Requirement 5

Strong and effective corporate governance

Asahi Kasei's initiatives

We are enhancing governance to support growth investments and structural transformation in the course of transforming our business portfolio.

We will continue working to further enhance the effectiveness of governance, such as by improving the quality of Board of Directors discussions.



Asahi Kasei's diverse human resources

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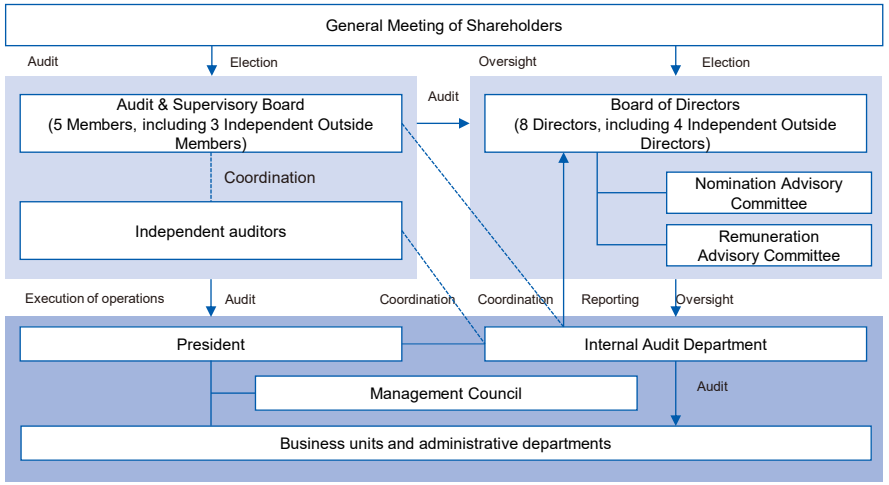
Corporate governance framework for fulfilling the “six requirements”

Basic approach

Guided by the Group Mission of contributing to life and living for people around the world, the Group Vision for Asahi Kasei is to provide new value to people throughout the world and help resolve social issues by enabling “living in health and comfort” and “harmony with the natural environment.” Based on this approach, we aim to contribute to society while achieving sustainable growth and improving corporate value over the medium-to-long term, by spurring innovation and creating synergies through the integration of our diverse range of businesses.

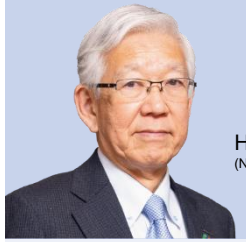
To that end, we continuously pursue the optimal corporate governance framework for ensuring transparent, fair, timely, and resolute decision-making in accordance with changes in the business environment.

Corporate governance configuration (as of June 24, 2026)



Reasons for adopting the structure of a company with an Audit & Supervisory Board

Asahi Kasei has adopted the structure of a company with an Audit & Supervisory Board to achieve both agile management decision-making and effective supervision and auditing. The Board of Directors, made up of Directors with diverse internal and external experience and expertise, is responsible for important management decisions and oversight. In addition, objectivity and transparency in officer appointments and compensation are ensured through voluntary committees on which Outside Directors constitute a majority. The Audit & Supervisory Board audits the legality and appropriateness of management by leveraging the in-depth knowledge of the company held by full-time Audit & Supervisory Board Members and the expertise of Outside Audit & Supervisory Board Members. The role and composition of the Board of Directors and the company’s governance structure are continuously reviewed through effectiveness evaluations.



Hideki Kobori
(Non-executive)

Message from the Chair of the Board of Directors

In fiscal 2025, the Board of Directors focused its discussions on agenda items related to the “Six Requirements” for Asahi Kasei to sustainably enhance corporate value. Amid a highly uncertain business environment resulting from changes in the global trade environment and geopolitical landscape, the Board of Directors placed a certain degree of emphasis on discussing short-term issues while proactively addressing agenda items related to business portfolio transformation, resource allocation, and risk management. In particular, with regard to the structural transformation of the Chemical business, we advanced discussions strategically and with a sense of urgency, aiming to reach decisions promptly, thereby further accelerating business portfolio transformation.

Asahi Kasei also operates a diverse range of businesses with different business environments and competitive positions. Outside Directors highlighted the importance of investment discipline that takes into account the characteristics of each business, and our decision-making framework has evolved to incorporate the hurdle rates established for each business by the corporate administrative function. In the acquisition of Aicuris as well, comments from Outside Directors regarding the hurdle rate prompted the business unit to reassess the underlying assumptions. Our decision-making reflects such discussions on investment discipline by the Board of Directors.

Another important subject that we continue to discuss is Asahi Kasei’s medium- to long-term aspirations. Returning to the fundamental question of the Asahi Kasei Group’s reason for being and what defines Asahi Kasei as it continuously evolves through business portfolio transformation in accordance with the times, we will further enhance discussions, including through off-site meetings, on the alignment of business and human resource strategies in businesses that continue to expand globally through growth investments, as well as the governance framework that supports them.

Asahi Kasei’s strength lies in the diversity of its businesses and human resources. At the same time, maintaining and strengthening group-wide cohesion is essential to leveraging this strength. Based on this awareness, in fiscal 2025 we established the Group Management Standards[1] as guidelines for action by the Asahi Kasei Group’s leaders toward enhancing corporate value. Through its deliberations on these measures, the Board of Directors promotes the adoption of shared values based on the Group Mission, Group Vision, and Group Values, as well as group-wide initiatives to enhance corporate value.

In fiscal 2026, the addition of a new Outside Director brought further expertise in global management and DX-driven business model transformation, while Outside Directors came to account for half of the Board. Amid growing uncertainty in the business environment, it is essential to assess risks and opportunities with a high level of sensitivity from diverse perspectives. By bringing together the expertise of all attendees of meetings of the Board of Directors and further enhancing the effectiveness of the Board of Directors, we will contribute to further increasing the corporate value of the Asahi Kasei Group.

[1] GMS (Group Management Standards) are fundamental standards of conduct for enhancing the value of the Asahi Kasei Group. (please refer to Closing. ▶)

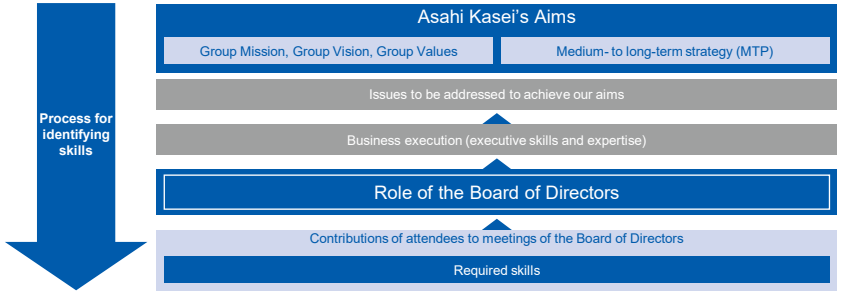
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Board of Directors composition suited to business portfolio transformation

Against a backdrop of discontinuity and uncertainty in the business environment, Asahi Kasei recognizes that accelerating business portfolio transformation through the two-pronged approach of growth investments and structural transformation is a particularly important task of management. As such, the company defines the role of the Board of Directors as providing oversight and making important decisions on key management matters for the Asahi Kasei Group and its broad range of businesses. These matters include management strategies such as the MTP, business portfolio management and allocation of management resources, and sustainability.

Process for selecting skills

Based on the company's aims for the future, the Nomination Advisory Committee clarified the role of the Board of Directors, including oversight of the executives working to achieve such aims. It then discussed and selected the skills needed by Directors and Audit & Supervisory Board Members to fulfill that role.



Skills	Reason for selection and details
Corporate Management (experience as president of a listed company)	In light of the management environment of the Asahi Kasei Group which is accelerating business portfolio transformation, the selection was made because outstanding leadership and diverse experience as the head of a listed company are necessary.
Management Strategy and Organizational Operations	Selected the experience and expertise in planning and executing management strategies, managing large sized organizations, etc., since they are necessary for supervising management strategy, which is the main agenda for the Board of Directors of Asahi Kasei.
Finance, Accounting	Selected the experience and expertise in planning and executing capital policy and capital allocation, and accounting insights, etc., since they are necessary for business portfolio transformation and management aiming for capital efficiency.
Sustainability	Selected the experience and expertise in supervising sustainability issues at the management level, including carbon neutrality, circular economy, and dealing with human rights, which are core subjects of management strategy.
Global Business	Selected the experience and expertise in leading or supervising international operations, including managing in the global business environment and promoting overseas business operations, since Asahi Kasei has numerous overseas sites and is strengthening its operations in global markets.
R&D, Innovation, and DX	R&D, innovation, and DX are the source of the Asahi Kasei Group's sustainable growth. The experience and expertise in these fields were selected since they are necessary for creating value through them and preventing damage with cybersecurity, etc.
Manufacturing and Quality Assurance	Selected the experience and expertise in manufacturing technology, quality assurance, and safety technology since they are essential to the Asahi Kasei Group's business execution.
Human Resources and DE&I	Selected the experience and expertise in this field to create innovations and businesses as well as to promote the active participation and growth of human resources by planning and executing human resources measures aligned with the management strategies and promoting diversity, equity and inclusion (DE&I).
Legal Affairs and Risk Management	Selected the experience and expertise in the legal field, compliance and insights, etc. on risk management, since they are essential to the Asahi Kasei Group's sustainable growth and prevention of damage.

Skills matrix based on management issues

Directors' skills matrix

Outside Outside Director Independent Independent Officer

	Corporate Management (experience as president of a listed company)	Management Strategy and Organizational Operations	Finance and Accounting	Sustainability	Global Business	R&D, Innovation, and DX	Manufacturing and Quality Assurance	Human Resources and DE&I	Legal Affairs and Risk Management
Hideki Kobori	●								
Koshiro Kudo	●								
Toshiyasu Horie		●	●	●	●				
Masatsugu Kawase				●		●	●		
Yuko Maeda (Outside, Independent)				●		●	●	●	
Chieko Matsuda (Outside, Independent)		●	●	●				●	
Yoshinori Yamashita (Outside, Independent)	●								
Hiroyuki Ogawa (Outside, Independent)	●								

Audit & Supervisory Board Members' skills matrix

Outside Outside Audit & Supervisory Board Member Independent Independent Officer

Takuya Magara				●		●	●		
Hiroki Ideguchi		●	●					●	●
Akemi Mochizuki (Outside, Independent)			●						●
Haruyuki Urata (Outside, Independent)		●	●		●				
Yoshikazu Ochiai (Outside, Independent)					●				●

Notes: 1. The above list presents up to four of each person's main skills. It does not represent all the skills each person possesses.
2. "Corporate Management (experience as president of a listed company)" is defined as broad and diverse experience that includes elements of the other skills listed in the table above.

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Directors

Outside Outside Director Independent Independent Officer



Chairman & Director
Hideki Kobori
(Date of birth: February 2, 1955)

Role	Chair of the Board of Directors (non-executive) Member of the Nomination Advisory Committee Member of the Remuneration Advisory Committee
Attendance (FY2025)	Board of Directors: 100% (15/15) Nomination Advisory Committee: 100% (6/6) Remuneration Advisory Committee: 100% (4/4)

Reason for appointment

After many years of experience in the electronics business, he assumed a role of executive officer responsible for management strategy, finance and accounting, and internal control for the entire Asahi Kasei Group in April 2012. In April 2016, he assumed the role of President and Director of Asahi Kasei. Since April 2022, he has served as Chairman & Director of Asahi Kasei. Based on the experience and knowledge he gained through his career, we expect him to play a full role in deciding important matters and supervising the business execution of the Asahi Kasei Group as a Director.



Outside Independent

Director
Yuko Maeda
(Date of birth: July 26, 1960)

Role	Member of the Nomination Advisory Committee Member of the Remuneration Advisory Committee
Attendance (FY2025)	Board of Directors: 100% (15/15) Nomination Advisory Committee: 100% (6/6) Remuneration Advisory Committee: 100% (4/4)

Reason for appointment

She has rich experience as an engineer in industry, academia and government. Based on the experience and knowledge she gained through her career, we expect her to play a full role in deciding important matters and supervising the business execution of the Asahi Kasei Group as an Outside Director.

Contributions based on areas of expertise

At meetings of the Board of Directors and its committees, she provides appropriate input as necessary based on her experience in research and development and management at companies, universities, and other organizations. In fiscal 2025, she provided comments and raised questions particularly regarding marketing strategy, human resource management, and safety at manufacturing sites.



President & Representative Director
Presidential Executive Officer
Koshiro Kudo
(Date of birth: June 5, 1959)

Role	Member of the Nomination Advisory Committee Member of the Remuneration Advisory Committee
Attendance (FY2025)	Board of Directors: 100% (15/15) Nomination Advisory Committee: 100% (6/6) Remuneration Advisory Committee: 100% (4/4)

Reason for appointment

After many years of experience in the fiber business, he served in positions including Executive Officer of Asahi Kasei Fibers Corp., President of the Fibers & Textiles SBU, and President of the Performance Products SBU. In April 2021, he assumed responsibility for management strategy, finance and accounting, and internal control for the entire Asahi Kasei Group. Since April 2022, he has served as President and Director of Asahi Kasei. Based on the experience and knowledge he gained through his career, we expect him to play a full role in deciding important matters and supervising the business execution of the Asahi Kasei Group as a Director.



Outside Independent

Director
Chieko Matsuda
(Date of birth: November 18, 1964)

Role	Member of the Nomination Advisory Committee Member of the Remuneration Advisory Committee
Attendance (FY2025)	Board of Directors: 100% (15/15) Nomination Advisory Committee: 100% (6/6) Remuneration Advisory Committee: 100% (4/4)

Reason for appointment

She has been involved in financial and capital market businesses as well as management consulting businesses and research on corporate and financial strategy for many years. Based on the experience and knowledge she gained through her career, we expect her to play a full role in deciding important matters and supervising the business execution of the Asahi Kasei Group as an Outside Director.

Contributions based on areas of expertise

At meetings of the Board of Directors and each committee, she provides pertinent comments as appropriate, drawing on her experience in academia and management consulting. In fiscal 2025, she provided comments and raised questions particularly regarding capital policy from the perspectives of capital markets and investors, as well as group-wide governance and risk management.



Representative Director
Primary Executive Officer
Toshiyasu Horie
(Date of birth: December 30, 1962)

Attendance (FY2025)	Board of Directors: 100% (15/15)

Reason for appointment

After many years of experience in the petrochemicals business and serving as the executive responsible for general affairs, legal affairs, communications, risk management, and compliance, he has overseen the Asahi Kasei Group's overall management strategy, accounting and finance, and other functions since April 2022. Based on the experience and knowledge he gained through his career, we expect him to play a full role in deciding important matters and supervising the business execution of the Asahi Kasei Group as a Director.



Outside Independent

Director
Yoshinori Yamashita
(Date of birth: August 22, 1957)

Role	Member of the Nomination Advisory Committee Chair of the Remuneration Advisory Committee
Attendance (FY2025)	Board of Directors: 100% (15/15) Nomination Advisory Committee: 100% (6/6) Remuneration Advisory Committee: 100% (4/4)

Reason for appointment

He has rich experience as a corporate executive. Based on the experience and knowledge he gained through his career, we expect him to play a full role in deciding important matters and supervising the business execution of the Asahi Kasei Group as an Outside Director.

Contributions based on areas of expertise

At meetings of the Board of Directors and each committee, he provides pertinent comments as appropriate, drawing on his experience as a corporate executive. In fiscal 2025, he provided comments and raised questions particularly regarding risks in global management, ensuring the effectiveness of measures at the operational level, and approaches to internal and external communications.



Director
Primary Executive Officer
Masatsugu Kawase
(Date of birth: March 9, 1965)

Attendance (FY2025)	Board of Directors: 100% (15/15)

Reason for appointment

After many years of experience in process development and manufacturing in the petrochemicals business, he has been responsible for ESH, QA, regional offices, manufacturing, production technology, health and productivity management, energy policy, and carbon neutrality since April 2022. Based on the experience and knowledge he gained through his career, we expect him to play a full role in deciding important matters and supervising the business execution of the Asahi Kasei Group as a Director.



Outside Independent

Director
Hiroyuki Ogawa
(Date of birth: March 23, 1961)

Role	Chair of the Nomination Advisory Committee Member of the Remuneration Advisory Committee

Reason for appointment

He has rich experience as a corporate executive. Based on the experience and knowledge he gained through his career, we expect him to play a full role in deciding important matters and supervising the business execution of the Asahi Kasei Group as an Outside Director.

Note: As he was newly elected as a Director at the 135th Ordinary General Meeting of Shareholders of Asahi Kasei held on June 24, 2026, there is no information on his attendance etc. for fiscal 2025.

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Audit & Supervisory Board Members

Outside Outside Audit & Supervisory Board Member
Independent Independent Officer



Audit & Supervisory Board Member
Takuya Magara
(Date of birth: December 11, 1957)

Attendance (FY2025)	Board of Directors: 100% (15/15) Audit & Supervisory Board: 100% (34/34)

Reason for appointment

He has many years of experience in R&D and technology in the Homes business. Based on this experience and knowledge, we expect him to properly perform his duties as an Audit & Supervisory Board Member.



Audit & Supervisory Board Member
Hiroki Ideguchi
(Date of birth: November 9, 1962)

Attendance (FY2025)	Board of Directors*: 100% (15/15) Audit & Supervisory Board: 100% (22/22) * Including Board of Directors meetings attended as a Director prior to retiring as Director on June 25, 2025

Reason for appointment

After many years of experience in the pharmaceutical business and subsequently serving as Senior General Manager of Corporate Strategy at Asahi Kasei, he was responsible for human resources, general affairs, legal affairs, communications, and risk management and compliance from April 2022. Based on this experience and knowledge, we expect him to properly perform his duties as an Audit & Supervisory Board Member.



Outside
Independent

Audit & Supervisory Board Member
Akemi Mochizuki
(Date of birth: June 10, 1954)

Attendance in FY2025

Board of Directors: 100% (15/15)
Audit & Supervisory Board: 97% (33/34)

Reason for appointment

She has been a certified public accountant for many years. Based on her experience and knowledge, we expect her to properly perform her duties as an Outside Audit & Supervisory Board Member.

Contributions based on areas of expertise

At meetings of the Board of Directors and the Audit & Supervisory Board, she provides pertinent comments as appropriate based on her experience as a certified public accountant. In FY2025, she provided comments and raised questions particularly from the perspectives of risk management and accounting.



Outside
Independent

Audit & Supervisory Board Member
Haruyuki Urata
(Date of birth: November 8, 1954)

Attendance in FY2025

Board of Directors: 100% (15/15)
Audit & Supervisory Board: 97% (33/34)

Reason for appointment

He has extensive experience as a corporate manager and an officer in charge of corporate accounting and finance. Based on his experience and knowledge, we expect him to properly perform his duties as an Outside Audit & Supervisory Board Member.

Contributions based on areas of expertise

At meetings of the Board of Directors and the Audit & Supervisory Board, he provides pertinent comments as appropriate based on his experience as a corporate executive and chief financial officer. In FY2025, he provided comments and raised questions particularly regarding group-wide governance and internal control systems.



Outside
Independent

Audit & Supervisory Board Member
Yoshikazu Ochiai
(Date of birth: January 7, 1960)

Attendance in FY2025

Board of Directors: 100% (15/15)
Audit & Supervisory Board: 100% (34/34)

Reason for appointment

He has many years of experience in legal work. Based on his experience and knowledge, we expect him to properly perform his duties as an Outside Audit & Supervisory Board Member.

Contributions based on areas of expertise

At meetings of the Board of Directors and the Audit & Supervisory Board, he provides relevant comments as appropriate based on his experience as a public prosecutor and attorney. In fiscal 2025, he has provided observations and raised questions particularly concerning risk management, compliance, and information security.

Policy for nominating candidates for Director and Audit & Supervisory Board Member

Asahi Kasei selects candidates for Director who have the knowledge and ability to be a Director. Candidates for Inside Director are selected from individuals who are considered to have specialized knowledge, experience, and abilities in their respective fields. With regard to Outside Directors, we expect them to oversee management objectively based on their deep insight. Candidates are therefore selected from among a wide range of suitable individuals with extensive experience, including business managers, academics, and former government officials.

When selecting candidates for Audit & Supervisory Board Member, candidates must have the knowledge and skills appropriate for the position, and the selection must be approved by the Audit & Supervisory Board. We also ensure that at least one member has knowledge of finance and accounting.

To facilitate discussion at meetings of the Board of Directors, we have maintained a composition in which Internal Directors are primarily executives responsible for corporate functions. We have also established a standard stipulating that, in principle, a Director may not concurrently serve as a Director of four or more listed companies other than Asahi Kasei. For information on concurrent positions held by Directors and Audit & Supervisory Board Members as of the end of May 2026, please refer to the Notice of the General Meeting of Shareholders. ▶

Composition of the Board of Directors

Following the General Meeting of Shareholders in June 2026, the proportion of Outside Directors increased to 50%, further strengthening supervisory functions.

Men Women

Directors		Audit & Supervisory Board Members	
Inside Directors	Outside Directors	Inside Audit & Supervisory Board Members	Outside Audit & Supervisory Board Members
4	4	2	3
Ratio of Outside Directors	Ratio of Female Directors	Ratio of Outside Officers (including Audit & Supervisory Board Members)	Ratio of Female Officers (including Audit & Supervisory Board Members)
50% (4/8)	25% (2/8)	54% (7/13)	23% (3/13)
Ratio of independent officers serving on the Nomination Advisory Committee		Ratio of independent officers serving on the Remuneration Advisory Committee	
67% (4/6)		67% (4/6)	

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Succession Planning Initiatives / Changes in Corporate Governance

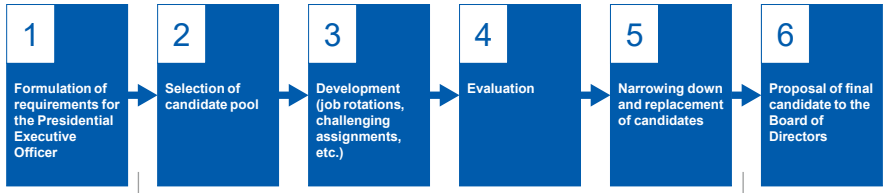
Succession Planning

1. Succession Plan for the Presidential Executive Officer

At Asahi Kasei, the current Presidential Executive Officer and the Nomination Advisory Committee work together to formulate a succession plan and select successor candidates. The Nomination Advisory Committee is chaired by an independent Outside Director, and a majority of its members are also independent Outside Directors. The committee regularly deliberates the progress of the succession plan, placing emphasis on the objective perspectives of the Outside Directors. When selecting successor candidates, the Board of Directors respects the opinions of the Nomination Advisory Committee to the greatest extent possible.

2. Selection process for candidates for Presidential Executive Officer

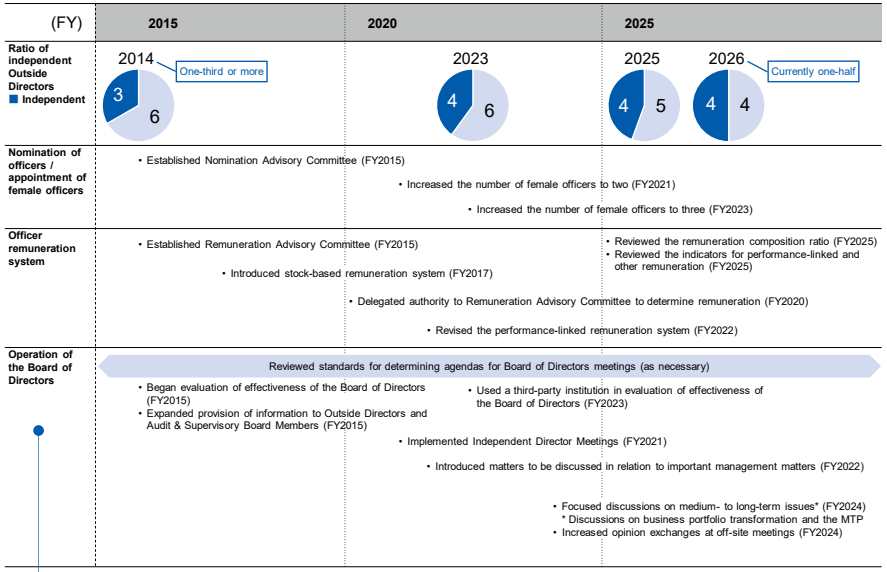
Twice a year, the Nomination Advisory Committee receives reports on the selection and development of the pool of successor candidates identified by the incumbent and executive management. Based on these reports, the committee deliberates and provides the incumbent and executive management with necessary advice. Based on the results of these deliberations, a proposal for the final candidate is submitted to the Board of Directors, which makes the final decision on the successor candidate.



3. Requirements for the Presidential Executive Officer

In addition to qualities such as fairness, creativity, decision-making and execution, mental fortitude, and communication skills, candidates must also have significant work experience in company-wide management organizations, global business, and accomplishing challenging assignments.

Changes in Corporate Governance



Highlight

Off-site meetings to enhance the effectiveness of the Board of Directors

We have long held off-site meetings and believe that making effective use of them is important to improving the effectiveness of the Board of Directors in practice. At these meetings, medium- to long-term subjects and strategies for major investment decisions are shared with the members of the Board of Directors from the conceptual stage of each proposal. By providing a forum for open and candid exchanges of views, the meetings deepen the understanding of Outside Officers in particular, thereby facilitating more in-depth discussions at meetings of the Board of Directors. A total of 10 meetings were held in fiscal 2025.

Main subjects of off-site meetings in fiscal 2025
● Initiatives to enhance corporate value (multiple meetings)
● Structural reform in the Kawasaki area and an overview of the electrolysis hub concept (multiple meetings)
● Engagement between Outside Directors and institutional investors
● Policies on human capital-related initiatives
● Briefing on First Priority businesses
● Report on CVC activities

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Deliberations by the Board of Directors and other bodies to support the sustainable enhancement of corporate value

Based on the agenda it establishes at the beginning of each fiscal year, the Board of Directors focuses its deliberations on management strategy and business portfolio management, including management by business sector and the long-term outlook toward 2030, as well as growth investments to realize that outlook, post-investment monitoring, and structural transformation. In addition, as business portfolio transformation progresses, group-wide governance and internal controls become increasingly important, and the Board of Directors discusses ways to strengthen them. The Board of Directors also continues to deliberate on sustainability initiatives and disclosures.

Agenda items and deliberations of the Board of Directors

Requirement Relationship to the "Six Requirements" investors expect companies to meet

Relationship between the main subjects of deliberation by the Board of Directors and the "Six Requirements"		Number of items in FY2025
Business strategy, business portfolio management, and M&A (Requirement 1, 2, 3, 6)	● Initiatives to enhance corporate value ● Business portfolio transformation – MTP-related matters – Acquisition of Aicuris – Concept for an electrolysis hub at the Kawasaki Works – Monitoring of North American investment in Hipore – Structural transformation of the Chemical business	29
Governance, internal control, and audit (Requirement 5, 6)	● Setting the agenda for the Board of Directors ● Reports from Nomination Advisory Committee and Remuneration Advisory Committee ● Establishment of Group Management Standards* ● Enhancing the effectiveness of internal control ● Report on the status of audits by Audit & Supervisory Board Members	29
Sustainability and intangible assets (Requirement 3, 4)	● Review of materiality ● Periodic report from the Human Rights Committee	8
Other agenda items (budgets, financial results and funding, organizational and personnel matters, reports on the status of business execution, etc.)		52

* GMS (Group Management Standards) are fundamental standards of conduct for enhancing the value of the Asahi Kasei Group. (please refer to Closing. ▶)

Agenda items for the Nomination Advisory Committee and Remuneration Advisory Committee

	Number of meetings held annually	Main agenda items
Nomination Advisory Committee	**6**	● **Composition and size of the Board of Directors** ● Nomination of Officers for fiscal 2026 ● **Officer nomination process and selection criteria** ● **Succession plan for the President**
Remuneration Advisory Committee	**4**	● **Review and deliberation of the officer remuneration system** ● **Determination of individual performance-linked remuneration amounts**

Selected opinions expressed by Outside Directors during Board of Directors deliberations

Initiatives to enhance corporate value

- **As I stated during discussions on the MTP, I would like to see the ROE and ROIC targets raised further.** Investors are also paying close attention to this. How will this be explained to investors, and how will these indicators be improved?
- **We need to clearly explain the link between the MTP and corporate value in terms that all employees can understand.** Creating a clear link between employees' own work, initiatives to enhance corporate value, and the resulting outcomes will make these efforts sustainable. While it is difficult to set a target for the share price, **we should clearly demonstrate how this corporate value enhancement project will lead to an increase in the share price.**
- The share price has been rising because the results of business portfolio transformation have become visible. Although it is important to review the impact of the recent share buyback, **we must not lose sight of the need for growth investments.** Once we have completed structural transformation, where will we invest next? To explain to investors why they should invest in Asahi Kasei, **we must clearly articulate where Asahi Kasei intends to invest.**
- We believe the P/B ratio has risen above 1.0 because the capital markets recognize our ability to execute structural transformation and the growth of our First Priority businesses in line with their plans. However, **we need to consider what is required for the market to assign an even higher valuation to Asahi Kasei's current capabilities.**

Structural transformation of the Chemical business

- The question is what direction the Mizushima site will take as a result of structural transformation. At other sites, including Kawasaki, business portfolio transformation has also progressed, with initiatives beginning to gain momentum and showing promising results. The Mizushima area is a GX hub and also benefits from the strength of its existing businesses. **We tend to say that all our sites are equally strong, but we need to define their respective roles more clearly, such as positioning the Mizushima area to grow within the GX framework.**

Enhancing the effectiveness of internal control

- **We recognize the efforts to pursue various initiatives to ensure that controls implemented by the corporate divisions are thoroughly embedded throughout the organization.** At the same time, there is a risk that headquarters may have difficulty maintaining visibility into acquired overseas subsidiaries. We understand that the North American operating companies in the Healthcare sector are being discussed at Healthcare sector meetings, and we would like this to remain a priority.

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Fulfillment of the Board of Directors Secretariat's functions / Evaluation of the effectiveness of the Board of Directors

Board of Directors Secretariat supporting the foundation for enhancing corporate value

Under the joint oversight of Corporate Strategy and General Affairs, the Board of Directors Secretariat works in coordination with the Chair of the Board of Directors and performs a broad range of functions, from serving as a hub between supervision and execution to supporting the General Meeting of Shareholders and shareholder relations dialogue. In addition to supporting management decision-making, the Secretariat serves as a bridge between the Board of Directors and investors, thereby enabling the Board of Directors to fulfill its functions effectively.



Strengths of the Secretariat

Effective joint management leveraging the expertise and strengths of each organization

- Corporate Strategy, which oversees management and business strategies and serves as the secretariat for the Management Council, collaborates with General Affairs, which is responsible for legal affairs, governance, and other functions
- Strong agenda-setting capabilities enable management issues to be promptly incorporated into the agenda. The two divisions function as one, coordinating in the optimal manner for each matter to enhance the effectiveness of the Board of Directors

Connecting the Board of Directors with the capital markets

- Serving as the secretariat for the General Meeting of Shareholders and handling shareholder relations dialogue in an integrated manner, while sharing insights from a diverse range of investors with the Board of Directors. A virtuous cycle of fostering understanding and trust among capital market participants through dialogue based on discussions of the Board of Directors
- Responsible for planning corporate governance initiatives and incorporating investor perspectives into each measure

Structure and operation comprising the aspects required of the Board of Directors Secretariat

1. Knowledge and expertise

- A team comprising personnel with knowledge of management strategy and expertise in finance, legal affairs, governance, and corporate regulations

2. Oversight of business operations

- As a corporate division of an operating holding company, exercising oversight from a position that maintains a certain degree of independence from business execution
- Both functions are overseen by Executive Officers. They play a central role in management and accurately identify issues

3. Functions supporting Outside Directors

- Opportunities are provided for briefings and exchanges of views on individual business strategies and other subjects, as well as site visits, to deepen outside officers' understanding of the businesses and elicit opinions from diverse perspectives

Comment from an institutional investor

Yuji Watanabe — Chief Analyst, Japan Equity Management Department and Responsible Investment Department, Daiwa Asset Management Co., Ltd.

Strengthening the functions of the Board of Directors Secretariat is essential for ensuring effective governance conducive to enhancing corporate value. Through shareholder relations dialogue, we have confirmed that Asahi Kasei's Board of Directors Secretariat possesses a high level of expertise and execution capabilities, as well as the necessary authority, and supports the Board of Directors in fulfilling its functions. We have also continued our dialogue based on the recognition that, like human resources, intellectual property, and brands, the Board of Directors Secretariat is an important foundation for creating corporate value. Going forward, I expect Asahi Kasei to continue strengthening the Secretariat's functions from a high-level perspective and to proactively communicate these efforts and their value.

Results of the effectiveness evaluation of the Board of Directors

The Board of Directors of Asahi Kasei evaluates its own effectiveness every fiscal year. We also regularly utilize a third-party organization to evaluate the effectiveness of the Board of Directors in order to continue an evaluation cycle that incorporates an objective perspective.

1. FY2025 Evaluation Process

(1)	December 2025	The Board of Directors deliberated on the evaluation process and questionnaire content.
(2)	December 2025 to January 2026	The questionnaire was given to all Directors and Audit & Supervisory Board Members. The questionnaire covered the Board of Directors, Nomination Advisory Committee, and Remuneration Advisory Committee (collectively, the Relevant Bodies). The questionnaire addressed the functions, operations, and status of discussions of the Relevant Bodies, as well as individual evaluations (self-evaluations) of Directors and Audit & Supervisory Board Members. To further enhance supervisory functions, the latest questionnaire assessed both the extent to which the Board of Directors as a whole exercised its supervisory functions and each individual's contribution to the exercise of those functions.
(3)	March and April 2026	The Board of Directors reviewed the results of the evaluation of the effectiveness of the Board of Directors based on the results of the above questionnaire and deliberated on how to address any issues identified.

2. Overview of evaluation results

(1) The Board of Directors confirmed that its own effectiveness is sufficiently ensured, particularly in the following respects:

- The evaluation recognized that business portfolio transformation toward 2030 (growth investments and structural transformation) was increasingly placed on the agenda, enriching discussions in both quality and quantity, and that discussions of management issues from a medium- to long-term perspective had deepened overall.
- The evaluation recognized the in-depth discussions of key management issues that appropriately incorporated the perspectives of the capital markets and other stakeholders, as well as deeper discussions on monitoring from a risk perspective such as IT security risks.
- In terms of the operation of the Board of Directors, high regard was given to the frank exchange of critical opinions aimed at enhancing corporate value, as well as the environment that allows for open and active discussion, in which Outside Directors and Outside Audit & Supervisory Board Members can readily express their views.

(2) On the other hand, the Board of Directors shared the view that the following issues remain:

- To sustainably enhance corporate value, there is a need to place greater emphasis on discussions of medium- to long-term strategies for the future, further expand discussions on the evolution of sector management, and add greater depth to discussions from the perspective of capital markets through multifaceted consideration.
- From the perspective of improving the quality of Board of Directors discussions, there is a need to make effective use of off-site meetings to deepen discussions on medium- to long-term strategic subjects and further enhance Outside Officers' understanding of the businesses.
- For the Nomination Advisory Committee, there is a need to consider further enhancing the management of the succession plan for the Presidential Executive Officer. For the Remuneration Advisory Committee, there is a need to proceed with deliberations on the next revision of the officer remuneration system.

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3. PDCA cycle for effectiveness evaluation and future initiatives

		Plan Thrust of initiatives in fiscal 2025	Do Major initiatives in fiscal 2025	Check Current evaluation	Act Future initiatives
Board of Directors	Subjects and quality of deliberations	● Enhance deliberations on the image of the Asahi Kasei Group's future after business portfolio transformation, sustainability issues, etc., and deepen management discussions from a medium- to long-term perspective. ● Further improve the quality of discussions from a capital market perspective by such measures as holding exchanges of opinions between Outside Directors and management regarding subjects of dialogue with investors.	● Deliberated annual agenda items at Board of Directors meetings. Continued deliberations, particularly on subjects that contribute to enhancing corporate value, including measures to enhance corporate value and sustainability. ● Discuss the future concept for First Priority businesses in the Material sector, including through off-site sessions. ● Prior to small-group meetings with institutional investors, Outside Directors exchange views at off-site sessions to facilitate constructive dialogue.	● Progress in placing business portfolio transformation on the agenda and discussions from a medium- to long-term perspective were evaluated positively. ● The need was identified to place greater emphasis on discussing the future strategy for NEXT Asahi Kasei (Asahi Kasei beyond the current MTP), responses to changes in the business environment, and other matters in order to sustainably enhance corporate value. ● Regarding discussions from a capital markets perspective, the need was identified to further deepen discussions on Asahi Kasei's unique value creation through its diverse businesses and its technology-related growth strategies.	**(1) Agenda setting that contributes to the sustainable enhancement of corporate value** ● At meetings of the Board of Directors and other forums, enhance discussions on the Asahi Kasei Group's future strategy based on addressing the future vision for each sector and NEXT Asahi Kasei, and the allocation of resources based on these visions, as well as the management foundations that support growth. ● Continue initiatives to maximize corporate value, including expanding discussions on measures to enhance corporate value from the perspectives of technology and innovation.
	Operation	● Rationally narrow down the agenda items at Board of Directors meetings, etc., to ensure time for deliberation on important management issues. Improve the effectiveness of deliberations by enhancing information sharing through effective use of off-site meetings.	● The Board of Directors Secretariat worked closely with the Chair of the Board of Directors to develop a schedule for Board of Directors deliberations, rationally consolidating and streamlining agenda items. Time allocation was optimized to facilitate more in-depth discussions of key management issues.	● Assessed to be appropriate in light of steady operational improvements. ● It was noted that, to enhance the quality of discussions, off-site meetings are also important for establishing a shared understanding of underlying matters, including Asahi Kasei's corporate culture.	**(2) Operational improvements to enhance the quality of discussions by the Board of Directors** ● Enhance the effectiveness of deliberations by the Board of Directors through ongoing operational improvements, including optimizing the use of off-site meetings and improving document formats.
Nomination Advisory Committee Remuneration Advisory Committee		● Enhance the operation of both advisory committees to facilitate more substantive deliberations on the composition of the Board of Directors, succession planning, executive remuneration, and other matters. In addition, improve the content of information shared with the Board of Directors.	● The Nomination Advisory Committee deliberated on the matters listed to the left. Following the General Meeting of Shareholders in June 2026, Outside Directors comprised half of the Board of Directors. ● Revised executive remuneration to strengthen incentives for enhancing corporate value.	● The functions of both advisory committees were assessed to be appropriate. Information sharing with the Board of Directors was also highly rated. ● Progress on the succession plan is regularly reviewed by the Nomination Advisory Committee. In this process, suggestions were also provided for further improving committee operations.	**(3) Initiatives to deepen discussions by the Nomination Advisory Committee and Remuneration Advisory Committee** ● We will continue to consider ways to enhance the management of succession plans. We will also deepen discussions on the appropriate executive remuneration system for enhancing corporate value, with a view to the next revision.

Selected opinions expressed by Outside Directors in the effectiveness evaluation

One strength of the Board of Directors is that, in supporting initiatives to leverage the advantages of sector management, its members are able to candidly offer critical opinions and observations that contribute to enhancing corporate value. I would like to encourage further discussion of the path for growth that we aspire to for the future.

To enhance the quality of discussions, the Board of Directors deliberated on its priority subjects, agenda items, and the schedule for submitting matters for discussion, resulting in more efficient operation. Meetings between institutional investors and Outside Directors enabled discussions to consistently consider investors' perspectives, further enhancing the effectiveness of the Board of Directors.

Deliberations on sustainability-related agenda items, made me clearly understand how robust Asahi Kasei's initiatives are in this area. As disclosure requirements continue to expand, companies will increasingly need to communicate a narrative of their thinking and approach to these matters, and how their initiatives relate to their business operations. The Board of Directors will review these matters from an integrated perspective to prevent siloed approaches.

Overall, the Nomination Advisory Committee has adequately discussed the matters submitted for deliberation. Going forward, however, there is a need to further deepen discussions on the succession plan, the process and criteria for selecting officers, communication with potential successors, the views of top management, and the composition of the top management team.

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Remuneration system that strengthens incentives for enhancing corporate value

Officer remuneration for FY2025

Classification	Amount Paid (¥ million)	Breakdown by Remuneration Type (¥ million)			Number of Directors and Audit & Supervisory Board Members Paid
		Basic Remuneration	Performance-linked Monetary Remuneration	Stock-based Remuneration	
Directors	744	455	151	139	10
of which, Outside Directors	81	81	—	—	4
Audit & Supervisory Board Members	169	169	—	—	6
of which, Outside Audit & Supervisory Board Members	61	61	—	—	3

Remuneration for Directors

(1) Decision-making policy

As one of the corporate governance mechanisms to ensure that the Asahi Kasei Group achieves sustainable growth and enhances corporate value over the medium-to-long term, the Board of Directors sought the advice of the Remuneration Advisory Committee on the decision-making policy. Respecting the contents of the committee's report, the Board of Directors passed a resolution on the decision-making policy, which includes the following basic policy.

Basic policy

The Directors' remuneration of the Company is one of the important components of corporate governance. The Company designs this system to provide appropriate incentives to both executives and supervisors for achieving sustainable growth and improving medium- to long-term corporate value.

Remuneration for Non-executive Directors[1] including Outside Directors, who supervise the management of the Company, solely comprises 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 earnings fluctuations.

Remuneration for Executive Directors combines performance-linked monetary remuneration with stock-based remuneration as nonmonetary remuneration, in addition to fixed basic remuneration, in order to provide incentives tied to earnings and management strategy as senior management, 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 the design of the remuneration system, the Board of Directors and the Remuneration Advisory Committee regularly deliberate and continually confirm their appropriateness and make improvements.

[1] Non-executive Directors include the Chairman & Director.

(2) Composition ratio of remuneration for Executive Directors

The standard composition ratio of basic remuneration, performance-linked monetary remuneration, and stock-based remuneration is set at 4:3:3



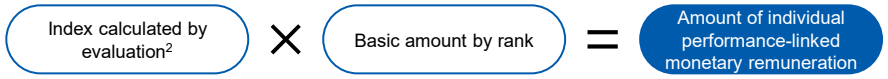
- Performance-linked monetary remuneration = commitment to results
- Stock-based remuneration = perspective of shareholders

Note: Outside Directors receive basic remuneration only.

(3) Basic design

1) Performance-linked monetary remuneration

- Designed by combining both the achievement of financial targets, such as capital efficiency, to provide incentives tied to earnings and management strategy as senior management, together with the achievement of non-financial targets including individual targets, one of which is progress on sustainability
- Calculated by making a comprehensive judgment based on achievement of financial targets such as consolidated operating income, return on invested capital (ROIC), etc., together with achievement of individually set targets, including progress on sustainability
- Standards for financial incentives selected from the perspectives of appropriateness as clear and objective evaluation criteria based on earnings results as well as awareness for increased invested-capital efficiency
- The formula required to calculate individual performance-linked monetary remuneration is outlined as follows.



[2] Coefficient comprehensively considering achievement of financial targets and non-financial targets

FY2025 target figure / standard figure / actual figure

Key management indicators required for calculating performance-linked monetary remuneration	FY2025 target figure / standard figure	FY2025 actual figure
Consolidated operating income	¥215.0 billion	¥231.2 billion
Consolidated ROIC[3]	6.0%	5.9%

[3] Consolidated ROIC = (operating income – income taxes) ÷ average annual invested capital

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2) Stock-based remuneration

- Designed 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, and it was revised at the 131st Ordinary General Meeting of Shareholders held on June 24, 2022.
- A trust established by Asahi Kasei 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 ranks and degree of achievement of performance targets (maximum of 150,000 points per fiscal year) and the shares are granted to eligible Directors corresponding to the accumulated number of points at the time of their retirement as Director and as Executive Officer of the Asahi Kasei Group (one share of stock per point).

FY2025 target figure / standard figure / actual figure

Indicator	Indicator calculation method	FY2025 target figure / standard figure	FY2025 actual figure
Employee engagement	Vitality index in employee engagement survey[1]	58.2%	58.5%
Diversity	Percentage of women in the total number of managers at section chief or higher and Group Masters[2]	6.0%	5.5%
Corporate value	Asahi Kasei's total shareholder return (TSR) growth rate relative to stock price index[3]	100% or more	115.2%

[1] Percentage of respondents who gave a favorable response of 3.5 or higher (on a 5-point scale) to questions on the "vitality" index in the employee engagement survey.
[2] As of April 1 of the following fiscal year.
[3] The ratio of the Company's TSR to TOPIX growth rate including dividends (using the average closing price for each day of the last month of the previous fiscal year and the last month of the fiscal year)

3) Decision-making process

- As authorized by the Board of Directors, the Remuneration Advisory Committee confirms the reasonableness and appropriateness of the evaluation of the achievement of targets by Executive Directors, as proposed by the President & Director, and determines performance-linked monetary remuneration amounts for individual Directors by applying this evaluation to the framework formula determined by the Board of Directors.
- The Board of Directors determines the amount of fixed basic remuneration by rank.
- Stock-based remuneration is granted when certain conditions are met, corresponding to points conferred based on the Share Grant Regulations adopted by the Board of Directors (the Remuneration Advisory Committee reports the degree of achievement of targets and the performance-linked indicators at the end of each fiscal year in relation to stock-based remuneration).
- A majority of the Remuneration Advisory Committee comprises Outside Directors, and it regularly reports to the Board of Directors on the process of confirmation and determination described above.

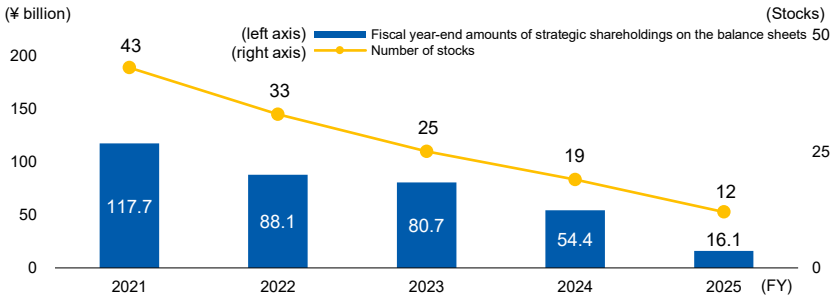
Progress in reducing strategic shareholdings

Asahi Kasei continues to reduce its holdings of shares held for purposes other than pure investment (strategic shareholdings), taking into consideration factors such as the risk of share price fluctuations, costs associated with such holdings, and capital efficiency.

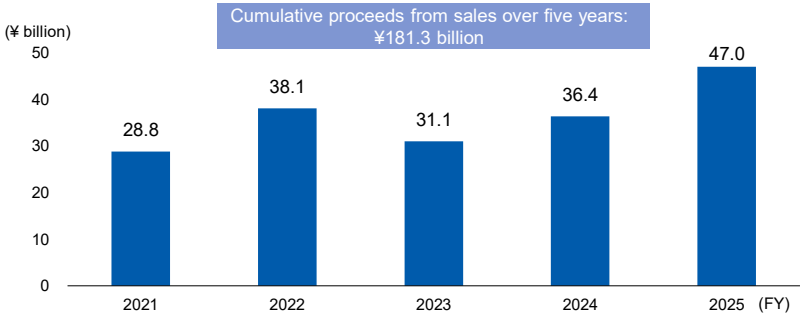
The purpose, effectiveness, and economic rationale of individual strategic shareholdings are regularly evaluated from qualitative and quantitative aspects each year and are reviewed by the Board of Directors.

As a result of verification, Asahi Kasei reduces, through sales or other means, holdings of shares judged to be no longer compatible with the purpose of holding them or deemed to have costs and risks that outweigh the benefits of holding them, taking into consideration the conditions of the company concerned.

Strategic holdings of listed shares



Sales of strategic shareholdings



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Further enhancing the effectiveness of the Audit & Supervisory Board

Overview of activities of Audit & Supervisory Board Members

Under the audit policy established by the Audit & Supervisory Board, each Audit & Supervisory Board Member audits the performance of duties by Directors through such activities as attending meetings of the Board of Directors and other important meetings, engaging in dialogue with executives and relevant departments, and conducting inspections of sites in Japan and overseas. They also work closely with the internal audit division and the independent auditor to enhance governance and risk management, thereby contributing to the sustainable improvement of corporate value. In fiscal 2025, the Audit & Supervisory Board Members conducted 82 interviews with executives (with at least one Outside Audit & Supervisory Board Member participating in 83% of them) and visited 19 locations in Japan and overseas (9 domestic sites[1] and 10 overseas companies).

[1] Certain domestic sites include multiple business units.

Status of Audit & Supervisory Board Meetings

In fiscal 2025, the Audit & Supervisory Board met 34 times[2].

[2] In principle, meetings were held in a hybrid format: online on the day before a Board of Directors meeting, and in person after a Board of Directors meeting.

Key matters discussed by the Audit & Supervisory Board

Resolutions and approvals	Audit plans, reports on the status of audits, evaluation of the effectiveness of the Audit & Supervisory Board, assessment of the suitability of the independent auditor, the independent auditor's remuneration, Audit & Supervisory Board audit reports, etc.
Deliberations and discussions	Review of Board of Directors meetings, remuneration of Audit & Supervisory Board Members, internal control reports, matters related to fiscal year-end audits, key discussion points for interviews, etc.
Reporting	Review of meetings to exchange opinions with Outside Directors, non-assurance services provided by the independent auditor, reports on audit activities, etc.

Priority audit items

The priority audit items and key audit points established by the Audit & Supervisory Board for fiscal 2025 are as follows.

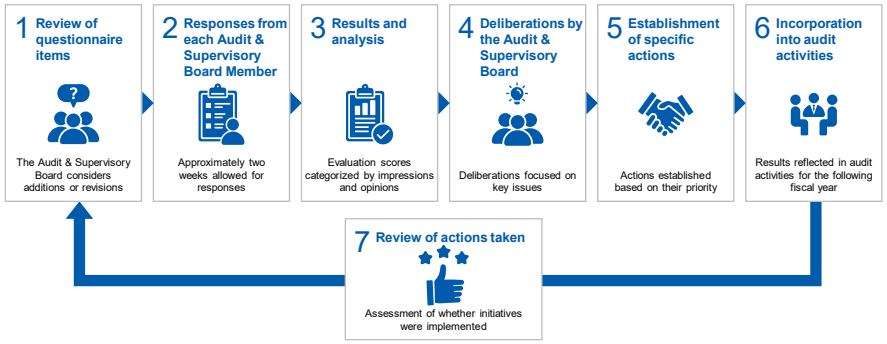
Corporate governance	Effectiveness of the Board of Directors, enhancement of the group-wide management infrastructure, review of deliberations at major related meetings (Management Council meetings, business sector meetings, and committee meetings, etc.) and assessment of the status of group-wide governance
Company-wide risk management	Review of progress in establishing the risk management framework, review of risk management at subsidiaries including overseas operations, and review of the implementation status of IT controls
Sustainability management	Progress on the MTP, productivity improvement, human resources and human capital, and business portfolio transformation

The principal audit activities conducted in relation to the priority audit items above were as follows.

- Attendance at meetings of the Board of Directors and other important meetings, and expression of opinions as necessary
- Regular interviews with Directors, executives responsible for the Healthcare, Homes, and Material sectors, Executive Officers, Presidents of key subsidiaries, and departments responsible for group-wide internal control (IT, the environment, safety, & quality assurance, and procurement & logistics, etc.)
- Direct verification of manufacturing and overseas sites identified as important, primarily from a risk-based perspective
- Meetings among the three audit functions held with the internal audit division and the independent auditor
- Confirmation that the independent auditor followed an appropriate process in selecting key audit matters (KAMs)

Evaluation of the effectiveness of the Audit & Supervisory Board

To continuously improve the effectiveness of audit activities, the Audit & Supervisory Board conducts an effectiveness evaluation using an 18-item questionnaire that requires respondents to provide their names and rate each item on a five-point scale, with written explanations for their ratings. In fiscal 2025, the Audit & Supervisory Board conducted a self-evaluation and continued to implement the PDCA cycle by verifying the evaluation results, identifying issues, and reflecting them in the audit plan for the following fiscal year, thereby working to further enhance effectiveness.



Examples of initiatives undertaken in fiscal 2025 based on the effectiveness evaluation results

Coordination among the three audit functions	• In response to the view that coordination with the internal audit division and the independent auditor should be further strengthened, meetings among the three audit functions were held regularly (eight times a year) to enable in-depth discussions on specific topics • Interviews were conducted with the internal audit division and the independent auditor to identify specific areas for improvement in strengthening coordination among the three audit functions • Interviews were conducted with the auditors of overseas subsidiaries to confirm the status of the companies concerned and the state of communication with the independent auditor • Launched the Meeting to Consider Internal Control as a venue for in-depth discussions, including sharing information and exchanging views with the internal audit division and other relevant departments, and reflecting the outcomes in audit activities
Coordination with Outside Directors	• Extended the time allocated for meetings with Outside Directors to share information on operational issues identified through on-site audits and interviews and to exchange views on internal control • The Audit & Supervisory Board discusses topics for meetings with Outside Directors in advance to ensure that the issues it has identified are effectively shared with them and to encourage more active discussion
Auditing Directors' performance of duties	• At Audit & Supervisory Board meetings held after meetings of the Board of Directors, the Audit & Supervisory Board reviewed the preceding Board of Directors meeting to foster a shared understanding of audit perspectives and identified issues • Added an interim audit status report as part of feedback to the Board of Directors to increase opportunities to share significant audit matters and perspectives
Others	• Established emergency response guidelines for Audit & Supervisory Board Members and the Audit & Supervisory Board as a basic response policy for crises that could adversely affect stakeholders, including fraud and misconduct

It is deemed that open and in-depth discussions are being held among Audit & Supervisory Board Members, and that the overall effectiveness of the Audit & Supervisory Board is assured. To enhance the monitoring of the operation of internal control systems throughout the Asahi Kasei Group, including at overseas sites, we will further strengthen coordination among the three audit functions and other relevant functions.

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Accelerating the creation of synergies by integrating expertise across business sectors to become a stronger, more resilient, and competitive company



With its diverse range of businesses, what challenges must Asahi Kasei overcome to evolve into a high-growth, highly efficient company that achieves sustainable growth in corporate value? Three Outside Directors, who oversee business execution from the perspectives of their diverse experience and expertise, discussed the direction Asahi Kasei should pursue, considering the company's current market valuation, progress on business portfolio transformation, and governance issues.

Q1 What are your views on the Company's share price level and price-to-book ratio (P/B ratio), as well as the "conglomerate discount" reflected in its market valuation?

Yamashita Although the share price has risen since the beginning of the year, its growth has only been on par with that of the Nikkei Stock Average. The P/B ratio has now exceeded 1.0, but it is still far from a satisfactory level. The challenge is how to clearly communicate to investors the progress of business portfolio transformation and the outlook for First Priority businesses. We are also entering a critically important phase in terms of communication.

Matsuda When I became an Outside Director of Asahi Kasei, the P/B ratio was below 1.0. At the time, the businesses in which we anticipated growth were still developing, and we were exploring various possibilities for the direction of each business. As a result, in some respects, we were not yet in a position to fully communicate the growth story to investors. Those businesses gradually moved onto a growth trajectory, enabling the P/B ratio to rise above 1. Given Asahi Kasei's potential, however, I feel that the company deserves a higher valuation.

Maeda I understand concerns about a conglomerate discount from an investor's perspective, and this is affecting the company's market valuation to some extent. However, as an Outside Director who has seen how the company actually operates, I recognize that diversification also offers numerous benefits. For example, membrane and separation technology, a core technology cultivated in the Material sector, has been applied to the development of virus removal filters and other products in the Healthcare sector. As this illustrates, a distinctive feature of Asahi Kasei's diversification is its cross-sector utilization of technologies, human resources, and other elements of its management platform. In other words, diversification leverages the company's strengths, and I do not see any need to change the overall direction.

Yamashita Particularly in today's uncertain environment, maintaining business foundations across a range of somewhat distinct markets may be one path to success.

Matsuda There are two key points in managing a conglomerate. One is to create clear business synergies, and the other is for headquarters to perform management from the perspective of overall optimization. If this can be achieved, it will be more efficient to appropriately assess businesses and allocate management resources within the group than to leave these decisions to the market. Asahi Kasei has long maintained a certain standard of management control, but in recent years the challenge has shifted to raising that standard to the next level. Examples include discussions on assessing Asahi Kasei's corporate value through sum-of-the-parts (SOTP) analysis and on how that value should be communicated to investors. Going forward, communicating such information more proactively to investors and engaging them in dialogue can help deepen the capital market's understanding.

Q2 How can the "Asahi Kasei ecosystem" that serves as the foundation for generating synergies be leveraged further?

Matsuda It is difficult to articulate, but rather than the term "ecosystem" as commonly used in business, I feel that expressions reflecting how living organisms actually function, such as "metabolism" or "amoeba," are more characteristic of Asahi Kasei. It is not a rigid, textbook-like formula in which A and B exist, and something new is created when something is added. Synergies seem to emerge organically, and

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whenever an unexpected situation arises, people naturally respond flexibly to support one another. This kind of organizational culture also contributes to the creation of synergies.

Maeda I view Asahi Kasei's ecosystem as the integration of tangible and intangible management foundations, including human resources, technology and intellectual property, financial strength, and branding. The presence of diverse businesses, organizational cultures, and human resources within the Asahi Kasei Group is a strength, as it enables the company to harness a wide range of ideas. That is why I would like Asahi Kasei to place even greater emphasis on creating synergies through the cross-sector transfer of human resources, and the sharing of technologies and knowledge. For example, in the Material sector, there may be cases where an excessive emphasis is placed on meeting immediate customer needs from the perspective of a materials manufacturer, but viewing the situation from the perspective of another business could lead to different approaches to negotiation, or other new ideas.

Matsuda Academic research indicates that the accumulation of experience is a key factor in successful M&A. Asahi Kasei has personnel with extensive M&A experience, but it is extremely important to pass that experience on and accumulate it as an organizational capability. Doing so should contribute significantly to establishing a competitive advantage unique to Asahi Kasei.

Yamashita It's just as you say. Formalizing tacit knowledge will be a major challenge for many Japanese companies going forward. For example, M&A in Asahi Kasei's Pharmaceuticals business is led by outstanding human resources with an excellent eye for opportunities in the industry, but it would be a waste to leave this expertise as knowledge dependent on particular individuals. Asahi Kasei has the organizational capabilities and human resources suited to each of its businesses. Going forward, however, to accelerate the creation of synergies, the company needs to articulate and share each business's distinctive organizational capabilities and the experience accumulated by individuals.

Maeda While it is important to be supported by outstanding human resources, it is equally essential to instill their knowledge and experience as organizational strengths. Being a company capable of sharing individuals' knowledge and experience throughout the organization and passing them on to the next generation will lead to sustainable growth.

Yamashita As an example of future synergy creation, technologies cultivated in the Material sector have given rise to businesses in the Healthcare sector that could grow significantly, generating new technologies and business insights that, in turn, drive the next phase of growth in the Material sector. Such a virtuous cycle of value creation will open up even greater possibilities for growth.

How do you assess the executive team's progress in business portfolio transformation?

Yamashita When the "Trailblaze Together" MTP for FY2025–27 was launched in fiscal 2025, Asahi Kasei clarified the positioning and direction of each business and established specific numerical targets. This gave employees in each business a stronger sense of purpose and significantly enhanced the company's ability to execute transformation. It is important to clearly define the roles and objectives not only of growth businesses, but also of businesses working to improve profitability or transform their business models, as well as those from which we have decided to withdraw. Clear objectives encourage employees in each business to take the initiative and embrace challenges. Asahi Kasei is a company capable of



turning structural transformation into a driving force for new value creation and growth.

Matsuda In executing business portfolio transformation, the decisiveness of top management serves as an extremely powerful driver. In addition, I feel that the benefits of the initiatives undertaken in recent years to strengthen management control are steadily bearing fruit now. Looking at the investment proposals actually submitted to the Board of Directors, it is evident that there is a widespread commitment to evaluating investments from the perspectives of both risk and return, and to thoroughly enforcing disciplined investment management.

Yamashita Investors analyze risks, returns, and other factors and construct investment portfolios by considering how much capital to allocate to each industry. Viewed in this light, in transformation of the business portfolio of Asahi Kasei, with its diverse businesses, it is likewise essential to thoroughly enforce disciplined resource allocation while appropriately evaluating businesses and investment opportunities. The diverse range of businesses must be clearly made a strength by combining resources and expertise within the Asahi Kasei Group more efficiently to create new growth opportunities and synergies.

The challenge is to further refine these organizational capabilities and ensure that the capital markets fully understand Asahi Kasei's value as a diversified company.

Matsuda That's right. Continuing to provide clear explanations is the key to diminishing the conglomerate discount and changing capital markets' assessment of the company.

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Which Board of Directors discussions left an impression?

Maeda The discussions concerning the investment project for the separator business in North America were particularly memorable. While the executive team was highly motivated to proceed with the investment, the Board of Directors discussed multiple facets of the market environment, the validity of the plan, and the associated risks from a broader viewpoint. The Outside Directors expressed the view that contractual safeguards should be put in place to prepare for unforeseen circumstances. The executive team took this feedback seriously and incorporated it into the terms of the contract, and I felt that this exemplified one of Asahi Kasei's strengths in pursuing the optimal approach for the circumstances.

Yamashita Asahi Kasei has a culture of taking feedback from Outside Directors seriously and responding promptly. This is why the Board of Directors must engage with the executive team without compromise. Even on the same matter, priorities may differ, with the executive team emphasizing the speed of decision-making and the Board of Directors emphasizing the rigor of monitoring. This may lead to differences of opinion, but sound governance requires the executive and supervisory functions to each fulfill their respective roles while maintaining an appropriate degree of tension.



Matsuda In the case of the acquisition of Aicuris as well, the Outside Directors raised points concerning the returns required as an investment. In response, the executive team reexamined the risk assumptions underlying the acquisition proposal and revised the proposal accordingly. This is a good example of the Board of Directors fulfilling its role. It is also important for the Board of Directors to consider matters from a diverse range of perspectives. An institutional investor once remarked, "It is good that all of Asahi Kasei's outside officers have distinct areas of expertise." It appears that such a composition of Outside Directors is surprisingly uncommon, and the investor seemed to view it favorably. By drawing on the diverse expertise and experience of outside officers to present opinions from a broad range of perspectives, we aim to achieve effective and impartial oversight.

What should be the roles of the Nomination Advisory Committee and Remuneration Advisory Committee? Also, how do you assess Asahi Kasei's corporate governance structure, and what governance issues should it address going forward?

Maeda With regard to the Nomination Advisory Committee, the Outside Directors have made recommendations concerning the succession planning process for nominating the next President, and discussions are underway. The substance of these discussions is also reported to the Board of Directors.

Yamashita The Remuneration Advisory Committee has previously reviewed remuneration levels and other matters in conjunction with the formulation of each MTP, but these discussions need to be taken further going forward. As growth investments are increasing the number of personnel outside Japan, I would like us, as a committee, to deepen our deliberations on the appropriate remuneration framework for the Asahi Kasei Group as a whole while accumulating the necessary data.

Matsuda Regarding the governance structure, I personally feel that a company with an Audit & Supervisory Board has an exceptionally effective governance structure when operated appropriately. At companies with a traditional Audit & Supervisory Board structure, the monitoring function was not always fully exercised. At Asahi Kasei, however, the Board of Directors now functions largely as a monitoring board. At the same time, it is highly significant to have an established role for Audit & Supervisory Board Members, who rigorously examine risks and focus on statutory audits. A major strength of a company with an Audit & Supervisory Board is its ability to function effectively in terms of both monitoring and auditing.

Yamashita Asahi Kasei's Healthcare, Homes, and Material sectors each have different business characteristics and operating models. While growth strategies for each business area are being discussed with a view looking beyond the current MTP, the challenge is to also engage in thorough discussions on the crucial question of what the Asahi Kasei Group should aspire to become in FY2030 and beyond. Based on this concept for the future, we must also consider the most appropriate corporate governance structure for Asahi Kasei.

What kind of company should Asahi Kasei aspire to become?

Matsuda Many industries in Japan will likely be forced to undergo restructuring in the years ahead. The chemical industry, in particular, has a large number of players, so I would like Asahi Kasei to take the lead in its restructuring.

Maeda Industry restructuring will proceed on a global scale. I would like Asahi Kasei to aspire to become a company capable of competing in every market around the world.

Matsuda I was particularly struck by Mr. Yamashita's remark that although Asahi Kasei is a "good company," he wants to make it a "strong company." I, too, would like Asahi Kasei to become even stronger.

Yamashita Ultimately, a company is a collective of people. From this perspective, I see a "strong company" as one in which every employee across the Asahi Kasei Group can explain how their work contributes to society in their own words. As the number of such employees grows, everyone becomes capable of taking decisions, making the company exceptionally strong. This is because each employee understands what they need to do and can act accordingly, even without instructions. Asahi Kasei is just one step away from reaching that point.

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Forging ahead together with an external perspective: new challenges for growth and value creation



Hiroyuki Ogawa Outside Director

Completed a master's degree in metal processing at the Graduate School of Kyoto University in 1985 and joined Komatsu Ltd.
Served as President and Representative Director for six years from April 2019, and became Chairman of the Board in April 2025.
Appointed as an Outside Director of Asahi Kasei in June 2026.

What is your impression of Asahi Kasei?

I see Asahi Kasei as a company that has grown through a diversified business portfolio, expanding from its foundation in Material into Homes and Healthcare. At the same time, Asahi Kasei has a history of transforming its portfolio in response to changes in the world, and it is now at a critical juncture as it shifts toward higher-value-added businesses. Amid the impacts of decarbonization, the proliferation of AI, digitalization, and geopolitical risks, it is essential to invest in growth businesses, reassess low-profitability businesses, and strengthen global competitiveness.

I also recognize that the key to further enhancing corporate value lies in strengthening collaboration among the businesses to generate synergies and provide new value to society. This is a strength unique to Asahi Kasei, which operates a diverse range of businesses.

I felt that the "Trailblaze Together" MTP for FY2025–27 embodies the determination to go beyond existing frameworks and blaze a trail to the future. Transforming the business structure to achieve sustainable growth, simultaneously addressing social issues and enhancing corporate value, and shifting toward high-value-added businesses through business portfolio transformation and improved capital efficiency are highly significant initiatives. Komatsu is also a company that has achieved growth by responding to changes in the business environment and transforming its business structure. I have personally worked on business restructuring, improving capital efficiency, strengthening global human resources and organizations, and advancing GX and DX. I feel there is a strong affinity between our two companies, as we have much in common as manufacturers that have leveraged the legacies built by our predecessors while turning changes in the business environment into opportunities for growth.

Drawing on your experience, how do you intend to contribute as an Outside Director?

The role of an Outside Director is to provide an objective perspective from an independent standpoint, and contribute to discussions that enhance corporate value. In particular, I will closely examine whether management strategies are leading to greater capital efficiency, whether the risk-return profiles of investment decisions are appropriate, and whether the overall business portfolio is well balanced. Drawing on my own experience, I will actively exchange views by offering perspectives grounded in on-site sensibility and global business management.

Three experiences have had a major influence on my approach to work. The first was my experience as the leader of projects involving plant transfers and the integration of group companies, through which I learned the importance of considering and acting from the perspectives of both the transferring and receiving sides. The second was my experience of the Great East Japan Earthquake while serving as General Manager of the Ibaraki Plant. Despite the damage to buildings and equipment, we were able to resume operations just 10 days after the earthquake, and I was able to experience the power of our on-site capabilities, teamwork, and employee dedication. The third was managing overseas operations in the United States and Indonesia. In the United States, I focused on establishing a framework capable of meeting rapidly growing demand. In Indonesia, I worked to build relationships with customers and distributors, and to execute strategies with the future of the local site in mind. In the process of working with people from different cultures and with different values, I came to realize that the essence of management lies in unlocking the power of the organization, and that even an excellent strategy creates no value unless it can be executed on site.

These experiences taught me that a company can sustain its competitiveness only when its products and technologies, on-site and organizational capabilities, the strengths of its people, and the quality of its decision-making all come together as one. For this reason, in management, I place great importance on maintaining a balance among three forms of reasoning: rationality, reasonableness, and sentiment. I also consider people and organizations to be the source of corporate value. The growth of both individuals and organizations is fostered by when they take on challenges in their respective roles and overcome difficult situations, which in turn leads to corporate growth.

Based on these concepts, I intend to support Asahi Kasei's various endeavors as an Outside Director and contribute to enhancing its corporate value over the medium to long term.

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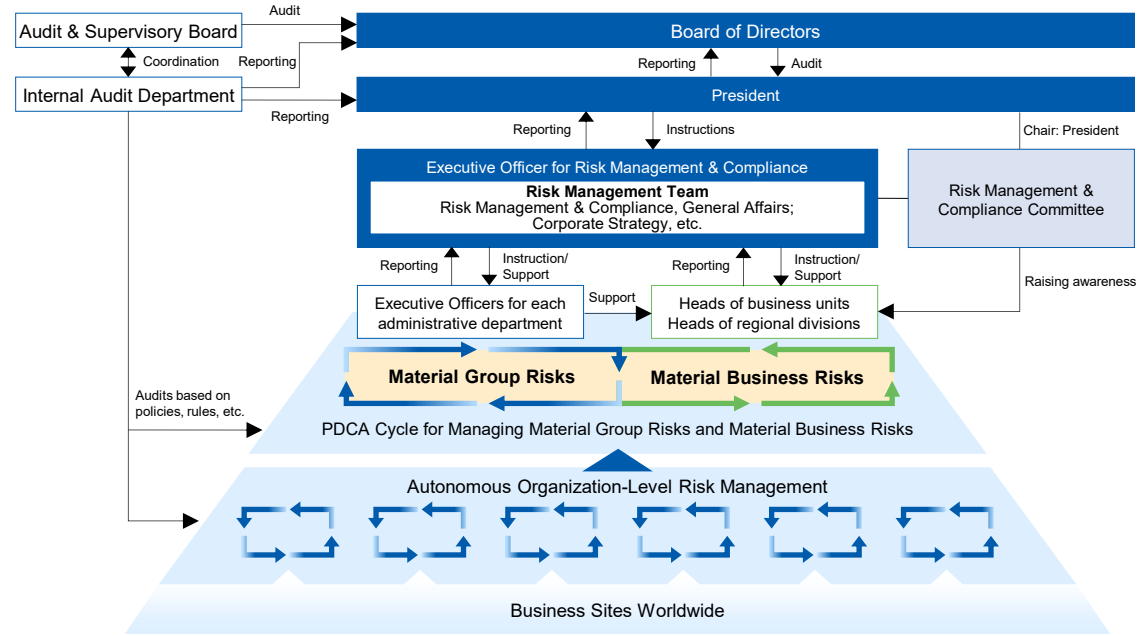
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Risk management supporting value creation in an era of change

Nobuhiro Yamaguchi
Lead Executive Officer
Executive Officer for General Affairs, Legal, Corporate Communications, Risk Management & Compliance

Asahi Kasei's risk management framework



How is Asahi Kasei responding to increasingly complex risks?

The outbreak of hostilities in the Middle East at the end of February 2026 has brought raw material procurement risks to the fore, primarily affecting businesses in the Material sector. Geopolitical risks continue to simmer, while the proliferation of AI is heightening the threat of cyberattacks. Risks are becoming increasingly complex, and their impact on the Asahi Kasei Group when they materialize is greater than ever before. In such an environment, it is important not only to accurately identify risks and implement countermeasures, but also to view them from the perspective of creating business opportunities.

To systematically promote risk management, Asahi Kasei designates risks that affect multiple businesses as "Material Group Risks," with corporate functions taking the lead in strengthening our overall ability to respond. Furthermore, given the diversity of our businesses, each business unit must take the initiative in addressing its own risks. Each business unit identifies and addresses "Material Business Risks" based on management decisions and in accordance with the circumstances specific to its business. Corporate functions also review and monitor investments and strategies, striving to optimize the balance between risk and return across the Asahi Kasei Group.

Enhancing the effectiveness of risk management

Asahi Kasei is a unique enterprise engaged in a diverse range of businesses. As the risks faced differ from business to business, it is essential for each individual to take ownership of risk, recognize issues independently, and take action. For this reason, each business and operational site conducts risk assessments, evaluates the impact and priority of identified risks, and considers appropriate response measures.

Risk assessments provide an opportunity to take a comprehensive view of risks and help heighten risk awareness at operational sites. If each operational site can recognize signs of risk at an early stage and report them promptly, the quality and speed of the Asahi Kasei Group's organizational response will also increase. We will also work to strengthen our crisis response capabilities by enhancing our business continuity plans and examining risk scenarios involving cyberattacks, quality-related incidents, and other events. In this way, we aim to enhance the effectiveness of risk management by heightening risk awareness and strengthening crisis response capabilities, while also improving coordination between each business and the corporate divisions.

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Fiscal 2026 Material Group Risks and thrust of main initiatives

Material Group Risks		Thrust of main initiatives	Related pages
Risks related to accidents at production sites and risks related to laws and regulations concerning environmental protection		● Reinforcement and enhancement of Life Saving Actions (adherence to activity prohibitions for eliminating serious accidents) ● Improvement of fire prevention technology at individual production sites ● Identification of hazard sources at individual production sites, conveyance and education of process safety techniques, and thorough implementation of PDCA in response to abnormalities ● Provision of information and training on laws, regulations, and legal amendments	Manufacturing and ESH p. 105 ▶
Risks related to quality-associated misconduct (Including risks related to laws, regulations, certifications, etc.)		● Enhancement of quality awareness and fostering of culture through regular communication between management and frontline workers ● Increased quality training from corporate quality assurance departments and dissemination of information regarding quality risks ● Reinforcement of governance through quality inspections and reinforcement of training for quality assurance personnel ● Circulation of information regarding regulations and regulatory revisions, thorough education, appointment of experts, and strengthening of internal consultation framework ● Development of systems for improving compliance	Quality Assurance p. 106 ▶
Risks related to economic security and global supply chains	Risks concerning U.S. tariff policies	● Regarding the rise in raw material procurement costs at U.S. subsidiaries, raising sales prices to pass on the increased tariff burden while communicating with customers, and consideration of utilizing tariff reduction measures such as tax rebates, as well as changing the supply chain as necessary ● Regarding exports to the U.S. from Asahi Kasei Group companies in Japan and other countries, review of our global strategy as appropriate while monitoring U.S. demand trends, and promoting R&D of high-value-added products that are less susceptible to price competition	
	Risks related to tightening of economic sanctions and export restrictions (including both upstream and downstream)	● Timely monitoring of relevant regulatory trends and necessary action after consultation with relevant organizations and experts as necessary before issues emerge ● Rigorous screening of transactions through supplier screening system	
	Risks related to corporate activities due to geopolitics	● Understanding of the impact on business strategy based on economic security risks and geopolitical risks, as well as consideration and implementation of countermeasures ● Setting of risk scenarios for contingencies that arise from geopolitical risks, studying of impacts on business activities such as employee safety, procurement, and sales, and implementation/consideration of countermeasures ● Specification of initial responses and BCP to be carried out under task force in event of emergency	
	Human rights risks (including both upstream and downstream)	● Promotion of business activities in accordance with Asahi Kasei Group Human Rights Policy ● Fostering of an awareness and culture of respect for human rights through human rights due diligence, education and awareness activities, etc.	Respect for Human Rights p. 103 ▶
	Feedstock/material procurement risks	● Transparency for raw material procurement risks and countermeasure priorities for each business, strengthening of corporate support systems ● Diversification of procurement routes and maintenance of appropriate inventory levels for feedstocks used in major products and businesses ● Formation and maintenance of relationships with alternative suppliers for equipment components prone to unreliable supplies ● Revision of management procedures pertaining to delivery and upgrade timings for equipment components	
Risks related to cybersecurity and technological information management	Risks related to cybersecurity and communications infrastructure	● Implementation of swift and flexible countermeasures against increasingly sophisticated cyberattacks through technical measures made possible by installing security systems and raising and reinforcing awareness regarding security via employee education, etc. ● Implementation of BCP measures and drills aimed at maintaining functions of communication and information access in event of large-scale disaster ● Strengthening of security monitoring of overseas affiliated companies and implementation of measures according to risk ● Strengthening of cyber incident response capabilities through participation in public-private joint exercises and information gathering in collaboration with external organizations	Information Security p. 102 ▶
	Risk of technological information leakage	● Formulation of technological information management rules and strengthening of leak prevention measures ● Strengthening of group-wide unified monitoring systems for leak prevention measures ● Strengthening of employee awareness activities ● Stricter and more sophisticated monitoring of confidential information by systems, and expansion of the scope of information subject to such monitoring	
Risks related to natural disasters, pandemics, and terrorism or conflicts	Headquarters and office districts (domestic and overseas)	● Formulation of response policies and manuals based on lessons learned from large-scale natural disasters, pandemics, and other events, and implementation of training ● Establishment of response manuals to prepare for acts of terrorism, conflicts, and other contingencies that may occur overseas	Risk Management p. 100 ▶
	Production sites (domestic and overseas)		
Risks related to securing human resources at production and construction sites in Japan		● Diversification of recruitment methods in light of future labor market trends ● Implementation of measures to secure human resources, including at contractors, in collaboration with local communities	Communication with Local Communities p. 108 ▶

The Board of Directors also monitors the following risks as they could have a material impact on the management of the company:

Other material risks	Thrust of main initiatives	Related pages
Risks related to M&A	● Prudent due diligence of potential acquisitions ● Careful verification of post-merger integration plans	M&A Management pp. 27-31 ▶
Risks related to climate change	● Timely understanding of climate change and related policy trends, and consideration/promotion of countermeasures from perspectives of both risks and opportunities	Green Transformation (GX) pp. 78-82 ▶

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Compliance

Putting sincerity into practice group-wide

The Asahi Kasei Group positions compliance as one of its highest-priority material issues. To ensure thorough compliance with laws and regulations governing its businesses and operations, as well as internal rules, and to put sincerity, one of the Group Values, into practice, we established the Asahi Kasei Group Code of Conduct and promote awareness of it.

Promoting awareness and understanding of the Code of Conduct



The Code of Conduct provides criteria for making decisions when acting with integrity. To promote awareness and understanding of the Code among employees, we conduct group-wide compliance activities at both the workplace and individual levels. As a specific initiative, we have been holding “Cs Talk” discussions since fiscal 2019. Cs Talk is an initiative in which workplace teams discuss scenarios that may arise in day-to-day operations and confirm the actions employees should take in accordance with the Code of Conduct. In addition, for important topics such as laws and regulations, the relevant departments take the lead in providing compliance education for individual employees through e-learning and other means.

To verify the effectiveness of these activities, we use our awareness survey conducted every other year to assess the extent to which Cs Talk has improved compliance awareness. Through this survey, we also identify overall compliance trends as well as workplace-specific issues, share these issues, and incorporate the findings into improvement activities at each workplace.

Whistle-blowing system **There were 102 reports in fiscal 2025**

We operate the system in accordance with the Whistleblower Protection Act and respond appropriately to reports, thereby improving users’ trust in the system and leading to the early detection of and response to misconduct and other incidents. We will take steps to resolve the root causes of workplace issues triggered by reports and work to create a better workplace environment.

Advancing management-led initiatives and preventing recurrence

Risk Management & Compliance Committee

The Risk Management & Compliance Committee, chaired by the President and whose members consist of the Presidents of Core Operating Companies and heads of administrative departments, shares information on incidents that have occurred within the Asahi Kasei Group, applies group-wide countermeasures, and holds discussions on preventing incidents from occurring. The committee’s discussions, along with a message from the chair, are shared and disseminated by each committee member within their organization, leading to thorough efforts to raise awareness and prevent recurrence throughout the Asahi Kasei Group.

Information security

Strengthening measures to address cybersecurity risks

Against the backdrop of accelerating DX and organizational expansion through M&A, we position cybersecurity as a key management risk that could affect business continuity and corporate value. Based on this recognition, we have established a framework for continuously implementing measures in Japan and overseas.

Policy and management framework

Asahi Kasei formulated an Information Security Policy and established related regulations. Each affiliated company also has its own management system, and we are working to establish coordinated group-wide security governance. For companies that join the Asahi Kasei Group through M&A, we analyze security risks and implement countermeasures during the post-merger integration (PMI) process. Additionally, we are working to maintain and improve the entire group-wide security level by systematically standardizing our IT environment.

Further strengthening cybersecurity

To strengthen cybersecurity, we continuously verify the effectiveness of risk management through regular reports to the Board of Directors while promoting security enhancements across the group.

From a governance perspective, we implement and continuously review security policies, and have a group-wide security consultation center. We also implement company-wide controls by working to standardize risk assessments and security measures across our diverse range of business activities.

From a technology and operations perspective, we have introduced mechanisms to protect computers, servers, and other devices, together with a range of security measures. We also continuously monitor and analyze system usage to detect suspicious behavior at an early stage. In addition, the Security Operation Center (SOC) and Computer Security Incident Response Team (CSIRT) operated within the Asahi Kasei Group provide monitoring and detection 24 hours a day, 365 days a year, working to ensure a swift initial response to incidents and prevent further damage. We also continuously assess the effectiveness of our measures through third-party risk assessments, penetration testing, and joint public-private exercises, thereby strengthening resilience and driving continuous improvement. In addition, we are enhancing our ability to respond to evolving threats by strengthening measures against phishing emails and ransomware.

From the perspective of systems and supply chains, we are advancing vulnerability management and strengthening the management of contractors to reduce security risks across both our systems and the entire supply chain.

From an internal control perspective, we seek to prevent internal misconduct by ensuring appropriate management of critical information and rigorous access controls. We also continuously provide security training and targeted phishing email exercises for all employees to maintain and enhance security awareness throughout the group. Furthermore, as the use of AI in business expands, we are addressing emerging risks by establishing rules for the use of AI and developing a management platform.

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Respect for Human Rights

Respecting human rights and promoting responsible business activities

Respect for human rights forms the foundation of all activities of the Asahi Kasei Group. Asahi Kasei believes it is of paramount importance that people of diverse backgrounds respect one another's individuality and human rights, and that everyone can lead vibrant lives. Guided by the Asahi Kasei Group Human Rights Policy, which sets forth our fundamental approach and initiatives regarding respect for human rights, we pursue our Group Mission of contributing to life and living for people around the world.

Asahi Kasei Group Human Rights Policy

(Approved by the Board of Directors in fiscal 2021)

Basic approach

Respecting the human rights of all stakeholders	Conforming to international human rights standards	Endeavoring with business partners to remediate and eliminate human rights violations that occur

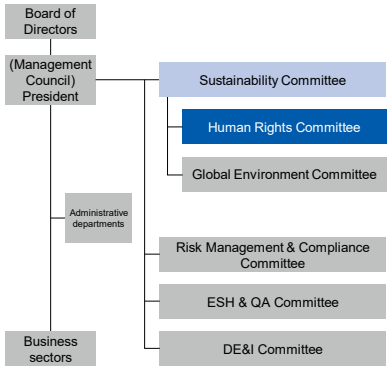
Addressing human rights issues (initiatives through business activities)
- Compliance with laws and regulations (including on working hours, wages, safety and hygiene, and protection of personal information)
- Prohibition of discrimination, harassment, and other unacceptable conduct
- Respect for the human rights of all people in society (including customers and communities)

Promoting respect for human rights
- Education
- Implementation of human rights due diligence
- Commitment to engage with affected stakeholders
- Establishment and operation of grievance mechanisms
- Disclosure

Management framework

We have a Human Rights Committee, chaired by the President, to promote actions in accordance with the Asahi Kasei Group Human Rights Policy. In fiscal 2025, we shared information on trends concerning human rights, the status of our initiatives, and their future orientation. We concluded that it is essential for all employees to properly understand societal expectations regarding human rights, reflect on their own conduct, and work together with mutual respect. Going forward, through the committee, we will continue to share information and improve our efforts regarding human rights.

Management framework



Human rights education and training

The Asahi Kasei Group Code of Conduct stipulates a policy of respect for human rights and diversity. We also provide education and raise awareness regarding respect for human rights through a variety of methods, including in-house training for specific job levels, e-learning on harassment prevention, and workplace discussions.

CSR Procurement

Building a resilient and sustainable supply chain

In addition to our own company, we expect all parties across the supply chain to address issues such as climate change and respect for human rights in order to achieve sustainability. We are working to promote CSR procurement together with our suppliers with the aim of building a sustainable supply chain.

Policy

We consider all suppliers to be important business partners, and our policy is to treat them with honesty and integrity. We have established the Procurement Mission and Vision, and we work to comply with the Asahi Kasei Group Procurement Policy to promote procurement activities that prioritize CSR.

Supplier Code of Conduct

In fiscal 2024, we reformulated our Supplier Guidelines as the Supplier Code of Conduct to better promote CSR procurement initiatives. We continue to ask our suppliers to agree to this code of conduct by signing and submitting it. Going forward, we will continue to monitor the compliance status of our suppliers through CSR evaluations and work together to make improvements.

CSR procurement questionnaire

We conduct a survey of our suppliers every year and disclose the results. For suppliers who receive a rating of C or below, we deepen mutual understanding through dialogue and provide support for improvement. We also meet with suppliers whose evaluations have improved significantly compared with previous results, and introduce best practices to suppliers with low evaluations.

CSR procurement questionnaire: Number of responses and assessment

Rank	FY2022	FY2023	FY2024	FY2025
A	119	177	317	337
B	60	44	181	134
C	28	13	56	42
D	7	1	9	4
Total	214	235	563	517
Scope	Material suppliers to Asahi Kasei	Raw material and logistics suppliers to Asahi Kasei	Material suppliers to Asahi Kasei Suppliers to affiliated companies	Raw material and logistics suppliers to Asahi Kasei Suppliers to affiliated companies

FY2025 CSR procurement questionnaire: Average score by category



Conflict minerals survey

In fiscal 2025, in response to the issue of conflict minerals, which have been identified as a possible source of funding for armed groups linked to inhumane acts, we surveyed suppliers regarding all 28 procured raw material items potentially classified as conflict minerals and confirmed that none involved the use of conflict minerals.

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Health & Productivity Management, Production, ESH & QA



Environment, safety, and quality are the foundation of our businesses as we seek to further enhance corporate value

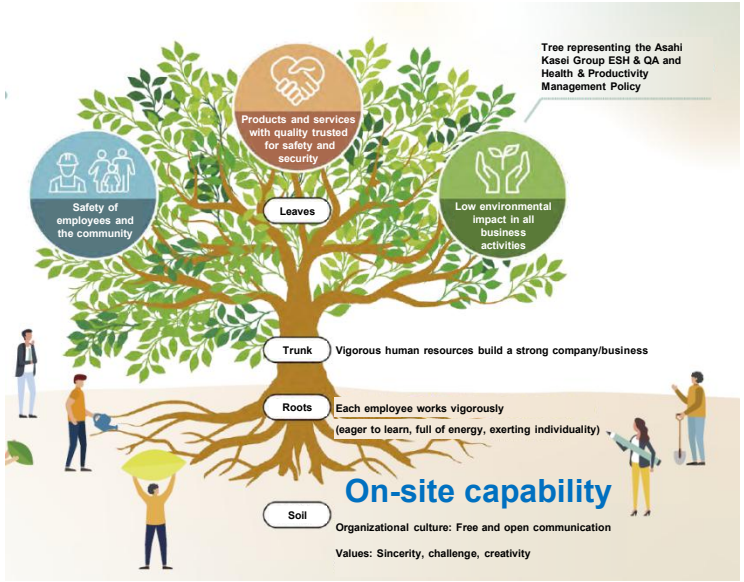
Masatsugu Kawase
Director, Primary Executive Officer
Oversight for ESH, QA, Regional Offices, Manufacturing, Production Technology Functions, Health & Productivity Management; Executive Officer for Energy Policy, Green Transformation

Q What are the “on-site capabilities” that underpin environmental, safety, and quality activities, the foundations of our businesses?

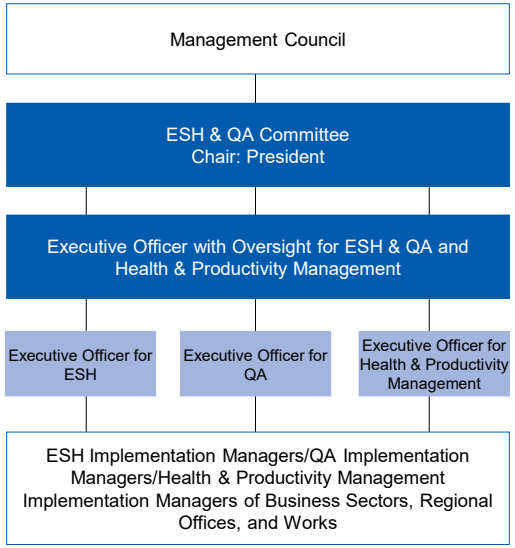
The foundations for Asahi Kasei to achieve a virtuous cycle of two aspects of sustainability, “contributing to a sustainable society” and “sustainable growth of corporate value,” and to create innovative products, services, and business models are: 1) protecting the safety of employees and local communities, 2) providing quality that inspires confidence in safety and security, and 3) reducing the environmental impact of business operations. To make these business foundations robust, it is essential to foster an organizational culture that embodies our Gorup Values of Sincerity, Challenge, and Creativity, as well as an open workplace environment that facilitates communication, thereby creating conditions in which each individual is eager to learn, full of vitality, and empowered to excel. We define this as “on-site capabilities” and cultivate them through our health and productivity management initiatives. In fiscal 2025, reflecting on serious quality incidents and severe accidents in the past, we worked to enhance our on-site capabilities and achieved zero serious incidents.

Q How will you further enhance corporate value?

At Asahi Kasei, we have created value by combining “Diversity × Specialty.” In our environmental, safety, and quality activities as well, we are building on a solid business foundation to advance initiatives that lead to value creation across business sectors and through global operation. Asahi Kasei has more than 130 sites worldwide, producing and providing a diverse range of products and services. Nevertheless, the environmental, safety, and quality activities that underpin each business have much in common, and the underlying concept of “on-site capabilities” is the same group-wide. We define these in the Group Principles and conduct business activities at each site while respecting the laws, regulations, and cultures of each country. Moreover, by extending the advanced quality assurance technologies cultivated in the Healthcare sector and the sophisticated safety management and environmental technologies developed in the Material sector to other sectors, as well as utilizing them across sectors, we are creating value unique to Asahi Kasei, unrivaled elsewhere.



Management framework



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Health & Productivity Management

Healthy employees build strong workplaces

Enhancing on-site capabilities and corporate value, starting with physical and mental well-being

Asahi Kasei regards the physical and mental well-being of each employee as the foundation of all its business activities. We believe that supporting physical and mental well-being and preventing and reducing absences due to illness help secure the workforce and enhance on-site capabilities, therebyz contributing to improvements in environmental protection, safety, quality, labor productivity, and ultimately corporate value.

Advancing mental health measures and workplace revitalization in tandem to prevent and reduce absences

1. Measures to improve mental health: From preventing issues to supporting return to work and preventing recurrence

To prevent mental health issues, which are a major cause of employee absence, we provide employees with annual self-care education. The participation rate in fiscal 2025 was 95.9%, and three months after the training, 84.4% of participants responded that it was useful or that they expected it to be so in the future, confirming that greater awareness had been fostered. We also followed up with employees who had experienced changes in their work environment, such as those newly hired or reassigned, and arranged consultations or other forms of assistance for 89.5% of those deemed to require support. We support employees who have taken leave in returning to work and help prevent recurrence. We will further enhance measures for self-care and for care through lines of reporting, and early support based on analyses of the causes and circumstances underlying employee absences.

2. Creating vibrant workplaces: Unlocking organizational potential through dialogue and workplace improvement

Rather than viewing mental health issues solely as individual concerns, we use KSA, stress checks, and other tools to visualize workplace issues and connect the findings to dialogue, workplace improvements, and management support, thereby creating workplaces where employees feel comfortable seeking advice and support one another. Going forward, we will assess the effectiveness of these measures using indicators such as KSA and work engagement, and roll out initiatives that have been confirmed to be effective group-wide.



Creating an environment where employees can thrive over the long term through initiatives ranging from cancer prevention to support for balancing treatment and work

1. Reducing cancer risk and promoting early detection: Disseminating accurate knowledge and creating an environment conducive to cancer screening

Regarding cancer, another major cause of leave from work, we are working to improve lifestyle habits, disseminate accurate knowledge, and encourage employees to undergo cancer screenings and follow-up examinations. In fiscal 2025, screening rates for all five major cancers exceeded the national target of 60%. We are improving access to screenings in accordance with the specific challenges at each site and ensuring thorough follow-up so that employees undergo further diagnostic examinations as needed.

2. Support for balancing treatment and work: Creating an environment where employees can continue working with confidence while managing illness

We held seminars featuring video interviews with employees who have experienced cancer and their supervisors, attracting a cumulative total of approximately 700 participants in fiscal 2025. We are currently developing a peer support framework that supports both affected employees and their workplaces, drawing on the perspectives of employees within the company who have experienced cancer.

Manufacturing and ESH

Manufacturing expertise creates added value for businesses

Occurrence of and response to serious occupational accidents and serious industrial accidents in fiscal 2025

In fiscal 2025, we achieved zero workplace fatalities, while the lost-time injury frequency rate and severity rate for employees in Japan were 0.27 and 0.011, respectively, remaining well below the chemical industry averages. There were also no lost-time injuries caused by exposure to liquids or similar incidents, and we are mitigating the risk of serious injury even at workplaces that handle chemicals and high-temperature fluids.

In process safety and disaster prevention, we are working to prevent major incidents by ensuring that lessons learned from past incidents are not forgotten, passing down process safety and disaster prevention skills, addressing indoor locations with high fire risk, and issuing process safety and disaster prevention alerts.

In environmental protection, we are working to prevent environmental accidents and serious environmental incidents, reduce GHG emissions, and enhance management systems, thereby reducing the environmental impact of our business activities.

Extending the high safety standards developed in the Material sector to other sectors

Asahi Kasei's Material sector has accumulated advanced safety management expertise over many years as a process industry involving high temperatures, high pressures, and chemical reactions. Risk assessments to prevent accidents and disasters, the concept of defense in depth, and equipment design and operational management based on fundamental principles form the foundation of environmental protection and safety activities group-wide. A distinctive feature of Asahi Kasei is that this approach to safety extends beyond the Material sector to the Healthcare and Homes sectors. By embedding rigorous safety standards group-wide that exceed the regulatory requirements and industry standards applicable to each business, we not only ensure employee safety but also improve quality, maintain stable operations, and strengthen business continuity. By viewing safety as a source of competitiveness and leveraging expertise and human resources across sectors, we provide an essential foundation for sustainable growth of corporate value under three-sector management.

Generating synergies across sectors for manufacturing, recycling, and contributions to society

The value generated by Asahi Kasei's three-sector management extends beyond the diversity of its technologies and products. Expertise in manufacturing, the environment, and safety developed in the Material sector is widely applied to recycling and resource circulation initiatives in the Homes and construction materials businesses, as well as to activities promoting coexistence with local communities. Moreover, as personnel take active roles across sector boundaries, experience and perspectives from different businesses come together, leading to new solutions and value creation. For example, the risk management and facility operation expertise established in the Material sector also contributes to enhancing quality and reliability in the Healthcare sector and ensuring long-term safety in the Homes sector.

Through such interactions, non-financial value in areas including environmental protection and safety, quality, and resilience is enhanced across the Asahi Kasei Group, creating competitive advantages that could not be achieved by individual businesses themselves. The circulation of knowledge, personnel, and ideas across sectors is the driving force that enables us to contribute to a sustainable society while enhancing corporate value.

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Quality Assurance

Earning trust and enhancing corporate value through quality activities involving all employees

Achieving quality that inspires confidence through quality assurance activities emphasizing involvement of all employees

Under its policy to create and provide products and services with quality that ensures safety and security, Asahi Kasei promotes quality assurance activities with a commitment to involvement by all employees, based on the belief that quality must be built in by every employee. By fostering a culture of quality, we are working to earn greater trust from customers and enhance corporate value. Our initiatives have also been presented and showcased at other companies, academic societies, and other forums, earning recognition as an advanced example of quality management.

Our motto is “Let’s inspire your customers!” Every individual’s work leads to customer inspiration and trust

The Executive Officer for QA personally visits manufacturing sites in Japan and overseas to engage in direct dialogue with employees through town hall meetings and to provide quality training on an ongoing basis. The number of sites hosting these programs has grown to 81 over the past five years. Employees responsible for each stage of the process through to product delivery participate, reaffirming that their own work contributes to the next stage and to value for customers. During Quality Month each November, employees from senior management to on-site personnel engage in dialogue about quality and consider the roles they should fulfill from their respective positions. The foundation for these efforts is the “Eight Principles for Raising Asahi Kasei’s On-site Capabilities.” By instilling in each employee what the company values and fostering a culture of quality, we are enhancing quality capabilities group-wide and sustainably increasing corporate value.

Eight Principles for Raising Asahi Kasei’s On-site Capabilities

#1:	Think about your customers
#2:	Say “thank you” a lot
#3:	Create an atmosphere where people can speak freely and frankly
#4:	Go to actual sites and show interest
#5:	Make changes without fear of failure
#6:	Take responsibility as a team
#7:	Pass your role on to the next person in better condition
#8:	Learn about laws, regulations, and contracts

Unique training for quality assurance personnel: Developing personnel and enhancing on-site capabilities

To develop core personnel responsible for quality assurance, we conduct the Quality Assurance Forum, a six-month program featuring lectures by external instructors and discussions among participants. A total of more than 448 people have participated over 10 years. On the final day, participants declare the actions they will take to address quality issues in their own organizations, and then undertake improvement activities on site. We are also expanding our online quality education content, enabling employees to learn anytime and anywhere. Through this combination of in-person and online education, we seek to develop quality assurance personnel and establish a culture of quality. In addition, the number of employees passing the QC Examination, which we encourage employees to take, continues to grow steadily, with many Asahi Kasei Group employees among the top-scoring successful candidates.

Extending Initiatives to Business Sector Management and Global Operations

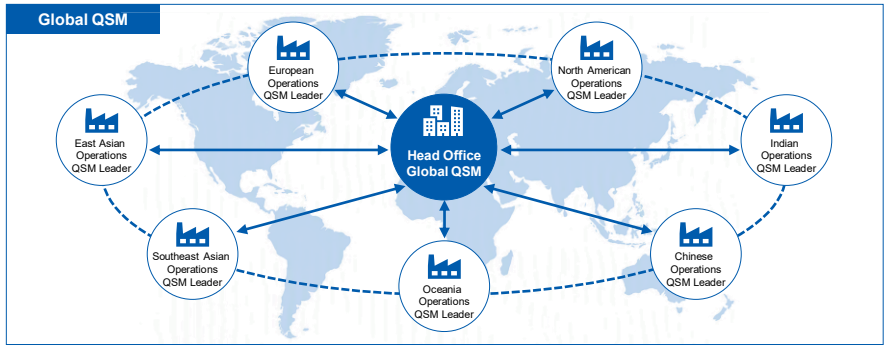
Globally leveraging connections across the Asahi Kasei Group and its business sectors

Building relationships of trust with local leaders through global QSM: Connecting the strengths of frontline operations to support the Asahi Kasei Group’s sustainable growth

As the Asahi Kasei Group operates globally, risks related to quality, safety, and maintenance are becoming increasingly diverse and complex. To respond to these changes in the business environment, we are promoting Global QSM (Quality, Safety, and Maintenance) activities. We believe that maintaining close connections with the leaders at each site is essential to these activities. Based on shared Group Principles, Global QSM is an initiative to visualize risks and strengths related to quality, safety, and maintenance at sites worldwide, with the aim of preventing serious accidents and quality issues, and to strengthen our business foundation. We are reinforcing risk management by visualizing risks. We also share best practices globally and across organizational boundaries, helping each site grow, and enhancing corporate value.

Leveraging the Asahi Kasei Group’s global connections Example: Joint council activities involving the Healthcare, Homes, and Material sectors in the United States

In North America, council activities involving leaders in the respective areas of quality, safety, and maintenance are particularly active. Affiliated companies share their challenges and best practices. Through discussion, participants gain insights into advanced initiatives, generating cross-sector synergies in a variety of areas. Approaches to quality, safety, and maintenance developed in the Material sector are being extended to the Healthcare and Homes sectors. By leveraging expertise and human resources across business sectors, this serves as an important foundation for supporting the sustained enhancement of corporate value under three-sector management. In China, in addition to safety and maintenance initiatives, we began holding quality assurance exchange meetings in fiscal 2025, bringing together those responsible for quality and sharing the challenges and strengths of each company. Based on this, we are strengthening coordination across regions and advancing efforts to enhance on-site capabilities globally.



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