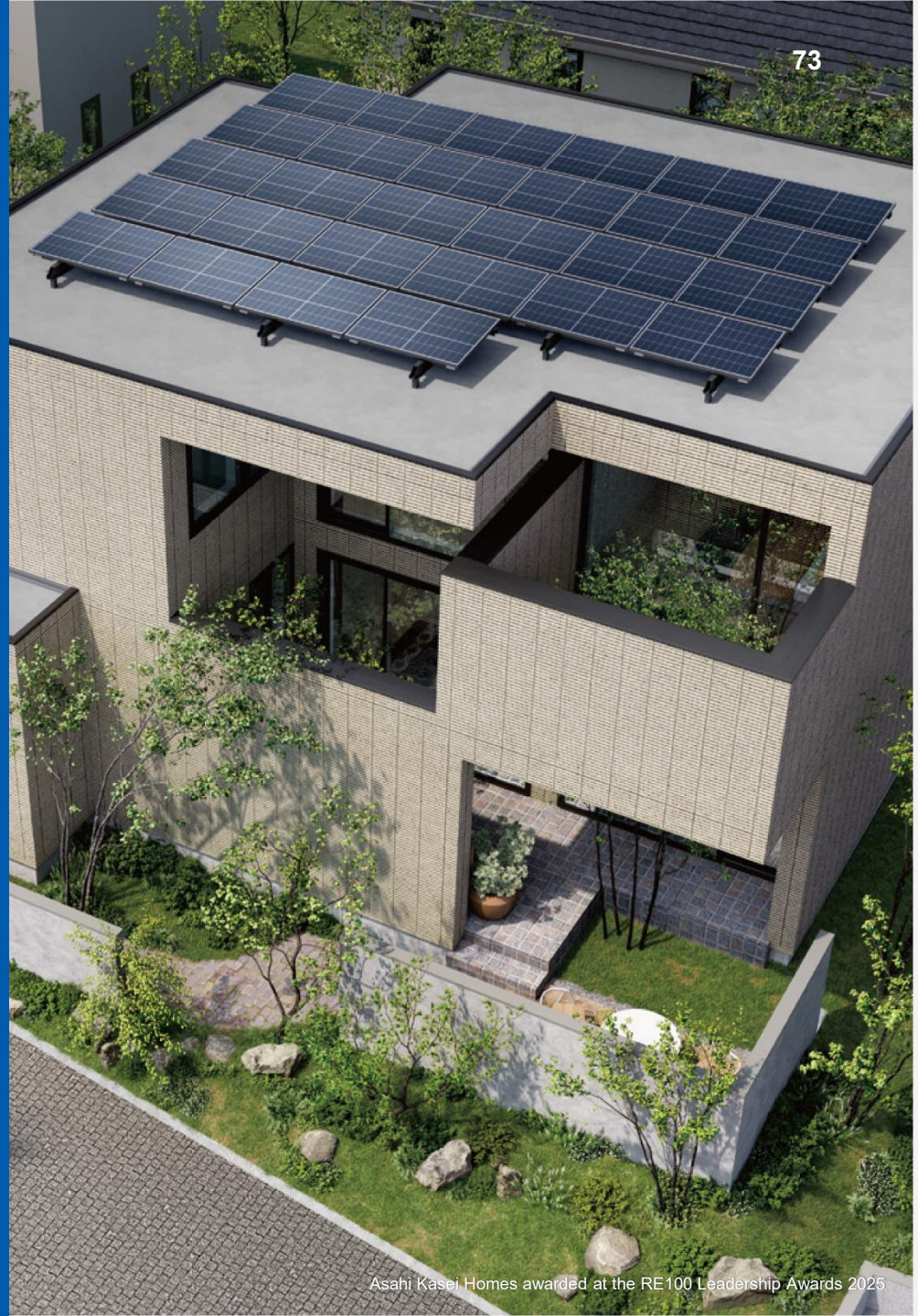
Requirement 4

Ability to continue contributing to sustainability

Asahi Kasei's initiatives

As the times change, the world continually faces new challenges. We have always worked to address these challenges through our diverse businesses.

Now our businesses continue to address major issues such as carbon neutrality.



Asahi Kasei Homes awarded at the RE100 Leadership Awards 2025

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Creating distinctive value and sustainability through Asahi Kasei's diverse businesses and technologies

Tatsuhiko Tokunaga
Executive Officer, Senior General Manager, Sustainability Strategy Planning Department

What are Asahi Kasei's strengths for achieving sustainability?

Environmental issues, geopolitical tensions, supply chain disruptions, and other factors have brought into question many assumptions that were taken for granted. Because of this growing uncertainty, we need a clearer understanding of the essence of issues when making decisions and taking actions. In this environment, the Asahi Kasei Group's diversity of businesses and technologies, together with the corporate culture that embraces them, are major strengths as we forge a path to the future.

For example, in the Chemical business, we are reducing GHG emissions by consolidating ethylene production facilities and reconfiguring derivatives operations. This is not simply a matter of restructuring. We are also leveraging the catalyst technologies cultivated in our petrochemical operations to develop Revolefin™ technology to produce basic chemicals from bio-based feedstock, enabling the manufacture of greener products. We are also applying the technology and expertise cultivated in our ion exchange membrane chlor-alkali electrolysis business to the development and commercialization of technology to produce hydrogen, considered to be the ultimate form of clean energy. Each of these initiatives reflects Asahi Kasei's unique approach to addressing the world's challenges with an eye to the future.

We will continue to respond flexibly to changes in the world by developing solutions that meet the needs of the times from our unique perspective, thereby leading to further growth and increased earnings.

Why did you redefine your materiality in fiscal 2025?

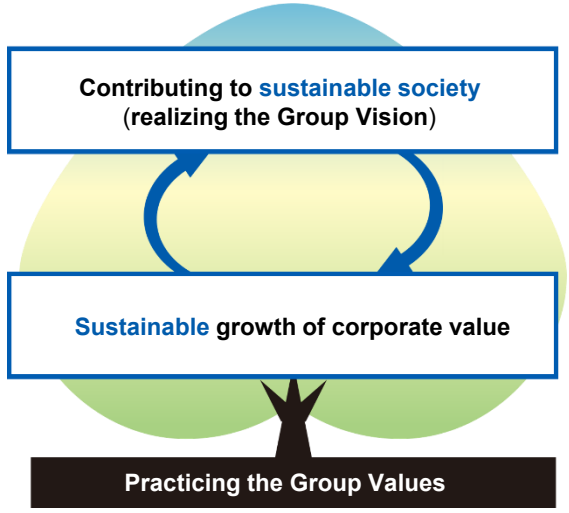
The redefinition was made in light of the growing expectations of society and investors regarding sustainability. We made it more clear how materiality stands at the core of our Group Mission, Group Vision, Group Values and MTP, and is intrinsically connected to raising corporate value.

We identified contributing to health and longevity, safe and comfortable living, and green transition as core elements of value creation, while positioning preventing pollution, safety/quality, compliance, and supply chain soundness as foundations supporting our business activities. Human resources and corporate culture were also identified as material issues essential to the sustainable enhancement of corporate value.

Asahi Kasei operates a diverse range of businesses across the Healthcare, Homes, and Material sectors, addressing societal issues from a variety of perspectives. Another distinctive characteristic of Asahi Kasei is the ability to create value broadly across different businesses. We have technology for materials that support daily life and healthcare, and housing products and services that contribute to fulfilling lives and environmental improvement. The Asahi Kasei Group brings together intangible assets, including diverse markets, technologies, expertise, and the people who underpin them, and works toward a shared Group Mission and Group Vision. We will continue to leverage this as a unique strength as we create new value. Our materiality serves as a guideline for management in achieving this objective. The recent revision of our materiality also provided an opportunity for management to review and reaffirm the issues that are truly important to the Asahi Kasei Group as a whole.

Through effective initiatives addressing our materiality, we will create a mutually reinforcing cycle of contributing to a sustainable society and sustainable growth of corporate value, resulting in growth over the medium to long term.

The two mutually reinforcing aspects of sustainability for the Asahi Kasei Group



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L Long-term targets: from FY2030 M Medium-term targets: up to FY2027 S Short-term targets: FY2025

Materiality	Initiatives		Classification of financial effects	Related main indicators and targets	FY2025 results	Related SDGs
Health and Longevity	Provision of products and services that contribute to health and longevity		Opportunities	M 1) Three-year growth rate in AED unit shipments 2) Three-year growth rate in the number of LifeVest™ prescriptions 3) Operating income of: a. Pharmaceuticals & Life Science, and b. Critical Care[1]	1) 35% 2) 8% 3) a. ¥47.3 billion b. ¥36.1 billion	
Safe and Comfortable Living	Provision of products and services that contribute to comfortable living with peace of mind		Opportunities	S 1) ZEH[2] ratio for newly built unit homes: FY2025 target of 90% 2) ZEH-M[2] ratio in newly built apartments: FY2025 target of 85% 3) Operating income of: a. Overseas Homes, b. Real Estate Development, and c. Electronics[1]	1) 93% 2) 80% 3) a. ¥7.4 billion b. ¥10.7 billion c. ¥28.2 billion	
Green Transition	Contributing to decarbonization	Provision of products and services that contribute to reducing society's GHG emissions	Opportunities Risks	L 1) GHG emission reduction contributions through Environmental Contribution Products ・2030 target: At least 2 times (compared with FY2020) ・FY2035 target: At least 2.5 times (compared with FY2020) 2) Energy & Infrastructure operating income[1]	1) 1.55 times (compared with FY2020) 2) ¥500 million	
		Reducing our own GHG emissions	Risks	L GHG emissions (Scope 1 and 2) ・2030 target: Reduce by 30% or more (compared with FY2013) ・FY2035 target: Reduce by 40% or more (compared with FY2013) ・2050 target: Achieve carbon neutrality	Reduced by 43% (compared with FY2013) [preliminary figure]	
	Evolution of business toward a circular economy		Risks	M 1) Number of companies using the ion-exchange membrane process chlor-alkali electrolysis cell rental service: 10 (end of FY 2027) S 2) Implementation rate of long-term regular inspections for Hebel Haus™ unit homes and Hebel Maison™ apartment buildings[3]: 70% (end of FY 2025)	1) Cumulative total of seven companies 2) 70.2%	
	Preparedness for natural disasters		Risks	S Promote the revision of disaster risk response plans, primarily at manufacturing sites Target: By the end of FY2027	Reviewed and assessed the status of disaster risk mitigation measures and recovery plans at major manufacturing sites	
Pollution Prevention	Appropriate management of hazardous substances and substances of concern		Risks	At applicable sites: 1) Environmental accident target: Zero 2) Serious environmental incident target: Zero	1) Zero 2) 1 incident	
Corporate Culture that Fosters Innovation	Promoting understanding of the Group Mission and Group Vision		Opportunities	Number of dialogues between the President and employees (town hall meetings, etc.)	24 sessions, 217 participants	
Human Resources, Talent Development and Diversity	Securing human resources and strengthening lifelong growth and co-creativity		Opportunities	M 1) In the employee engagement survey: a. Monitoring of the "action driving growth" indicator b. Percentage of employees reporting favorable vitality (≥3.5 on 5-point scale) ・FY2027 target: 60% L 2) Percentage of women in the total number of managers and Group Masters ・FY2030 target: 10%	1) a. 3.76 (on a 5-point scale) [FY2023: 3.72; FY2024: 3.74] 1) b. 58.5% 2) 5.5% (As of April 1, 2026)	
Compliance	Reducing compliance-related risks		Risks	1) Number of Cs Talk[4] sessions held 2) Percentage of respondents to the Cs Talk[4] promotion leader survey who agreed that Cs Talk led to an increase in members' compliance awareness[5] 3) Percentage of respondents to the compliance survey[6] who agreed that Cs Talk led to an increase in members' compliance awareness[5]	1) 4,192 sessions 2) 94.8% 3) 81.5%	
Safety and Quality (Occupational safety and health, process safety, quality assurance)	Ensuring safety in business activities		Risks	1) Fatal and permanently disabling accidents: Target of zero 2) At applicable sites: a. Serious industrial accidents and industrial accidents: Target of zero b. Intensity of industrial accidents: Target of 0.5 or less (average)[7]	1) Fatal accidents: Zero; permanently disabling accidents: 2 2) a. Serious industrial accidents: Zero; industrial accidents: 1 2) b. 1.05 (average)	
	Achieving quality with confidence		Risks	Serious quality incidents and legal or regulatory violations: Target of zero	Zero	
A Sound Supply Chain	Responsible supply chain management		— (Assessment in terms of the magnitude of social impact)	CSR procurement questionnaire for major suppliers 1) Questionnaire response rate (Target: 100%) 2) Percentage of companies rated C or D subject to follow-up that improve to an A or B rating (Target: 100%)	1) 99.6% (519 companies surveyed) 2) 93.9%[8]	

[1] Operating income of First Priority and Growth Potential businesses under the MTP. [2] Net Zero Energy House (ZEH) and Net Zero Energy House – Mansion (ZEH-M): Homes with a net energy consumption of zero or less through advanced insulation and energy saving combined with power generation such as solar. [3] Percentage of buildings at least 30 years old scheduled for inspection during the fiscal year that were inspected. [4] An initiative in which approximately 30,000 employees in Japan, working in teams organized by workplace and led by a designated facilitator, discuss compliance-related scenarios that could arise in their daily work to confirm the appropriate actions employees should take in accordance with the Asahi Kasei Group Code of Conduct. [5] Percentage of respondents who selected significantly or to some extent in response to a question asking whether the initiative had helped raise their compliance awareness on a five-point scale. [6] Conducted every other year for approximately 30,000 employees in Japan. [7] An index that quantifies the degree of impact of an industrial accident (based on the Japan Petrochemical Industry Association standard [CCPS]). [8] The results for the past two years were combined to calculate this figure because we conduct surveys of raw material suppliers and material suppliers, respectively, every other year.

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Social value created through solutions unique to Asahi Kasei

Many of Asahi Kasei's businesses focus on specific markets. We have identified societal issues that tend to be overlooked and challenges that specialized manufacturers find difficult to address, and have developed distinctive solutions by leveraging our human resources and technologies. Through initiatives across a broad range of fields unique to Asahi Kasei, we create not only diverse social impacts but also significant financial value.

Materiality

Health and Longevity

Societal issue

How to help patients with IgA nephropathy, a cause of kidney failure?

- **Patient population:** The potential patient population in the U.S. is estimated at approximately 130,000 to 200,000. The disease tends to develop in younger people and, if it progresses, can lead to end-stage renal failure.
- **Economic loss:** Declining productivity among people in their prime working years represents a significant economic loss.
- **Rising healthcare costs:** If the disease progresses to the point where dialysis or kidney transplantation is required, it places a significant financial burden on government programs such as Medicare (the U.S. public health insurance program for older adults and people with disabilities).

Business output

Launched Tarpeyo™ as the first treatment for IgA nephropathy in the U.S.



Social impact

Rapidly gained acceptance as a first-line treatment for IgA nephropathy in the U.S., contributing to improved patient quality of life

- The launch of this treatment has further increased awareness and understanding of IgA nephropathy
- The only treatment recommended KDIGO 2025 Clinical Practice Guideline for the Management of IgA Nephropathy (IgAN) and Immunoglobulin A Vasculitis (IgAV)

Financial value

Achieved strong sales growth for Tarpeyo™ (potential to achieve the FY2030 peak sales target of US$500 million ahead of schedule)

Safe and Comfortable Living

Societal issue

How to replace older residences that lack earthquake resistance?

- **Needs for redevelopment:** More than 20% of condominium units in Japan, approximately 1.77 million, are at least 40 years old. This number is forecasted to increase rapidly. The number of poorly managed units is also growing as residents age while many inherited properties are left vacant. This can lead to a deterioration of public safety in the surrounding communities.
- **Disaster resilience issues:** Another pressing issue is the redevelopment of areas densely built with wooden houses. Although there are national and local government programs to address this issue, progress has been slow.

Business output

Constructed new condominiums to replace older ones and to redevelop residential areas



Social impact

Contributed to disaster-resilient urban development and the provision of high-quality homes

- Participated in more than 10% of condominium reconstruction projects in Japan (a cumulative total of 56 condominium reconstruction projects). Widely disseminating this expertise to society. Leading reconstruction efforts across the industry
- The newly built condominiums have earned strong recognition, including first place in the "Tokyo × Location" category for newly built condominiums in the Greater Tokyo Area in the 2026 Oricon Customer Satisfaction™ Survey

Financial value

Supplied condominiums in urban areas with limited availability and achieved a high operating margin (FY2025 Real Estate Development operating margin: 22%)

Green Transition

Societal issue

How to curb the increase in power usage with the growth of AI and data centers?

- **Increasing power consumption**: The amount of power consumed for data processing is growing dramatically as the widespread adoption of AI increases the demand for data centers.
- **Advancing progress while decarbonizing**: Increasing energy efficiency as data processing capability rises.

Business output

Supplying Pimel™ photosensitive insulator and other materials for advanced semiconductor packaging in AI servers



Social impact

Contributing to reduced GHG emissions by enabling advanced AI semiconductors with high processing capacity and power efficiency

- Advanced semiconductor packaging with materials such as Pimel™ contribute to improved energy efficiency of data centers by reducing the amount of power needed to perform a given amount of processing

Financial value

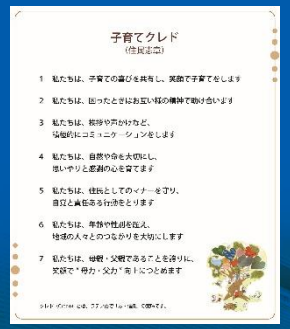
Strong profit growth and high capital efficiency (FY2025 Electronics ROIC: 18%)

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Rental housing that naturally fosters child-rearing communities
Hebel Maison™ “BORIKI”

Launched by Asahi Kasei Homes in fiscal 2012, Hebel Maison™ BORIKI apartment buildings are designed to realize a lifestyle in which residents can share the concerns and challenges of raising children, as well as the joys and rewards thereof. Developed based on broad feedback from households raising children, it provides a living environment where connections among residents and with the local community can develop naturally. The Asahi Kasei Group handles the entire process, from design and construction through property management and operation, supporting the ongoing development of the community. As nuclear families become increasingly common, our surveys have revealed that many parents do not have sufficient access to people they can turn to for advice or entrust with the care of their children. At BORIKI, only households that endorse the Child-Rearing Credo may become residents, creating a community whose members share common values. After moving in, residents further strengthen their connections through social events.


子育てクレド
(住民憲法)

1 私たちは、子育ての喜びを共有し、笑顔で子育てをします
2 私たちは、困ったときにはお互い様の精神で助け合います
3 私たちは、挨拶や声かけなど、積極的にコミュニケーションをします
4 私たちは、自然や命を大切にし、思いやりと感謝の心を育てます
5 私たちは、住民としてのマナーを守り、自立と責任ある行動をとります
6 私たちは、年齢や性別を超え、地域の人々とのつながりを大切にします
7 私たちは、地域・父親であることを誇りに、笑顔で“母力・父力”向上につとめます

Challenging conventional wisdom in the rental housing industry



What families raising children truly want is not physical features such as facilities and functionality, but connections with other people. In the rental housing industry, value is generally determined by location and facilities. People doubted whether a community-centered concept would attract tenants, and whether we could achieve rental rates that met property owners’ expectations. Our strong sense of mission and teamwork enabled us to take on this challenge.

Shoko Tamamitsu, iDX Planning & Development Dept., Technology Division, Asahi Kasei Homes Corp.

Value that cannot be created by simply building homes



Managing value-added rental housing such as BORIKI requires considerable time and effort, from recruiting tenants to providing support. The expertise and people that enable us to continuously foster these communities are assets unique to Asahi Kasei. We will continue to take the lead in implementing initiatives needed for housing in Japan.

Chiyako Tate, Property Management Dept., Business Promotion Division, Asahi Kasei Realty & Residence Corp.



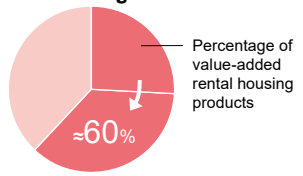
Rental housing as a driver of earnings in Homes

In addition to BORIKI for families raising children, Asahi Kasei Homes has developed high-value-added rental housing focused on the value created by bringing people together. Examples include PAWTNER, which offers a lifestyle in which residents can live comfortably with their pets, and Hebel Village, which provides safe, comfortable homes for active seniors. These pioneering initiatives have earned high praise from many rental property owners. As a result, these initiatives have strengthened the competitive advantage of the order-built homes business and led to larger, higher-value-added orders, driving earnings for Asahi Kasei Homes.

- **Percentage of orders for value-added rental housing**

FY2019 26%

FY2025 62%



- **Average floor area of apartment buildings[1]**

FY2019 → FY2025 ≈40% increase

- **Average unit price of apartment buildings[1]**

FY2019 → FY2025 ≈110% increase

[1] Data for buildings dedicated to rental apartments (not including rental units combined with owner-occupied homes)

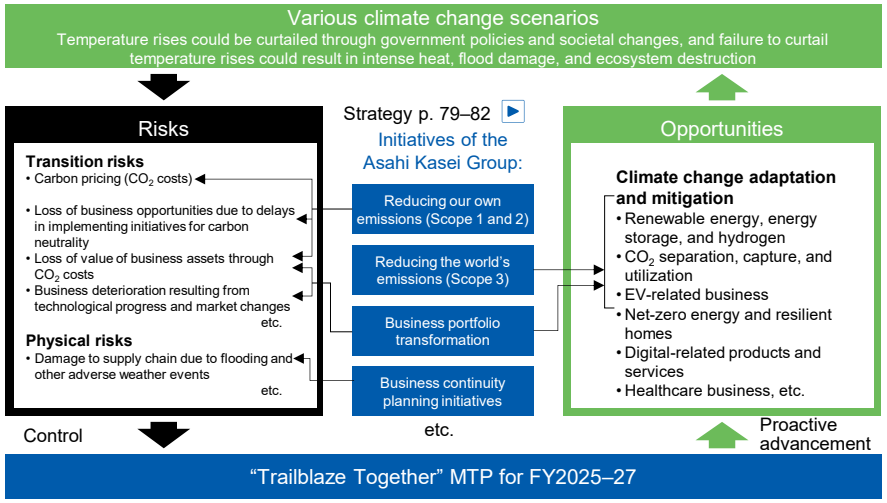
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Initiatives for achieving carbon neutrality

Climate change is a critical issue that will have a major impact on society, ecosystems, and businesses. Actions and regulations to prevent climate change have the potential to impact the structure of society and corporate strategies. Asahi Kasei is working to transform its business portfolio and improve productivity while taking on the challenge of achieving carbon neutrality and the sustainable growth of corporate value.

Overview of the Asahi Kasei Group's response to climate change



KPI	GHG emissions, GHG emissions/operating income	Metrics and Targets p. 80
Management	Carbon Neutrality Project, Global Environment Committee, annual review of MTP, monthly monitoring	Governance p. 78 Risk Management p. 80

Climate change-related information disclosure (disclosure based on the TCFD* framework)

In the following sections, we describe Asahi Kasei's climate change initiatives in accordance with the TCFD disclosure framework, covering governance, strategy, risk management, and metrics and targets.

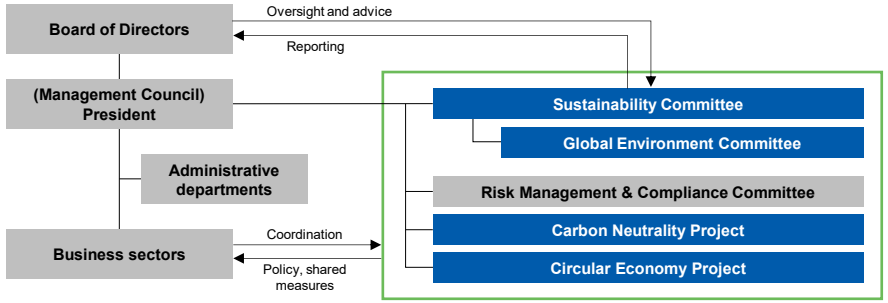
Governance

Asahi Kasei positions green transformation (GX), centered on climate change initiatives, as an important management priority. It is being advanced as a core element of management strategy.

Policies and key matters concerning climate change are deliberated and determined by the Board of Directors. Specific matters, including the identification of opportunities and risks, GHG emissions reduction targets, and capital investment plans, are deliberated and determined by the Management Council, the decision-making body for business execution. As indicated in the skills matrix, the Board of Directors is composed of Directors with the appropriate knowledge and experience to oversee climate change strategy (see p. 86 ▶).

To promote the implementation of policies determined by the Board of Directors and the Management Council at the business level, we have a Sustainability Committee chaired by the President, where persons responsible for the execution of each business share and discuss sustainability-related issues, including climate change. The content of these discussions is reported to the Board of Directors and used to consider the direction of company-wide initiatives. The Global Environment Committee, a sub-organization of the Sustainability Committee, is chaired by the Executive Officer for GX and includes the heads of business units and manufacturing, production technology, and R&D functions, who share and discuss environmental issues.

Under the Executive Officer for GX, the Carbon Neutrality Project examines scenarios from an overall optimization perspective and implements specific measures to achieve GHG emission reduction targets. Information on important matters is shared as needed with the President, the Executive Officer for Corporate Strategy, and others, and the orientation is regularly confirmed. The Circular Economy Project considers the Asahi Kasei Group's policies and future direction while monitoring the progress of and promoting individual initiatives.



* Task Force on Climate-related Financial Disclosures. The TCFD was established in December 2015 and its recommendations were officially announced by the Financial Stability Board in June 2017. It was dissolved in October 2023 and succeeded by the IFRS Sustainability Disclosure Standards.

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Strategy

Assumptions of analysis

We apply the Net Zero Emissions by 2050 Scenario (NZE) from the World Energy Outlook (WEO) as a scenario in which GHG emissions are sharply reduced to limit the temperature rise to 1.5°C above pre-industrial levels, and IPCC SSP3-7.0[1] as a scenario in which insufficient progress on measures to address global warming leads to a temperature rise of 4°C.

Note: Our analysis is based on a variety of assumptions. Changes to these assumptions could result in actual risks and opportunities differing significantly from the analysis

[1] A scenario outlined in the IPCC Sixth Assessment Report. The Shared Socio-economic Pathways (SSP) 3-7.0 assumes a scenario whereby measures to address climate change are not adopted and temperatures rise 4°C in 2100 under development marked by regional rivalries.

Opportunities

Asahi Kasei promotes business portfolio transformation in line with the shift toward carbon neutrality and other megatrends. Under the current MTP, we plan to make decisions on approximately ¥600 billion in expansion-related investments over the three-year period, primarily in First Priority and Growth Potential businesses. Of this amount, approximately ¥70 billion is expected to be invested in addressing climate change-related opportunities and risks. We also conduct investment activities through corporate venture capital (CVC) with the aim of incorporating new technologies and pursuing collaboration. To address climate change, we have set aside $100 million under the Care for Earth investment framework for the five-year period from fiscal 2023 to fiscal 2027 and are investing in startups in the environmental field.

We view growing demand for products and services that contribute to climate change mitigation and adaptation as a business opportunity.

+1.5°C Scenario Opportunities and risks by sector: ● Healthcare, ▲ Homes, ■ Material

Significant changes	Key opportunities	Time horizon[2]
Transition to a carbon-neutrality	▲ Promoting the adoption of ZEH and ZEH-M ■ Growing demand for renewable energy ■ Growing demand for energy conservation ■ Growing demand for carbon-neutral products and services	Short to medium term
Widespread adoption of EVs	■ Growing EV-related demand (battery materials and automotive weight-reduction materials)	Short to medium term
Emergence of a hydrogen society	■ Growing demand for water electrolysis using renewable energy	Medium term
Transition to a circular economy	▲ ■ Growing demand for products and services compatible with a circular economy	Short to medium term
Expansion of the digital market	■ Digital solutions for society, daily life, and industry to achieve carbon neutrality	Short term

[2] Time horizon: Short term: through 2030; Medium term: 2030–2040

+4°C Scenario

Increasing severity of wind and flood damage	▲ Growing demand for disaster-resilient homes	Medium term
Rising temperatures	▲ Growing need for thermal insulation performance	Short term
Increase in heatstroke and infectious diseases	● Growing demand for relevant pharmaceuticals and medical devices	Medium term

Risks

Under the +1.5°C scenario, the principal transition risks anticipated are tighter regulations resulting from policies such as carbon pricing aimed at achieving carbon neutrality, as well as associated changes in demand for materials suited to a carbon-neutrality. We also anticipate risks such as changes in market structures due to an accelerated transition to a circular economy and the emergence of innovative technologies for carbon neutrality.

Meanwhile, the +4°C scenario primarily anticipates physical risks such as extreme heat, heavy rain, and flooding. In particular, we are aware of the risk of damage to our major manufacturing sites both in Japan and overseas due to intensifying wind and flood damage, and the associated losses. Although these risks vary in severity, we believe they could materialize in the future, and we will pursue initiatives to mitigate them in accordance with their potential impact.

Specifically, in response to the +1.5°C scenario, we will improve energy efficiency, expand the use of renewable energy, develop and deploy recycling technologies, and review the allocation of management resources. In response to the +4°C scenario, in addition to continuously reviewing our business continuity plans (BCPs), we will strengthen advance preparations, including reviewing inventory levels and considering multiple suppliers, and implement measures to prevent heatstroke at home construction sites.

+1.5°C Scenario

Significant changes	Key risks	Time horizon
Transition to a carbon-neutrality	▲ ■ Increased costs due to tighter regulations (manufacturing and raw materials) ▲ ■ Changes in material needs (carbon neutrality requirements and required specifications) ▲ ■ Investors and customers selecting companies based on the status of their carbon neutrality initiatives, and a decline in public reputation	Short to medium term
Changes in market structure	▲ ■ Contraction of existing markets due to the transition to a circular economy ▲ ■ Contraction of existing markets due to advances in alternative technologies	Medium term

+4°C Scenario

Increasing severity of wind and flood damage	"Physical" production risks ● ▲ ■ Production shutdowns due to disaster damage at plants ● ▲ ■ Disruptions to raw material supply chains due to disaster damage at suppliers	Short to medium term
Rising temperatures	"Human" production risks ▲ ● ■ Deterioration of working conditions and productivity at manufacturing, logistics, construction, and other worksites	Short term

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Risk management

Under the scenarios described above, we assess the current and future impacts that may arise for our businesses in terms of their likelihood and magnitude, among other factors, and identify opportunities and risks.

In addition, as fundamental climate-related data, we annually monitor actual GHG emissions for Scope 1, Scope 2, and Scope 3 (major categories), with third-party assurance. The actual emissions data and progress toward targets are shared with the Carbon Neutrality Project, which discusses future initiatives. Furthermore, during formulation of the MTP and annual reviews, we assess progress and challenges in GHG emission reduction efforts and incorporate the findings into our consideration of business strategies and measures.

When making capital investments, we take internal carbon pricing (ICP) into account to evaluate investment returns and use the results to inform investment decisions. The ICP price is set considering carbon price forecasts of the International Energy Agency (IEA), market prices, and our own cost forecasts.

Metrics and targets

We position the following metrics as being relevant to climate change risks and opportunities.

Indicator	Targets and results			Significance of metric
GHG emissions*	Targets	FY2030	Reduce by 30% or more (Japan: reduce by 46%)	Indicates reduction status of Scope 1 and Scope 2
		FY2035	Reduce by 40% or more (Japan: reduce by 60%) Note: Each compared to FY2013	
		FY2050	Achieve carbon neutrality	
	Results	FY2025	2.9 million t-CO_2e (43% reduction) [preliminary figure]	
GHG emissions*/ operating income	Results	FY2025	13,000 t-CO_2e/¥1 billion	Decline signifies reduction of carbon tax risk

* GHG emissions are Scope 1 and Scope 2 emissions. Covers seven types of GHGs (CO_2, CH4, N_2O, HFCs, PFCs, SF_6, and NF_3). From the perspective of the entire value chain, we have also set a target of increasing the GHG emission reduction contributions of products and services that help reduce society's GHG emissions and otherwise contribute to the environment (Environmental Contribution Products) to at least 2 times by fiscal 2030 and at least 2.5 times by fiscal 2035 compared to fiscal 2020.

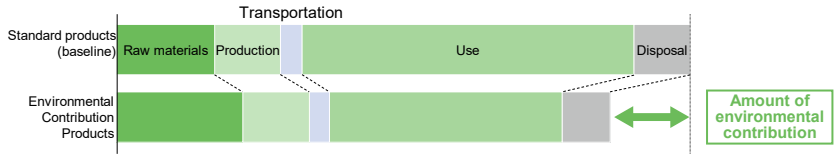
Other related matters

Internal carbon pricing (ICP)	Make investment decisions based on ¥15,000/t-CO_2e and utilize in awards program
Reflection of climate change issues in executive remuneration	Monetary performance-linked remuneration, which accounts for 30% of Directors' compensation, is comprised of a combination of the degree of achievement of financial targets and the degree of achievement of non-financial targets, including the promotion of sustainability (reduction of GHG emissions, etc.).

Contributing to reductions in the world's GHG emissions

■ **Environmental Contribution Products**

We internally certify products and services that contribute to reducing environmental impact throughout their entire life cycle as Environmental Contribution Products. We confirm the validity of the calculation methods through reviews by external experts. (Please refer to our website for details on the main products.)

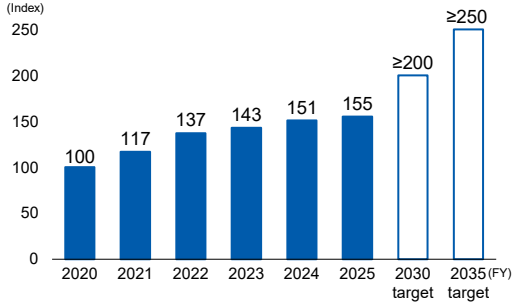


■ **Targets and progress**

For GHG emission reduction contributions from Environmental Contribution Products, we aim to achieve at least 2 times the fiscal 2020 level by fiscal 2030 and at least 2.5 times that level by fiscal 2035. As of fiscal 2025, this figure stands at 1.55 times the fiscal 2020 level, indicating steady progress toward achieving the targets.

Note: The GHG emission reduction contribution was approximately 20.1 million t-CO_2e in fiscal 2025. Please note that the contribution is calculated based on assumptions that differ by product, and the figure is a simple aggregate and therefore not suitable for comparison with other companies.

GHG emission reduction contributions through Environmental Contribution Products



Comment from external expert



Hiroyuki Uchida Principal, Research Institute, Mizuho Bank, Ltd.

Efforts to simultaneously advance decarbonization and strengthen industrial competitiveness are progressing in both private markets and public policy. Against this backdrop, societal interest in GHG emission reduction contributions and Environmental Contribution Products is also continuing to grow. Meanwhile, if there are errors or a lack of transparency in the methods used to calculate avoided emissions or in the information disclosed, the impact could extend beyond an individual company and undermine the credibility of reduced emissions initiatives as a whole. Asahi Kasei strives to ensure objectivity and transparency through calculations based on major guidelines and reviews by external experts. I commend them for maintaining a high standard of information disclosure through these efforts, representing a pioneering initiative among Japanese companies. I look forward to the Asahi Kasei Group continuing to lead industry efforts to enhance the credibility of reduced emissions and promote their implementation in society by ensuring appropriate calculations and highly transparent disclosure.

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Example calculation of contribution to reduced GHG emissions by Environmental Contribution Product

Hall IC for smartphone cameras (for optical image stabilization camera modules)

Eliminates the need for a dedicated optical image stabilization (OIS) processor, reducing the circuit board area required



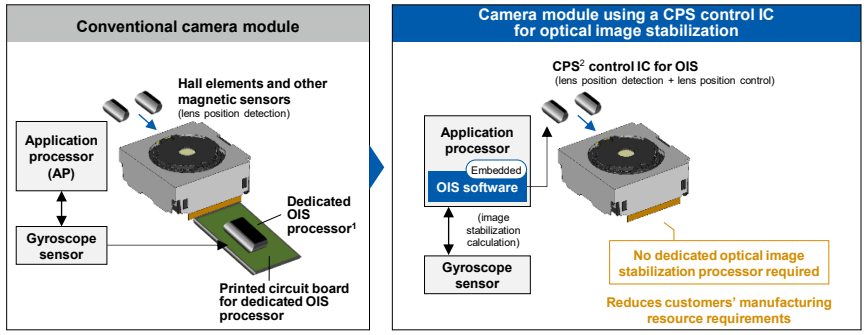
Conventional camera modules incorporated magnetic sensors such as Hall elements and a dedicated optical image stabilization processor. The use of this product (Hall IC), together with optical image stabilization software provided for the application processor, eliminates the need for a dedicated optical image stabilization processor. Reducing the circuit board area required contributes to lowering GHG emissions at the customer's manufacturing stage.

Stage of contribution (life cycle stage)

Raw material extraction → Manufacturing → Distribution → Use → Disposal

Note: The adoption of this product contributes to reducing customers' GHG emissions from the raw material extraction stage through the manufacturing stage.

Comparison of composition



Calculation method

Reduction per unit
(A-B)
A: CFP[3] of magnetic sensors such as Hall elements + dedicated OIS processor + circuit board
B: CFP[3] of this product (Hall IC)

× **Sales volume** = **Contribution to reduced GHG emissions**

[1] Dedicated OIS processor with image stabilization calculation function and lens position control function
[2] Close position sensing
3 Carbon footprint of product

Candidates to be next-generation Environmental Contribution Products

To create environmental value in the future, we certify products under development as next-generation Environmental Contribution Products if they are expected to contribute to the environment, are projected to be launched or generate sales within five years, and are conducive to quantification of their contribution to reduced environmental impact.

Examples of next-generation of Environmental Contribution Products

CNF composite

3D printing material that utilizes biomass-based materials and contributes to resource circulation

KARAKSA™

Product overview
Our CNF (cellulose nanofiber) composite combines our proprietary, highly heat-resistant CNF with resin. Made using raw materials including biomass-derived renewable resources, it is a resin material for 3D printing

Key environmental contributions
- Reduced dependence on fossil resources through the use of biomass-derived raw material (CNF)
- Its recyclable material design enables the recycling of materials after use and trimmings and other scrap generated during molding, contributing to the realization of a circular society

Technological strengths
- Achieves a high degree of design freedom in molding due to its thixotropy[4]
- Offers excellent mechanical properties, including strength and elasticity, enabling stable printing

Hard-coating agent for plastic glazing[5]

Supporting the practical application of plastic windows and helping reduce the environmental impact of mobility



Product overview
A hard-coating agent for plastic glazing that enables automotive window glass to be replaced with plastic by using our proprietary hard-coating technology to provide the abrasion resistance and high durability, including weather and chemical resistance, required for vehicle window glazing

Key environmental contributions
- Contributing to reduced energy consumption while driving by enabling lighter vehicles through the practical application of plastic windows
- Reducing VOC[6] emissions in the production process through the use of a water-based coating

Technological strengths
- Proprietary coating technology that provides the high abrasion resistance and durability required for plastic glazing
- Water-based material design that achieves a simple layer structure without the need for conventional surface treatment

[4] Thixotropy is the property of becoming more fluid when subjected to an external force (shear) and recovering viscosity when left to stand
[5] Plastic glazing is the use of resin material instead of glass for windows and openings, contributing to weight reduction and improved impact resistance
[6] Volatile organic compounds. A group of substances that readily evaporate into the atmosphere and contribute to air pollution and adverse health effects

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Reducing our own GHG emissions

We will continue to implement concrete measures from various perspectives and reduce GHG emissions from our business activities as we work toward carbon neutrality.

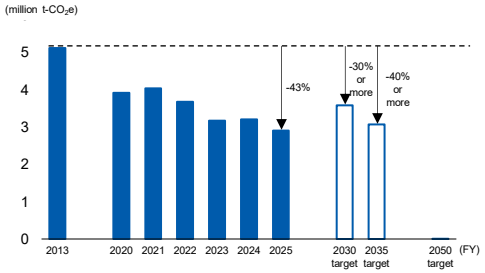
Targets

Targeting Scope 1 (our own direct GHG emissions) and Scope 2 (indirect GHG emissions associated with the use of electricity, heat, and steam supplied by other companies), we have adopted the goals of reducing emissions by 30% or more compared with fiscal 2013 by fiscal 2030, reducing them by 40% or more by fiscal 2035, and achieving carbon neutrality (net zero emissions) by fiscal 2050.

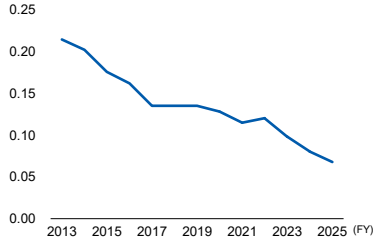
Results and initiatives

GHG emissions in fiscal 2025 totaled 2.90 million t-CO_2e (preliminary figure[1]), a 43% reduction from fiscal 2013, reflecting ongoing efforts to improve energy and production efficiency, as well as fluctuations in production volume due to scheduled maintenance and other factors, and structural transformation. We also continue to reduce GHG emissions intensity per unit of profit as we work to evolve into a company aligned with a sustainable society.

GHG emissions (Scope 1 and Scope 2)



GHG emissions/ (operating income + depreciation and amortization)

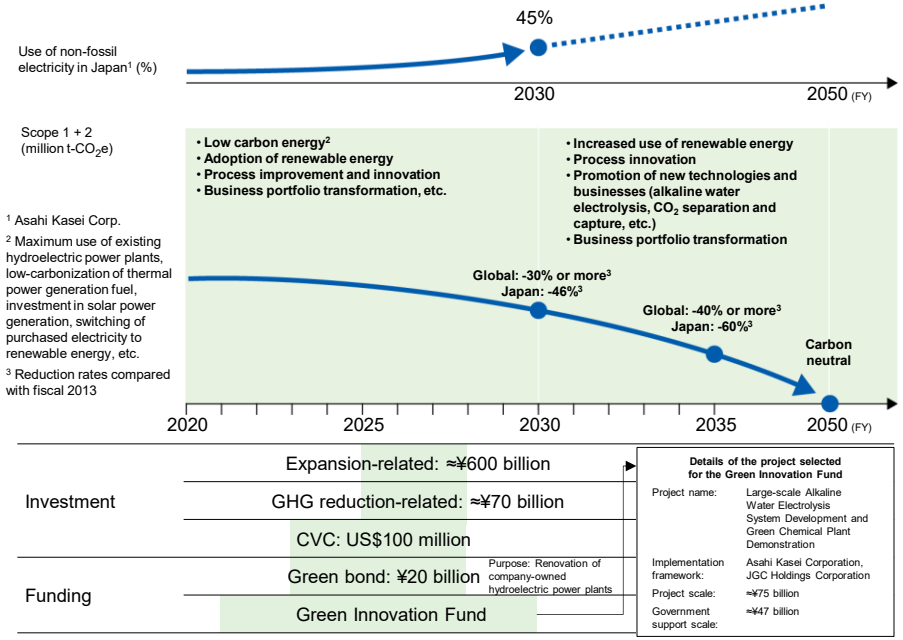


Activities for achieving carbon neutrality

The achievement of carbon neutrality by fiscal 2050 is a major challenge. We not only need to steadily advance energy conservation activities and ongoing efforts to reduce GHG emissions, but also to advance fundamental technological innovation and transformation of business models. In fiscal 2026, we will continue to identify GHG emission reduction measures and advance their implementation. We will also consider specific measures and reduction scenarios for developing optimal energy supply systems at each site, taking into account factors such as structural transformation.

[1] Fiscal 2025 GHG emissions are preliminary and may be revised after undergoing third-party verification.

Roadmap to achieving carbon neutrality

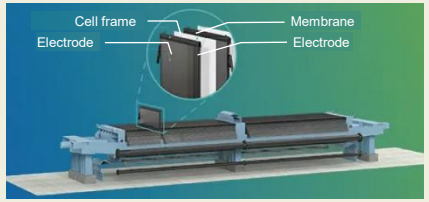


Note: The color coding for investments and financing indicates the applicable periods

Reducing the world's GHG emissions as well as our own: hydrogen-related initiatives

Asahi Kasei continues to validate its technology with the aim of becoming a key player in the emerging market for water electrolyzers used to produce clean hydrogen, and entered the full-scale commercialization phase in fiscal 2025. At the Kawasaki Works, construction is currently underway on new facilities capable of producing electrolyzer cell frames and membranes for both clean hydrogen production and the ion-exchange membrane process for chlor-alkali electrolysis, with operations scheduled to begin in fiscal 2028 (production capacity: 2 GW).

This project is receiving financial support under the GX Supply Chain Construction Support Project promoted by the Ministry of Economy, Trade and Industry. Through its hydrogen-related businesses, Asahi Kasei will contribute to reducing the world's GHG emissions and as well as those from its own operations.



Alkaline water electrolyzer for hydrogen production

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Advancing sustainability through resource circulation and harmony with nature

Advancing initiatives for the transition to a circular economy

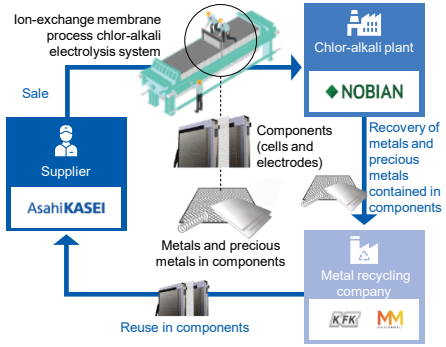
We are advancing initiatives from a variety of perspectives to ensure the sustainable use of finite resources.

Recycling

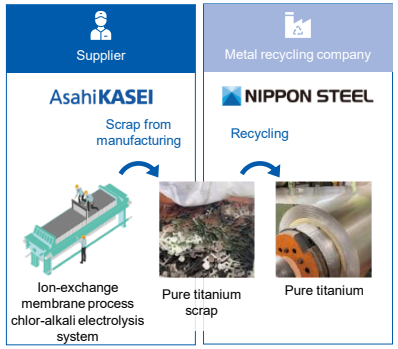
Ion-exchange membrane process for chlor-alkali electrolysis

In our ion-exchange membrane-process chlor-alkali electrolysis business, which sells equipment and systems for producing the basic chemicals caustic soda and chlorine, we launched a joint demonstration project with Nobian Industrial Chemicals B.V., Furuya Metal Co., Ltd., and Mastermelt Ltd. to recycle metals used in electrolysis cells and electrodes. Also, in collaboration with Nippon Steel Corp. and Nippon Steel Trading Corp., we established a recycling initiative to recover pure titanium scrap generated during the electrolysis cell manufacturing process for reuse as raw material for pure titanium. Through such initiatives, we are building an ecosystem for metal recycling across the industry.

Overview of the cell and electrode metal recycling process involving four companies



Recycling initiative for pure titanium recovery



Technology utilization

Chemical business

In preparation for the launch of commercial production of green basic chemicals in collaboration with Mitsui Chemicals, Inc. and Mitsubishi Chemical Corporation, we plan to install an initial production facility at our Mizushima Works using Revolefin™ technology for producing green basic chemicals such as ethylene and propylene from bioethanol. Following verification of equipment performance, operation, and operability, we aim to begin commercial production in fiscal 2034. (For details, please refer to p. 26. ▶)

Promoting initiatives related to natural capital

Asahi Kasei began operation with hydroelectric power generation in Nobeoka City, Miyazaki Prefecture, Japan, and continues to operate in close connection with nature, including water resources. As consideration for natural capital becomes increasingly important, we aim to both contribute to sustainability and enhance corporate value by gaining a clearer understanding of our dependencies and impacts on nature.

Analysis and disclosure in line with the LEAP approach recommended by TNFD[1]

Asahi Kasei is conducting natural capital analysis using the LEAP approach advocated by the TNFD. The LEAP approach is a methodology for identifying the interfaces between business activities and nature, and progressively assessing and organizing dependencies and impacts on nature, as well as the associated risks and opportunities. The analysis began with the Material sector, which was identified as highly significant in terms of its impact on nature and scale of sales, and is now being expanded and deepened to encompass the Homes and Healthcare sectors. Going forward, we will continue to ensure thorough compliance with relevant laws and regulations, conduct business activities with due consideration for biodiversity, and promote the sustainable use and conservation of natural capital.

LEAP approach (Asahi Kasei's initiatives shown at the bottom)

Scoping	Locate	Evaluate	Assess	Prepare
Setting the scope of assessment	Identification of priority regions for assessment and disclosure	Assessment of dependencies and impacts on nature	Assessment of nature-related risks and opportunities	Response to and disclosure of risks and opportunities
• 3 sectors • Japan/overseas • Upstream and direct operations	Prioritized large-scale manufacturing sites for assessment	Confirmed significant interactions with nature, particularly in relation to GHG emissions, water, and pollution	Identified basic risks and opportunities; to be further examined based on L and E assessments	Ongoing risk reduction; to be further examined based on L, E, and A assessments

Certification of a Nationally Certified Sustainably Managed Natural Site

Asahi Kasei participates in the 30by30[2] Alliance for Biodiversity, which was established to help achieve the international 30by30 target of halting and reversing biodiversity loss. As part of this initiative, under a program that certifies corporate green spaces and other conserved areas as OECMs[3], two Asahi Kasei sites, Asahi Woods of Life in Fuji City, Shizuoka Prefecture, and Moribio in Moriyama City, Shiga Prefecture, have been certified by Japan's Ministry of the Environment as Nationally Certified Sustainably Managed Natural Sites. Both sites undertake green space management and biodiversity conservation activities that take local ecosystems into consideration, contributing to biodiversity conservation and coexistence with nature.



Moribio in Moriyama City, Shiga Prefecture (certified in the first half of fiscal 2025)

[1] TNFD (Taskforce on Nature-related Financial Disclosures) is an international disclosure framework and organization that promote the assessment and disclosure of risks and opportunities related to natural capital.
[2] 30by30 is a target to effectively conserve and manage at least 30% of land and sea areas by 2030, toward achieving "nature positive" with the aim of reversing nature loss by 2030.
[3] OECM (Other Effective area-based Conservation Measures) is an international framework for designating areas outside protected areas that contribute to biodiversity conservation.

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