

Initiatives Regarding Climate Change Disclosure Based on the TCFD¹ Recommendations

In accordance with the TCFD recommendations, we examined changes that are expected to occur due to climate change and their impact on our business in the three business sectors of Material, Homes, and Health Care. The results revealed that the financial impact on Health Care would be negligible. While climate change is expected to have a significant impact on Asahi Kasei as a whole from a financial perspective over the medium to long term, it became clear that the financial risk to the Company as a whole is limited because its business portfolio

comprising diverse businesses gives rise to both opportunities and risk abatements. In addition, we confirmed that we have the potential to capture new opportunities related to climate change through our diverse businesses and technologies. We will reduce the risks of climate change and continue to develop as a company that coexists with the environment while viewing adaptation and mitigation measures as business opportunities, thereby contributing to the achievement of a sustainable society.

Corporate Governance

Asahi Kasei regards climate change measures as important management issues, and discusses their implementation status at meetings of the Management Council and the Board of Directors.

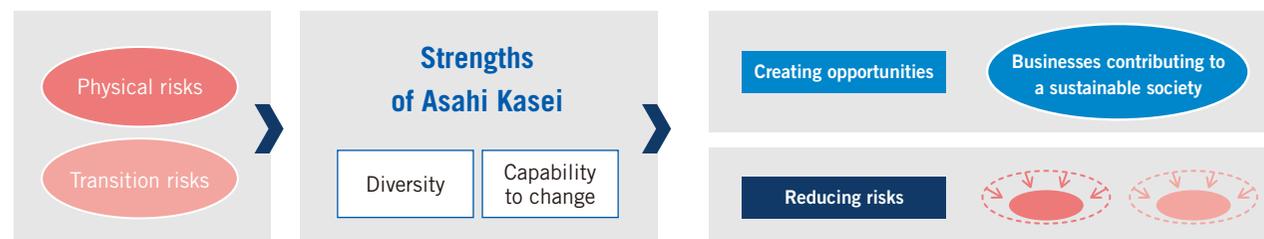
In order to accurately understand the issue of climate change and discuss measures for addressing it, members of executive management discuss issues related to sustainability, including climate change, at meetings of the Sustainability Committee, chaired by the Asahi Kasei President, with results reported to the Board of Directors. In addition, our Global Environment Committee, chaired by the Executive Officer for Technology Functions, discusses issues related to the environment, as a subcommittee of the Sustainability Committee.

Strategy (Analysis of Opportunities and Risks)

Basis of analysis

- Scenarios assume temperature rises of 4°C and less than 2°C by 2050
- Examination covers our Material, Homes, and Health Care sectors
- Analysis of the impact on our existing business portfolio

Aspiration of the Asahi Kasei Group



Opportunities	Important Changes	Main Opportunities	Principal Initiatives
4°C scenario	Serious storm and flood damage	<ul style="list-style-type: none"> • Increase in need for disaster-resilient housing 	<ul style="list-style-type: none"> • Greater emphasis on resilience in house building and urban development <ul style="list-style-type: none"> - Hardware/software - Unit homes/community
	Increase in heatstroke and infectious diseases	<ul style="list-style-type: none"> • Expansion in demand for existing and new pharmaceuticals and acute critical care products 	<ul style="list-style-type: none"> • Provision of acute critical care pharmaceuticals and medical devices for heatstroke and infectious diseases • Provision of consumables, equipment, and services for biopharmaceutical manufacturing processes
Less than 2°C scenario	Decarbonization	<ul style="list-style-type: none"> • Promotion of the spread of net zero-energy houses (ZEH)² through government policies 	<ul style="list-style-type: none"> • Development of carbon-negative homes and communities
	Spread of electric vehicles (EVs)	<ul style="list-style-type: none"> • Increase in EV-related demand • Battery components • Materials for reducing vehicle weight 	<ul style="list-style-type: none"> • Provision of components and systems for next-generation mobility • Strengthening of collaboration with automobile and battery manufacturers
	Advent of a hydrogen society	<ul style="list-style-type: none"> • Increase in demand for water electrolysis using renewable energy 	<ul style="list-style-type: none"> • Utilization of alkaline water electrolysis system

¹ TCFD: Task Force on Climate-related Financial Disclosures. The TCFD was established and its recommendations were officially announced by the Financial Services Board in 2017.

² ZEH: Houses with a net energy consumption of zero or less as achieved through advanced insulation and energy saving combined with power generation such as solar

Risks	Important Changes	Main Risks	Principal Countermeasures
4°C scenario	Serious storm and flood damage	“Physical” production risks <ul style="list-style-type: none"> • Suspension of production due to plant damage • Disruption of raw material supply due to damage incurred by suppliers 	<ul style="list-style-type: none"> • Continuous revision of BCP and reinforcement of preemptive response (review of inventory levels, study of multiple suppliers/sites, etc.)
	Rise in temperature	“Human” production risks <ul style="list-style-type: none"> • Deterioration of working environment and productivity at construction sites 	<ul style="list-style-type: none"> • Promotion of industrialization and utilization of IT in housing construction
Less than 2°C scenario	Decarbonization	<ul style="list-style-type: none"> • Rise in costs due to stricter regulations³ (manufacturing and raw material costs) • Changes in materials needs (decarbonization requirements, necessary specifications) 	<ul style="list-style-type: none"> • Expansion in utilization of renewable energy, etc. • More efficient energy use; development and commercialization of industrial processes for decarbonization • Decarbonization of raw materials

³ Annual costs of approximately ¥40 billion if multiplying our fiscal 2020 GHG emissions of approximately four million tons by a hypothetical carbon tax of ¥10,000 per ton

Risk Management

We examine risks and opportunities and formulate policies from the perspective of the “Care for Earth” concept in our medium-term management initiative.

In addition, we incorporate the aspect of sustainability, including climate change, into our decision criteria for allocating management resources, and confirm the status of GHG emissions when undertaking investments and other major expenditures.

We calculate total GHG emissions for the Asahi Kasei Group annually, and the Board of Directors and other bodies manage progress toward our targets.

Metrics and Targets

The Asahi Kasei Group has established the following GHG emissions targets:

- 2050 Goal to achieve carbon neutrality (net-zero emissions)⁴**
- 2030 Target to reduce GHG emissions by 30% or more⁴ (compared with fiscal 2013)**

Even amid the COVID-19 pandemic, we did not see a significant reduction in global GHG emissions. To achieve a sustainable society, we believe it is necessary to further accelerate our emissions reduction initiatives. Accordingly, on May 25, 2021, we announced new GHG emissions targets, changing our reduction targets from those based on emissions intensity (emissions volume / net sales) to those based on absolute emissions. In addition to reducing GHG emissions associated with our business activities, we contribute to reducing society’s GHG emissions through our diverse technologies and businesses as a vital part of our global warming countermeasures.



Carbon neutral sustainable world

Reduce our own GHG emissions

- 2050**
Goal to achieve carbon neutrality (net-zero emissions)⁴
- 2030**
Target to reduce GHG emissions by 30% or more (compared with fiscal 2013)⁴

Key points of our initiatives
Reduction of energy use / decarbonization of energy / innovation of manufacturing processes / R&D / business portfolio transformation

Contribute to reducing society’s GHG emissions

- Environment & Energy
- Mobility
- Life Material
- Home & Living

Major perspectives
Renewable energy / energy saving / electricity storage / hydrogen / EVs / CO₂ separation, recovery, and use / weight reduction / extended product lives / heat insulation / ZEH / CO₂ sensors / utilization of digital technologies / circular economy, etc.

⁴ Direct GHG emissions from business activities as indicated by Scope 1 (direct GHG emissions) and Scope 2 (indirect GHG emissions from use of electricity, heat, and steam supplied by other companies)