

Transformation of HR

The Asahi Kasei Group seeks to create new value by leveraging its diverse intangible assets including human resources, intellectual property, know-how, and data. To support this effort, we are developing platforms that support the autonomous growth of our human resources and are conducive to contributions from diverse individuals in accordance with our basic principles that “people are our most valuable assets” and that “everything starts with people.”

The Asahi Kasei Group’s Human Resource Strategies

Discovering the Future with Lifelong Growth and Co-creativity of Diverse Individuals

Lifelong growth—whereby all employees continuously challenge themselves and achieve growth—and co-creativity—leveraging the Asahi Kasei Group’s diversity to promote collaboration—will play an important part in enabling us to adapt and take the initiative in an operating environment characterized by discontinuous and unpredictable changes.

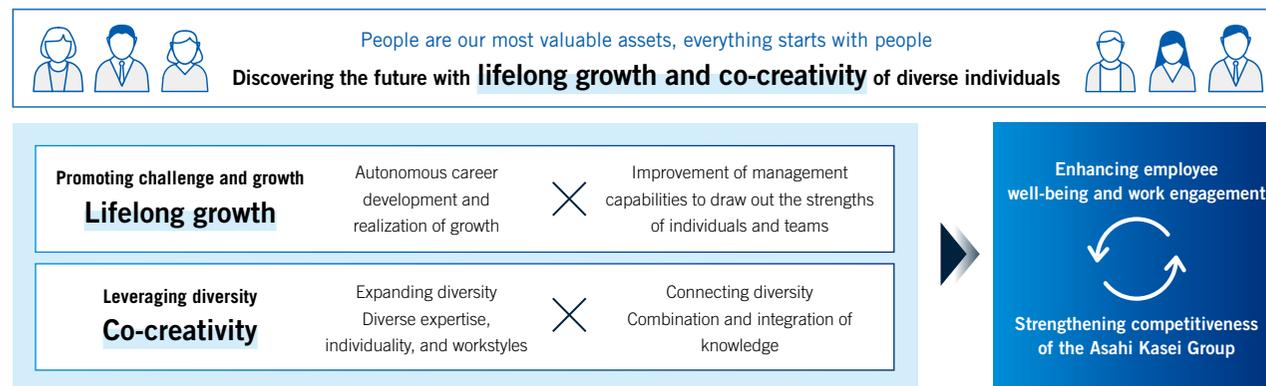
To ensure lifelong growth, we will further intensify efforts to promote learning and challenges aimed at achieving such growth, with each and every employee envisioning their own career, and enhance management capabilities that bring about results by fully drawing out the strengths of individuals and teams.

To enhance co-creativity by leveraging diversity, we will implement a range of initiatives focused on expanding diversity and connecting diversity.

In specific terms, we are promoting a number of measures with the objective of raising the active participation and work engagement of diverse human resources. These entail enhancing the development of professional human resources by expanding the Group Masters program,* implementing measures aimed at revitalizing our organizations and spurring the growth of our human resources based on the results of KSA engagement surveys (an assessment of employee empowerment and growth), and establishing a workplace environment that facilitates the active participation of diverse human resources, including women. In order to expand the human resources responsible for management, we are encouraging the next generation of leader candidates to take the initiative in achieving their own growth through coaching and other approaches while implementing training through programs to strengthen leadership and teamwork.

We are also providing systems, IT infrastructure, and other attributes of the working environment to facilitate employee performance in the post-COVID-19 era. Going forward, we will utilize digital tools to promote the visibility of human resources and connect them with each other to enable diverse individuals to enhance their expertise and achieve growth, regardless of their age. In addition, we will establish key performance indicators (KPIs) and implement measures that will allow us to continuously provide value to society by combining and uniting their knowledge.

Overview of Human Resource Strategies



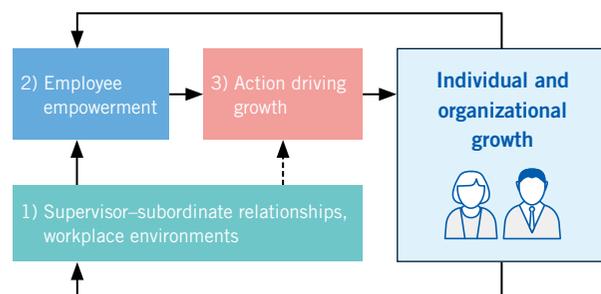
Main KPIs	Number of Group Masters	Growth behavior index	Diversified HR index
	FY2024: 300 (FY2021: 259 in 64 fields)	Continuous actions to monitor and maintain/improve Engagement survey results on a 5-point scale FY2020: 3.65, FY2021: 3.69	Proportion of women working as managers and Group Masters FY2030: 10% (FY2018: 2.2%, FY2021: 3.4%) Proportion of women and non-Japanese Executive Officers FY2018: 8%, FY2022: 22%

* A program to increase highly specialized human resources who are recognized inside and outside the company by appointing, developing, and rewarding human resources as Group Masters who proactively engage in, and are expected to contribute to, the creation of new businesses and the strengthening of established businesses

Enhancement of Human Resource Management Capacities

Workplace environments have been transformed as a result of the COVID-19 pandemic, making online communication the norm and fostering greater acceptance of diverse lifestyles and workstyles. As such, the empowerment and motivation of employees requires management to implement appropriate measures based on an accurate understanding of the circumstances surrounding employees and organizations. Based on this recognition, the Asahi Kasei Group launched its KSA engagement surveys in fiscal 2020, which gauge metrics pertaining to employee empowerment and growth. Work engagement is generated from synergies between the capacities of individual employees, exemplified in their feelings of self-efficacy and confidence and positivity toward work, and the capacities of organizations, demonstrated through support from supervisors and coworkers, workplace discretion, and evaluations and feedback. To measure work engagement, we track conditions pertaining to the empowerment of individual employees, supervisor-subordinate relationships, and workplace environments. This information is shared within the organizations to facilitate discussion among employees and therefore spur the

Framework of KSA Engagement Surveys



autonomous growth of both employees and organizations.

The KSA engagement surveys are based on the empowerment and growth cycle model proposed by Professor Hiroya Hirakimoto of Osaka University and use three indicators related to individual employees and organizations: (1) Supervisor-subordinate relationships, workplace environments; (2) Employee empowerment; and (3) Action driving growth.

The gauging of these three indicators and their degree of

impact facilitates the ability to visualize the success or failure of past measures and provides accurate information on the current status of the organization that can be used to guide future action.

In fiscal 2021, we began conducting and utilizing KSA in an integrated manner with stress checks, which had previously been conducted separately. This enables a more multifaceted and comprehensive understanding of individuals and organizations, which contributes to the formulation of measures.

Items Gauged through KSA Engagement Surveys

1) Supervisor-subordinate relationships, workplace environments

- Support from supervisors
- Interpersonal relationships supporting work
- Encouragement of ingenuity
- Respect for diversity
- Workplace openness

2) Employee empowerment

- Ability to maintain a positive stance (individual capabilities)
 - Confidence, feeling of self-efficacy
 - Strength to overcome adversity
 - Capacity for plotting course toward achieving goals
 - Optimism
- Motivation toward work (work engagement)

3) Action driving growth

- Experience-based learning
- Contributions to organization
- Problem-solving/improvement efforts
- Job crafting



Comments from Managers Following the Implementation of KSA Engagement Surveys

(questionnaire responses of managers directly overseeing subordinates)

“It was very beneficial to use the results of the KSA survey in discussions with division members to involve everyone in thinking about ways to drive employee empowerment and growth in the workplace.”

“The KSA survey results helped me share the strengths and weaknesses of our organization with everyone.”

“The results of the KSA survey cast light on aspects of organizations that I was unaware of as a department head. The weaknesses indicated by the survey report gave me a newfound understanding of our organization.”

“We gained a deeper understanding of our organization through the KSA survey, fostering a greater sense of solidarity in our efforts to maintain our strong corporate culture.”

Group Masters Program

In implementing human resource strategies, the heightening of the specialized skills of individual employees is as important as the enhancement of human resource management capacities. For this purpose, the Asahi Kasei Group has established the Group Masters program to appoint, nurture, and reward individuals who are contributing or are expected to contribute to the creation of new businesses or the reinforcement of established businesses as Group Masters. This program thus helps develop a robust pool of human resources with high-level specialist expertise and skills who are competitive inside and outside the organization. The program defines five ranks of Group Masters. The roles of each rank are clearly defined, and compensation increases in line with rank, to promote the growth of human

resources while enabling us to recruit external talent. Moreover, succession plans are put in place for Group Masters to link the development of human resources with the cultivation of businesses in order to raise competitiveness.

Group Masters Human Resource Portfolio

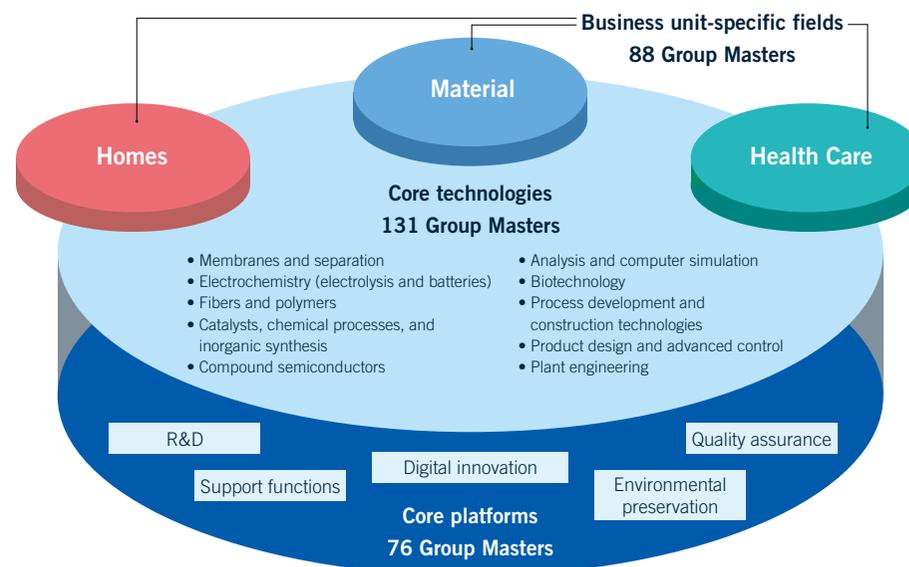
Under the Group Masters program, technology fields to be strengthened from a cross-business perspective are defined as core technologies, and engineers that drive the enhancement of technologies in these fields are appointed as Group Masters. For the pursuit of ongoing business growth and new business creation over the next five to ten years, we annually review the core technologies, production technologies, expertise, business

platforms, and diverse market channels and business models that serve as the source of our competitiveness. In fiscal 2021, biotechnology was added to the fields identified as core technologies, bringing the total to ten as shown below. We also annually review the fields and categories of work for which specialists should be cultivated in both specific business fields and core company-wide functions as core platforms. In fiscal 2022, we added machine safety and other items to core platforms while making changes that included transferring digital innovation from core technologies to core platforms. In this way, we are accelerating the development of human resources who will drive forward each sector.

Group Master Ranks and Roles

Ranks		Roles
<p>Executive Fellow (Status Equivalent to Executive Officer)</p> <p>Person who newly developed or considerably expanded a field of technology</p>	<p>Senior Fellow (Status Equivalent to Managing Executive, Senior Managing Executive, or Executive Officer)</p> <p>Person whose term as Executive Fellow or Principal Expert expires after retirement age but who is expected to continue the roles shown at right</p>	<p>1. Actively participating in and contributing to new business creation and strengthening operations by cultivating and enhancing their skills and abilities as a leading specialist</p>
<p>Principal Expert (Status Equivalent to Managing Executive or Senior Managing Executive)</p> <p>Person who takes the lead in a field of technology</p>		
<p>Lead Expert</p> <p>Person ranked below Principal Expert (candidate to be Principal Expert)</p>		<p>2. Fostering younger personnel in the relevant areas</p>
<p>Expert</p> <p>Person ranked below Lead Expert (candidate to be Lead Expert)</p>		
		<p>Actively participating in and contributing to new business creation and strengthening operations by cultivating and enhancing their skills and abilities</p>

Group Masters Fields in Fiscal 2022



Active Participation of Global Human Resources

Promotion of Human Resources from Companies Acquired Overseas to the Management of Core Operating Companies

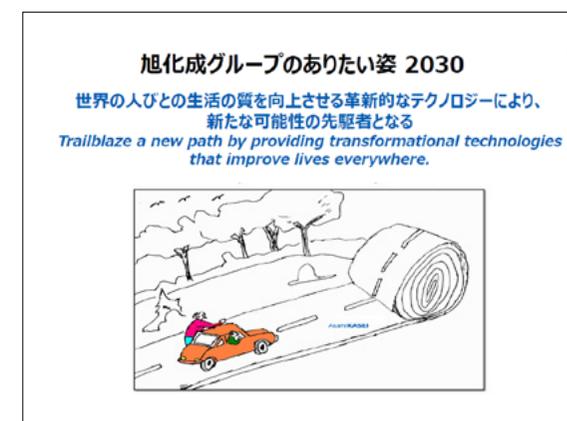
When an overseas business is acquired, its outstanding human resources are also incorporated into the Asahi Kasei Group.

Their participation is advancing in the management of core operating companies at the Executive Officer level. Also, while Asahi Kasei Corp. had three non-Japanese Executive Officers in fiscal 2016, this increased to six in fiscal 2022. Of these six, one has oversight of a business sector while another has been assigned as Chief Executive of an acquired business. As these appointments demonstrate, we utilize human resources in ways that extend beyond their original business backgrounds.

Development and Active Participation of Human Resources Hired Locally Overseas

We are further promoting efforts to develop outstanding human resources hired locally overseas to be human resources who contribute not only to their respective businesses but to the Asahi Kasei Group as a whole. In addition to working to develop human resources hired locally overseas, including through cross-border rotations for their development and the strengthening of their networks with personnel in Japan, we are promoting their participation in discussions by the next generation of leaders on company-wide subjects. In fiscal 2021, when considering the new medium-term management plan (MTP) which began in fiscal 2022, we created teams comprising next-generation leaders from the United States, Europe, and China to discuss the Asahi Kasei Group's vision for 2030. A

suggestion by the United States team during those discussions formed the basis of “Be a Trailblazer,” the theme of the new MTP.



Comments from Participants in Workshops on the Asahi Kasei Group's Vision for 2030



“ I was able to deliberate on future businesses as well as work across divisions with a real sense of unity. The workshop produced many wonderful ideas. I think it would be excellent for the Group to hold similar exercises every two or three years on improving its current businesses as well as on its future vision.”
—Phani Nagaraj, Asahi Kasei Asaclean Americas, Inc.



“ The workshop was a great opportunity for me to network with other members of the Asahi Kasei Group. I am grateful for this experience and hope that such company-wide networking opportunities will continue in the future.”
—Meghann Woo, Synergos Companies LLC



“ The workshop gave me a sense that the Group is committed to transforming itself to move forward. With the further vitality of those working locally, I have high hopes for the Group's development and success in the Chinese market.”
—Juan Guo, Asahi Kasei Microdevices (Shanghai) Co., Ltd.



“ This initiative led me to feel that the Asahi Kasei Group has the potential to offer valuable solutions that are really needed by the industry through the synergies the Group creates.”
—Bijan Farazandeh, Asahi Kasei Microdevices Europe GmbH