and Independent Auditors is reinforced through periodic liaison meetings of the Internal Audit Department, Audit & Supervisory Board, and Corporate Auditors of core operating companies, etc. During these meetings, the effectiveness of the Group's internal control system for legal compliance and risk management is reviewed. In addition, the Audit & Supervisory Board confirms the audit plan with the Independent Auditors 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 130TH ORDINARY GENERAL MEETING OF SHAREHOLDERS)
-  (1.9MB)
- 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 that include matters of compliance and 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.

Moreover, 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 in Japan, and we also integrated a review of the Code of Conduct into the rank-specific company training curriculum. Further, in fiscal 2019, 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.

Handling Serious Compliance Violations

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 officers, the Executive Officer reports to the Audit & Supervisory Board.

■ 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 human rights violations such as discrimination and harassment, 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 2020 there were 60 reports and consultations made through the hotline system. None of them regarded significant matters which would affect the performance of operations. Of these, five were reports or consultations related to human rights issues such as discrimination and harassment.

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. 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 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 2020, 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 2020 were ¥15,990,000 (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

Each division, strategic business unit, and subsidiary clarifies who bears responsibility for promoting risk management; acknowledges, evaluates, and analyzes the risks of each business; and plans and manages countermeasures for significant risks present in management plans. Through the Risk Management & Compliance Committee, chaired by the President, we confirm and follow-up on the progress being made.

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 ESG-related risks will become apparent from social changes related to sustainability. We 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 2017.

➤ [Privacy Policy](#)

Response to the EU GDPR

To comply with the General Data Protection Regulations (GDPR) that took effect in the EU in May 2018, 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 overseas. The company's internal magazine is used to raise further awareness among employees, 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

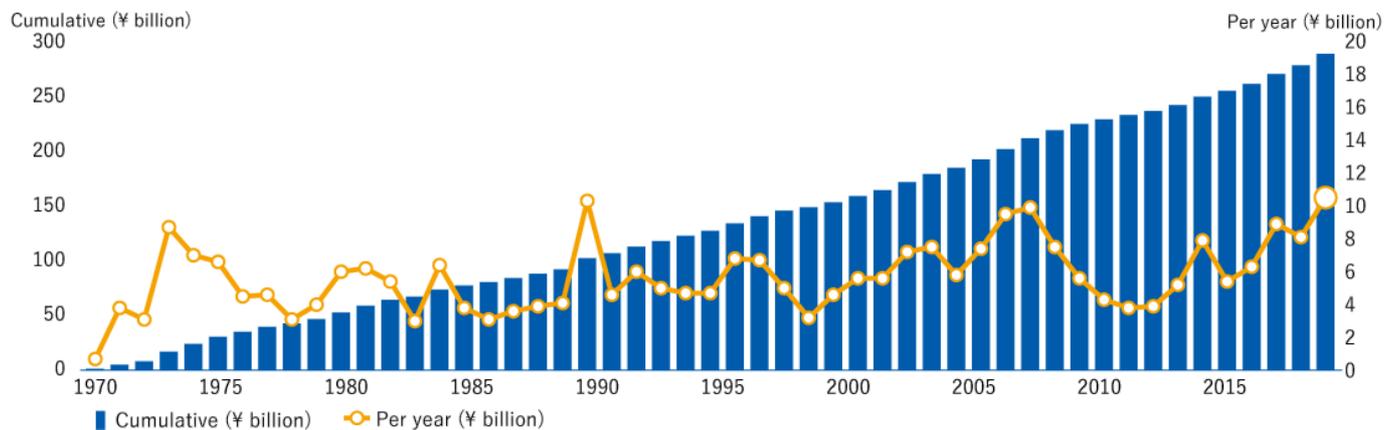
Governance

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 2020 and in fiscal 2020 are shown below.

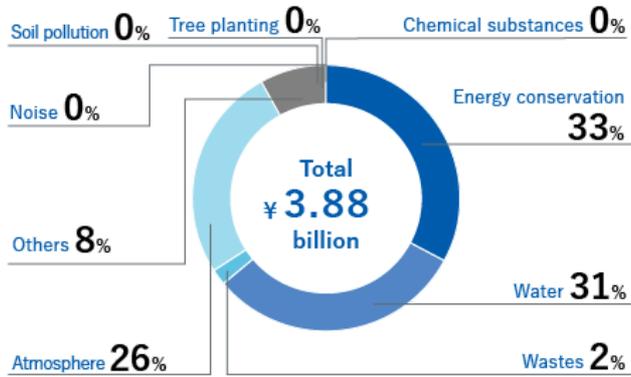
Investment in environmental preservation and safety modification



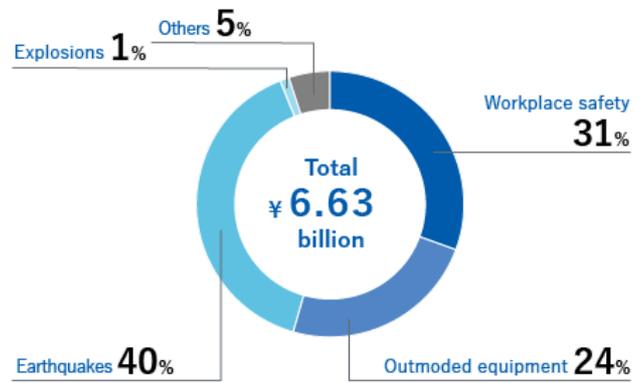
(¥ billion)

Fiscal year	2016	2017	2018	2019	2020
Environmental protection	2.03	2.98	2.18	4.14	3.88
Safety	3.35	3.30	6.71	3.95	6.63
Total	5.38	6.28	8.89	8.09	10.52

Investments in environmental protection-related facilities (fiscal 2020)



Investments in safety-related facilities (fiscal 2020)



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.

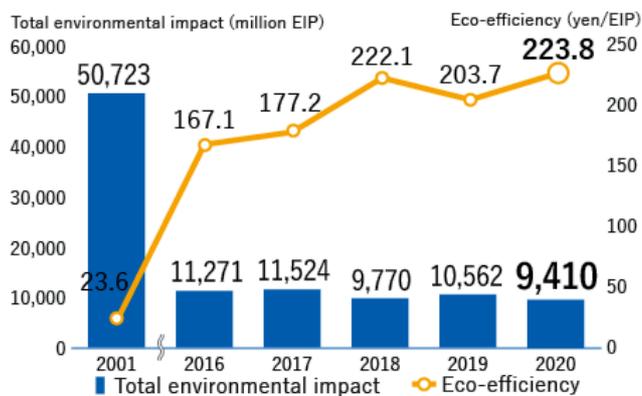
Environmental accounting by fiscal year

(¥ million)

Cost classification	2016		2017		2018		2019		2020	
	Investment	Expense								
1 Combined operation area	1,943	7,320	3,780	9,303	1,942	11,183	3,905	10,089	3,628	7,666
Pollution prevention	1,080	4,340	1,881	6,187	944	7,705	2,198	6,874	2,241	5,186
Global environmental protection	502	808	929	841	807	1,230	1,221	773	1,246	689
Resource circulation	360	2,173	970	2,276	190	2,248	485	2,442	142	1,792
2 Upstream and downstream	0	115	0	117	0	140	0	115	0	102
3 Management activities	54	1,266	39	1,124	62	636	43	2,394	25	654
4 R&D	158	2,591	114	1,274	119	2,787	192	8,431	228	2,185
5 Community outreach	0	36	2	29	0	27	0	24	0	18
6 Environmental damage	49	192	1	203	45	1,128	0	206	3	196
Total	2,203	11,520	3,936	12,050	2,169	15,901	4,139	21,259	3,883	10,821

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.

$$\text{Eco-efficiency} = \text{value added (economic index)} / \text{JEPIX Eco-Points}$$

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	2016	2017	2018	2019	2020
Total environmental impact (million EIP)	50,723	11,271	11,524	9,770	10,562	9,410
Net sales (¥ million)	1,195,393	1,882,991	2,042,216	2,170,403	2,151,646	2,106,051
Eco-efficiency (¥/EIP)	23.6	167.1	177.2	222.1	203.7	223.8

Greenhouse gas emissions in Japan by fiscal year

(million tons CO₂ equivalent)

Item	Index set at Kyoto Protocol (1990)	Baseline year (2005)	2016	2017	2018	2019	2020
Carbon dioxide	5.06	4.96	3.03	2.93	2.89	2.61	2.48
Nitrous oxide	6.82	0.76	0.13	0.07	0.09	0.13	0.29
Methane	0.00	0.01	0.00	0.00	0.00	0.00	0.00
HFCs	0.16	0.02	0.03	0.04	0.04	0.04	0.03
PFCs	0.01	0.14	0.14	0.13	0.11	0.12	0.06
Sulfur hexafluoride	0.00	0.04	0.02	0.01	0.01	0.01	0.01
Nitrogen trifluoride	-	-	0.00	0.00	0.00	0.00	0.00
Total	12.06	5.92	3.35	3.18	3.13	2.91	2.88

* 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)

	2016	2017	2018	2019	2020
CO₂ emissions	1.00	1.03	1.03	1.08	1.01

* 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 Emissions Factors.

* Figures for 2013 onward include emissions from special overseas subsidiaries

FY2020 global greenhouse gas emissions by segment(million tons CO₂ equivalent)

	Material	Homes	Health Care	Other	Total
Total	3.71	0.07	0.11	0.00	3.89

Scope 3 emissions by fiscal year(million tons CO₂ equivalent)

	2016	2017	2018	2019	2020
Purchased goods and services	2.26	4.54	4.74	4.43	4.14
Capital goods	0.16	0.19	0.29	0.32	0.36
Fuel and energy-related activities (not included in Scope 1 or Scope 2)	0.14	0.21	0.21	0.24	0.21
Upstream transportation and distribution	0.27	0.28	0.30	0.27	0.25
Waste generated in operations	0.00	0.00	0.00	0.00	0.00
Business travel	0.03	0.03	0.03	0.03	0.00
Employee commuting	0.01	0.02	0.03	0.03	0.03
Upstream leased assets	0.00	0.00	0.00	0.00	0.00
Use of sold products	1.07	1.00	0.92	0.96	0.65

	2016	2017	2018	2019	2020
End-of-life treatment of sold products	1.93	4.84	4.98	4.70	4.52
Total	5.87	11.11	11.50	10.98	10.16

* 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, and Asahi Kasei Medical 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, and Asahi Kasei Medical, 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 (FY2020)

	Material	Homes	Health Care	Other	Total
Shipment volume (million ton-km)	760.63	360.50	2.55	0.00	1,123.68
CO₂ emissions (tons CO₂)	48,937	38,655	629	0	88,221

Low-pollution vehicles

(Number of vehicles)

		2016	2017	2018	2019	2020
Used on public roads	Low-pollution vehicles	1,238	1,270	1,252	1,295	1,415
	Other vehicles	85	93	74	86	40
	Subtotal	1,323	1,363	1,326	1,381	1,455
Used within plant grounds	Low-pollution vehicles	456	534	492	451	726
	Other vehicles	280	250	227	208	66
	Subtotal	736	784	719	659	792
Total	Low-pollution vehicles	1,694	1,804	1,744	1,746	2,141
	Other vehicles	365	343	301	294	106
	Total vehicles	2,059	2,147	2,045	2,040	2,247
Proportion of low-pollution vehicles (%)	Used on public roads	94	93	94	94	97
	Used within plant grounds	62	68	68	68	92
	Total	82	84	85	86	95

* 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.	254.6	43.2	0.6	0.0	210.8	209.0	1.5	0.3
Asahi Kasei Microdevices	3.9	0.0	0.0	0.0	3.9	3.9	0.1	0.0
Asahi Kasei Homes	3.3	0.0	0.0	0.0	3.3	3.3	0.0	0.0
Asahi Kasei Construction Materials	65.7	42.0	0.0	0.0	23.7	23.7	0.0	0.0
Asahi Kasei Pharma	1.4	0.0	0.0	0.0	1.4	1.4	0.0	0.0
Asahi Kasei Medical	5.2	0.0	0.0	0.0	5.2	5.2	0.0	0.0
FY2020 total	334.1	85.2	0.6	0.0	248.3	246.4	1.6	0.3
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	0.110	34.9
Waste alkali	0.072	22.9
Sludge	0.054	17.2
Scrap metal	0.021	6.6
Waste oil	0.015	4.9
Others	0.042	13.4
Total	0.315	100.0

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

(Thousand tons)

Fiscal year	2000	2016	2017	2018	2019	2020
New construction	16.6	0	0	0	0	0
Dismantling	39.1	11.8	11.7	14.1	14.1	10.2
Total	55.7	11.8	11.7	14.1	14.1	10.2

AAC trimmings recycled by Asahi Kasei Construction Materials

(Tons)

Fiscal year	2016	2017	2018	2019	2020
Hebel™ panels	300	260	360	354	350
Cement materials	1,800	1,400	970	368	259
Lightweight artificial soil	0	0	0	0	0
Total	2,100	1,700	1,330	722	609

Release and transfer of PRTR-specified substances by fiscal year

(Tons)

Fiscal year	2000	2016	2017	2018	2019	2020
Release to air	4,720	350	330	520	290	250
Release to water	170	60	60	50	60	50
Release to soil	0	0	0	0	0	0
Total release	4,890	410	390	570	350	300
Reduction rate (%)	–	92	92	88	93	94
Transfer	2,100	2,900	2,800	2,500	2,400	2,700

VOC* air emissions

	2000 Baseline year	2016	2017	2018	2019	2020
Volume (tons)	10,400	1,300	1,350	1,400	1,100	920
Reduction rate (%)	–	87	87	87	89	91

* 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.

FY2020 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	11	0	0	11	0	
	Nobeoka	1,1-Dichloroethylene (vinylidene chloride)	29	0	0	29	105	
		Dichloromethane (methylene chloride)	9	0	0	9	0	
		Chloroethylene (vinyl chloride)	7	0	0	7	40	
		Chlorodifluoromethane (HCFC-22)	5	0	0	5	0	
		Boron compounds	0	6	0	6	0	
		Water-soluble copper salts (except complex salts)	0	13	0	13	0	
		Moriyama	Dichloromethane (methylene chloride)	23	0	0	23	0
	Mizushima	n-Hexane	49	0	0	49	7	
		Molybdenum and its compounds	0	14	0	14	0	
		Vinyl acetate	9	0	0	9	6	
	Kawasaki	n-Hexane	47	0	0	47	11	
	Asahi Kasei Medical	Nobeoka	N,N-dimethylacetamide	2	6	0	8	188

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	2016	2017	2018	2019	2020
SOx*1	Tons	6,100	6,600	6,000	6,300	5,200
NOx*2	Tons	3,300	3,300	3,300	3,400	3,600
Soot and dust*3	Tons	100	110	140	90	110
Waste water effluence	Million m ³	212	212	221	216	204
COD*4	Tons	910	820	880	890	850
N	Tons	6,600	6,200	7,000	6,500	4,900
P	Tons	20	20	20	20	20

Air emissions by site

(t/y)

Site	2018			2019			2020		
	SOx	NOx	Soot and dust	SOx	NOx	Soot and dust	SOx	NOx	Soot and dust
Nobeoka	5,600	2,000	40	5,800	2,200	30	4,800	2,300	30
Mizushima	180	1,100	80	190	960	50	180	1,100	70
Moriyama	0	30	1	0	30	1	0	40	2
Fuji	0	3	0	0	3	0	0	3	0
Ohito	1	10	0	2	10	0	2	20	0
Kawasaki	2	100	6	2	90	6	1	70	4
Suzuka	0	20	0	0	20	0	0	20	0
Others	260	80	5	310	90	6	220	50	5
Total	6,000	3,300	140	6,300	3,400	90	5,200	3,600	110

*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		2016	2017	2018	2019	2020
Japan	Usage	272	266	294	253	242
	Effluence	212	212	221	216	204
Overseas	Usage	23	16	13	15	13
	Effluence	17	11	8	10	8
Japan and overseas	Usage	295	282	307	268	255
	Effluence	229	223	229	226	212

Water usage and sources by fiscal year in Japan

(Million m³)

	2016	2017	2018	2019	2020
Total	272	266	294	253	242
Municipal water	10	10	9	9	10
Ground water	23	23	22	21	20
Industrial water	239	234	263	223	213

Water emissions in Japan by site

(Tons, except effluence: million m³)

Site	2018				2019				2020			
	COD	N	P	Effluence	COD	N	P	Effluence	COD	N	P	Effluence
Nobeoka	690	6,700	8	145	680	6,200	9	143	650	4,600	5	132
Mizushima	50	210	3	35	60	210	3	34	50	190	3	34
Moriyama	6	8	1	10	6	8	2	10	7	8	1	9
Fuji	20	60	7	11	20	60	8	11	20	80	6	12
Ohito	0	1	0	0	1	1	0	0	0	1	0	0
Kawasaki	90	90	1	13	100	60	1	11	90	30	1	10
Suzuka	6	1	0	1	6	2	0	1	5	2	0	1
Others	20	3	0	6	30	3	0	6	30	3	0	5
Total	880	7,000	20	221	890	6,500	20	216	850	4,900	20	204



ESG Data

Environment

Society

Governance

Number of Group Employees

	Scope	FY2016	FY2017	FY2018	FY2019	FY2020
Number of Group Employees	Asahi Kasei Group Total (Global)	33,720	34,670	39,283	40,689	44,497

Number of Employees by Status

		Scope	FY2016	FY2017	FY2018	FY2019	FY2020
Permanent	Total	*1	16,452	16,274	16,966	17,293	17,417
	Male		13,927	13,738	14,275	14,511	14,593
	Female		2,525	2,536	2,691	2,782	2,824
Non-permanent	Total	*1	2,948	2,861	2,548	2,576	3,360
	Male		1,919	1,907	1,870	1,967	2,382
	Female		1,029	954	678	609	978

Persons with disabilities

	Scope	FY2017	FY2018	FY2019	FY2020	FY2021
Number of employees with disabilities*2	All Group companies applicable as Special Subsidiaries	579	574	609	623	639
Employment rate *2 (%)		2.24	2.23	2.31	2.38	2.35
Statutory employment rate (%)		2	2.2	2.2	2.3	2.3

Employment/Retention

Employment/Retention		Scope	FY2016	FY2017	FY2018	FY2019	FY2020
Number of new hires	New graduate total	*1	438	516	565	614	586
	(men)		333	387	427	486	466
	(women)		105	129	138	128	120
	Mid-career total		120	232	487	410	298
	(men)		112	210	468	349	276
	(women)		8	22	19	61	22
Proportion of mid-career recruitment *5(%)			21.5	31.0	46.3	40.0	33.7
Number of resignations		221	216	232	292	283	

*5 as of Sep. 30, 2021

Working Hours / Salary

	Scope	FY2016	FY2017	FY2018	FY2019	FY2020
Total hours worked		1989.8	1999	2008.1	1948.7	1973.9
Overtime hours worked		277.8	283.4	292.5	247.3	260.9
Average paid vacation days taken		15.05	15.07	14.48	15.66	14.29
Average rate of paid vacation		77.5%	77.8%	75.1%	82.3%	75.3%
Average annual salary (¥)	Asahi Kasei Corp. (Transitioned from a pure holding company to an operating holding company in 2016)	7,703,239	7,645,207	7,871,666	7,691,021	7,691,021

Education/Training

	Scope	FY2016	FY2017	FY2018	FY2019	FY2020
Total training hours		—	—	—	—	382,632
Average time per employee		—	—	—	—	21.5
Annual education and training costs (¥)	*1	78,000	82,000	129,000	116,000	42,500

Diversity / Work-life Balance

		Scope	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Number of female managers and supervisors		*1	499	534	574	622	660	701
Number of female managers			153	171	193	212	231	257
Total number of managers			5,828	5,783	5,786	5,767	5,780	5,760
Ratio of female managers			2.6	3.0	3.3	3.7	4.0	4.5
Number of employees taking child care leave	Men		316	346	392	417	433	—
	Women		240	266	236	251	265	—
Number of employees using shortened working hours system for child care	Men		1	5	3	3	4	—
	Women		355	371	356	350	366	—
Number of employees using "Kids Support" shortened working hours system	Men		0	1	1	2	0	—
	Women		80	70	92	141	123	—
Number of employees taking family care leave	Men		0	1	4	3	6	—
	Women		4	4	5	8	4	—
Number of employees using shortened working hours system for family care	Men		0	0	0	3	4	—
	Women		1	1	1	2	2	—

Occupational Health and Safety

Occupational Health and Safety	Scope	FY2016	FY2017	FY2018	FY2019	FY2020
Group Lost Time Frequency Rate	*3	0.35	0.3	0.41	0.44	0.21
Group Severity Rate		0.024	0.005	0.008	0.074	0.006
Percentage finding problems during health examinations	*4	63.4	62.5	62.6	62.3	62.7
Average age		43.6	43.8	43.8	43.8	43.7
BMI		25.2	26	26.3	26.8	26.7
Smoking rate		26.6	26.9	26.3	25.8	24.7

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	1,143
Ratio of ordinary income		0.7	2.46	0.61	0.6	0.62

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	FY2016	FY2017	FY2018	FY2019	FY2020	
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	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

External evaluation

Inclusion in socially responsible investment indexes

Continuing from the previous year, in 2021 Asahi Kasei 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
- SOMPO Sustainability Index



2021 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX

2021 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)



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

In November 2020, Asahi Kasei received a Development Bank of Japan loan under the DBJ Environmentally Rated Loan Program, having obtained the system's highest rating as a "company with particularly advanced environmental programs."



Selected as a DX Stock

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



CDP Climate Change and Water Security A- Evaluation

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



The Minister of Economy, Trade and Industry "Intellectual Property Achievement Awards"

In April 2021, Asahi Kasei received the Minister of Economy, Trade and Industry's "Intellectual Property Achievement Award," which is sponsored by the Japan Patent Office in the Ministry of Economy, Trade and Industry. The Intellectual Property Achievement Award is presented annually to companies and other organizations that have made effective use of the intellectual property system and contributed to its smooth operation and development.

Encouragement Award at the 17th LCA Japan Forum Awards

Asahi Kasei received the Encouragement Award at the 17th LCA Japan Forum Awards in recognition of our environmental contribution product initiatives from the perspective of LCA (Life Cycle Assessment).

- ▶ The Asahi Kasei Group's Environmental Contribution Products

Kawasaki Works' Synthetic Rubber Production Department receives Gold Medal in EcoVadis Sustainability Assessment

Asahi Kasei's Synthetic Rubber Production Department at the Kawasaki Works (Kawasaki City, Kanagawa Prefecture) has received a Gold Medal, which corresponds to the top 5% of all evaluations, in a sustainability assessment conducted by EcoVadis (Headquarters: France) in December 2020. The survey evaluates companies' sustainability efforts in the four areas of the environment, labor & human rights, ethics, and sustainable procurement. We received an especially high assessment in the environment and labor & human rights.



- ▶ Notice

Asahi Kasei wins Excellence Award at the 4th Infrastructure Maintenance Awards

Asahi Kasei has won the Ministry of Economy, Trade and Industry's Excellence Award at the 4th Infrastructure Maintenance Awards for a project of sharing facility data among chemical companies and developing a model for predicting corrosion under insulation based on this data. Since 2016, the Ministry of Land, Infrastructure, Transport and Tourism, the Ministry of Internal Affairs and Communications, the Ministry of Education, Culture, Sports, Science and Technology, the Ministry of Health, Labour and Welfare, the Ministry of Agriculture, Forestry and Fisheries, and the Ministry of Defense have been awarding Infrastructure Maintenance Awards to recognize outstanding efforts and technological developments related to infrastructure maintenance in Japan.

Asahi Kasei Realty & Residence receives Grand Prize and Asahi Kasei Homes receives Excellence Award at the 2021 Japan Resilience Awards

Asahi Kasei Realty & Residence received the 7th Japan Resilience Awards Grand Prize at the 2021 Japan Resilience Awards announced on March 18, 2021, and hosted by Association for Resilience Japan for its Kamikumamoto Heights Rebuilding and Restoration Support Project for Condominiums Affected by the Kumamoto Earthquake. Meanwhile, Asahi Kasei Homes won an Excellence Award at the same competition for its Resilient Community Development Using Electricity Generated by Residents and Company-owned Facilities.



The Biodiversity Biwako Network receives the Grand Prize at the 2021 Nature Conversation Society of Japan Award

The Biodiversity Biwako Network, which consists of eight companies, including Asahi Kasei and Asahi Kasei Homes, won the Grand Prize in the Education and Promotion Category of the 2021 Japan Nature Conservation Awards sponsored by The Nature Conservation Society of Japan.



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.



Received the 22nd Logistics Environment Award Special Award

Asahi Kasei was awarded the Special Award along with Mitsui Chemicals, Inc. and Sankyu Inc. The three companies' collaborative efforts to reduce CO2 emissions during transportation, address the shortage of long-distance truck drivers, and implement other "white logistics" initiatives received high evaluation.

▶ Past awards

View the past awards we have received related to research and development.

Policy Statements

	Policy
CSR-orientated management	➤ Group Philosophy
	➤ Corporate Governance
	➤ Sustainability Vision
	➤ Strategic Management Initiative
Responsible Care	➤ Asahi Kasei Group RC Principles
Environmental	➤ Asahi Kasei Group Code of Conduct
	➤ Policies Related to Global Environmental Measures (Policies and Targets for GHG Reduction and Carbon Neutrality)
	➤ The Asahi Kasei Group's Global Environmental Policy
Social	➤ Asahi Kasei Group Code of Conduct
	➤ Human Rights Policy (scheduled for release in fiscal 2021)
	➤ Asahi Kasei Group Quality Policy
	➤ The Asahi Kasei Group Purchasing and Procurement Principles and Policy
	➤ Supplier Guidelines
	➤ Human Resources Principles
	➤ Expansion of opportunities for women: Asahi Kasei Group Action Plan
	➤ Statement on Management for Health
	➤ Group Health and Productivity Management Vision
	➤ Basic Policy for Safe Operation
	➤ Basic Policy for High-Pressure Gas Safety
➤ Community Fellowship Policy	

	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

Disclosure Number	Disclosure	Page number(s) and/or URL(s)
102-11	Precautionary Principle or approach	<ul style="list-style-type: none"> ➤ Sustainability Management ➤ Compliance ➤ Asahi Kasei Group's Responsible Care Program
102-12	External initiatives	<ul style="list-style-type: none"> ➤ Participation in initiatives/affiliated organizations ➤ Quality assurance ➤ Biodiversity
102-13	Membership of associations	<ul style="list-style-type: none"> ➤ Participation in initiatives/affiliated organizations ➤ 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 ➤ Disclosure based on TCFD Recommendations
Ethics and integrity		
102-16	Values, principles, standards, and norms of behavior	<ul style="list-style-type: none"> ➤ Group Philosophy ➤ Sustainability Vision ➤ 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 Management
102-20	Executive-level responsibility for economic, environmental, and social topics	<ul style="list-style-type: none"> ➤ Sustainability Management

Disclosure Number	Disclosure	Page number(s) and/or URL(s)
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
102-26	Role of highest governance body in setting purpose, values, and strategy	<ul style="list-style-type: none"> ➤ Corporate Governance
102-27	Collective knowledge of highest governance body	<ul style="list-style-type: none"> ➤ Sustainability Management
102-28	Evaluating the highest governance body's performance	<ul style="list-style-type: none"> ➤ Corporate Governance
102-29	Identifying and managing economic, environmental, and social impacts	<ul style="list-style-type: none"> ➤ Corporate Governance
102-30	Effectiveness of risk management processes	<ul style="list-style-type: none"> ➤ Corporate Governance ➤ Risk management
102-31	Review of economic, environmental, and social topics	<ul style="list-style-type: none"> ➤ Sustainability Management
102-32	Highest governance body's role in sustainability reporting	<ul style="list-style-type: none"> ➤ Risk management
102-33	Communicating critical concerns	<ul style="list-style-type: none"> ➤ Sustainability Management
102-34	Nature and total number of critical concerns	<ul style="list-style-type: none"> ➤ Compliance
102-35	Remuneration policies	<ul style="list-style-type: none"> ➤ Corporate Governance
102-36	Process for determining remuneration	<ul style="list-style-type: none"> ➤ Corporate Governance

Disclosure Number	Disclosure	Page number(s) and/or URL(s)
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	➤ Relationships with Stakeholders
102-41	Collective bargaining agreements	➤ Approach to human resources and employment
102-42	Identifying and selecting stakeholders	➤ Relationships with Stakeholders
102-43	Approach to stakeholder engagement	➤ Relationships with Stakeholders
102-44	Key topics and concerns raised	➤ Social activities
Reporting practice		
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 Management
102-47	List of material topics	➤ Materiality and SDGs
102-48	Restatements of information	➤ Editorial Policy
102-49	Changes in reporting	As noted on the relevant pages
102-50	Reporting period	➤ Editorial Policy
102-51	Date of most recent report	➤ Editorial Policy
102-52	Reporting cycle	➤ Editorial Policy
102-53	Contact point for questions regarding the report	➤ Inquiries
102-54	Claims of reporting in accordance with the GRI Standards	

Disclosure Number	Disclosure	Page number(s) and/or URL(s)
102-55	GRI content index	GRI Standards Content Index (this page)
102-56	External assurance	▶ Independent Review and Independent Assurance Report
GRI103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	▶ Materiality and SDGs
103-2	The management approach and its components	▶ Materiality and SDGs 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	▶ Corporate Governance Report
201-2	Financial implications and other risks and opportunities due to climate change	▶ Environmental Management ▶ Disclosure based on TCFD Recommendations
201-3	Defined benefit plan obligations and other retirement plans	▶ Corporate Governance Report
201-4	Financial assistance received from government	Not applicable
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	

Disclosure Number	Disclosure	Page number(s) and/or URL(s)
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	➤ Compliance
205-3	Confirmed incidents of corruption and actions taken	➤ Compliance
GRI206: Anti-competitive Behavior 2016		
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	

Disclosure Number	Disclosure	Page number(s) and/or URL(s)
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	➤ Environmental Management ➤ Water Resource Preservation ➤ ESG Data
303-4	Water discharge	➤ Environmental Management ➤ ESG Data
303-5	Water consumption	➤ Water Resource Preservation ➤ ESG Data

Disclosure Number	Disclosure	Page number(s) and/or URL(s)
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	➤ Biodiversity
304-3	Habitats protected or restored	➤ 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	➤ Climate Change ➤ ESG Data
305-2	Energy indirect (Scope 2) GHG emissions	➤ Climate Change ➤ ESG Data
305-3	Other indirect (Scope 3) GHG emissions	➤ Climate Change ➤ ESG Data
305-4	GHG emissions intensity	
305-5	Reduction of GHG emissions	➤ Climate Change ➤ ESG Data
305-6	Emissions of ozone-depleting substances (ODS)	Not applicable
305-7	Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	➤ Pollution and Natural Resources ➤ ESG Data
GRI306: Waste 2020		
306-1	Waste generation and significant waste-related impacts	➤ Pollution and Natural Resources

Disclosure Number	Disclosure	Page number(s) and/or URL(s)
306-2	Management of significant waste-related impacts	<ul style="list-style-type: none"> ➤ Pollution and Natural Resources
306-3	Waste generated	<ul style="list-style-type: none"> ➤ Pollution and Natural Resources ➤ ESG Data
306-4	Waste diverted from disposal	Not applicable
306-5	Waste directed to disposal	<ul style="list-style-type: none"> ➤ Pollution and Natural Resources ➤ ESG Data
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

Disclosure Number	Disclosure	Page number(s) and/or URL(s)
403-2	Hazard identification, risk assessment, and incident investigation	➤ Occupational Health and Safety
403-3	Occupational health services	➤ Occupational Health and Safety
403-4	Worker participation, consultation, and communication on occupational health and safety	➤ Occupational Health and Safety
403-5	Worker training on occupational health and safety	➤ Occupational Health and Safety
403-6	Promotion of worker health	➤ Health Management
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	➤ Occupational Health and Safety
403-8	Workers covered by an occupational health and safety management system	➤ Editorial Policy
403-9	Work-related injuries	➤ Occupational Health and Safety ➤ ESG Data
403-10	Work-related ill health	➤ Occupational Health and Safety ➤ ESG Data
GRI404: Training and Education 2016		
404-1	Average hours of training per year per employee	➤ Human resources development and active engagement
404-2	Programs for upgrading employee skills and transition assistance programs	➤ 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	➤ Corporate Governance ➤ Diversity

Disclosure Number	Disclosure	Page number(s) and/or URL(s)
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		
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	> Human Rights

Disclosure Number	Disclosure	Page number(s) and/or URL(s)
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
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	Not applicable
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	Not applicable
417-3	Incidents of non-compliance concerning marketing communications	Not applicable

Disclosure Number	Disclosure	Page number(s) and/or URL(s)
GRI418: Customer Privacy 2016		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Not applicable
GRI419: Socioeconomic Compliance 2016		
419-1	Non-compliance with laws and regulations in the social and economic area	Not applicable

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 > Reducing GHG Emissions > Scope 1 and 2 GHG emissions (Japan and Overseas) ➤ 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 > Asahi Kasei Group Policy for Achieving Carbon Neutrality
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) -

TOPIC	ACCOUNTING METRIC	CATEGORY	UNIT OF MEASURE	CODE	Disclosability and disclosure website
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 > Renewable energy • (4) -
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"> ➤ Health Management and Occupational Health and Safety > Occupational Health and Safety > Workplace Accidents

TOPIC	ACCOUNTING METRIC	CATEGORY	UNIT OF MEASURE	CODE	Disclosability and disclosure website
	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"> ➤ Health Management and Occupational Health and Safety > Health Management > Health Management Goals
Product Design for Use phase Efficiency	Revenue from products designed for use-phase resource efficiency	Quantitative	Reporting currency	RT-CH-410a.1	-
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 > Asahi Kasei Group Policy for Achieving Carbon Neutrality

TOPIC	ACCOUNTING METRIC	CATEGORY	UNIT OF MEASURE	CODE	Disclosability and disclosure website
	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	➤ Process Safety > Process safety management
	Number of transport incidents	Quantitative	Number	RT-CH-540a.2	➤ Process Safety > Transportation and Distribution Safety

Independent Review and Independent Assurance Report

We obtain Independent Review and Independent Assurance Report of the Asahi Kasei Group Sustainability Report as shown below.

Independent review

[translation from Japanese]

Asahi Kasei Group Sustainability Report 2021 Internet Edition
Independent Review

September 17, 2021

Hideki Kobori
President
Asahi Kasei Corporation

Ozaki Satoshi
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 2021 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, with both in-person meetings and online meetings.
- Verification for the Oita Site of Asahi Kasei Medical Co., Ltd. (hereinafter the Oita Site) was conducted via web conference between the Asahi Kasei head office and the Oita Site, and accuracy of the numerical values and information other than numerical values, reported to the head office, were examined. The survey was performed at the site 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, a cross-check of reported information with supporting materials, and confirmation of on-site photos.
- 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