

Digital Transformation

Asahi Kasei DX Vision 2030

Co-creating “healthy living” and “a future world full of smiles” through borderless connections enhanced by digital innovation



In accordance with the Asahi Kasei DX Vision 2030, we promote digital transformation (DX) of all aspects of business activities, including development, manufacturing, and marketing.

Digital technology is merely a means to an end; I believe that people, data, and organizational culture are the three factors that hold the key to achieving transformation. In fiscal 2023, the second year of our Digital Creation Period, we will sharpen our focus on these three factors for success to accelerate transformation. In addition, we will aim to create an even stronger company-wide business platform by fully utilizing intangible assets spanning our three sectors to create new businesses and strengthen existing ones.

With transformation extending beyond the Asahi Kasei Group to include the supply chain, competitors, and other entities, we continuously promote initiatives with a focus on collaboration with external parties. Moreover, we offer digital education support for students, who will lead the future of industry, and community members.

We look forward to further transcending organizational, corporate, and national boundaries to co-create value with our partners using digital technology.

Kazushi Kuse

Director, Primary Executive Officer, Oversight for Digital Transformation (DX)
Senior General Manager, Digital Value Co-Creation

Toward Achieving the Asahi Kasei DX Vision 2030

The Asahi Kasei Group proactively promotes the utilization of digital technology as a means of leveraging its diverse intangible assets to transform business models and drive value creation. In promoting the utilization of digital technology, we formulated a digital transformation road map. Designating the period beginning in fiscal 2022 as the Digital Creation Period—which followed the Digital Introduction Period and the Digital Deployment Period—we are currently advancing initiatives to realize management innovation through DX in accordance with this road map. We will then transition to the Digital Normal Period, in which all employees utilize digital technology as a matter of course. The company's initiatives to date have received a strong reception. Asahi Kasei has been selected as a DX Stock for three consecutive years—2021, 2022, and 2023—a selection that the Ministry of Economy, Trade and Industry (METI) makes jointly with Tokyo Stock Exchange, Inc. and the Information-technology Promotion Agency, Japan (IPA). Our DX initiatives were also featured in the 2023 Monozukuri White Paper, which is produced jointly by the METI, the Ministry of Health, Labour and Welfare, and the Ministry of Education, Culture, Sports, Science and Technology.



Strengthening the DX Framework

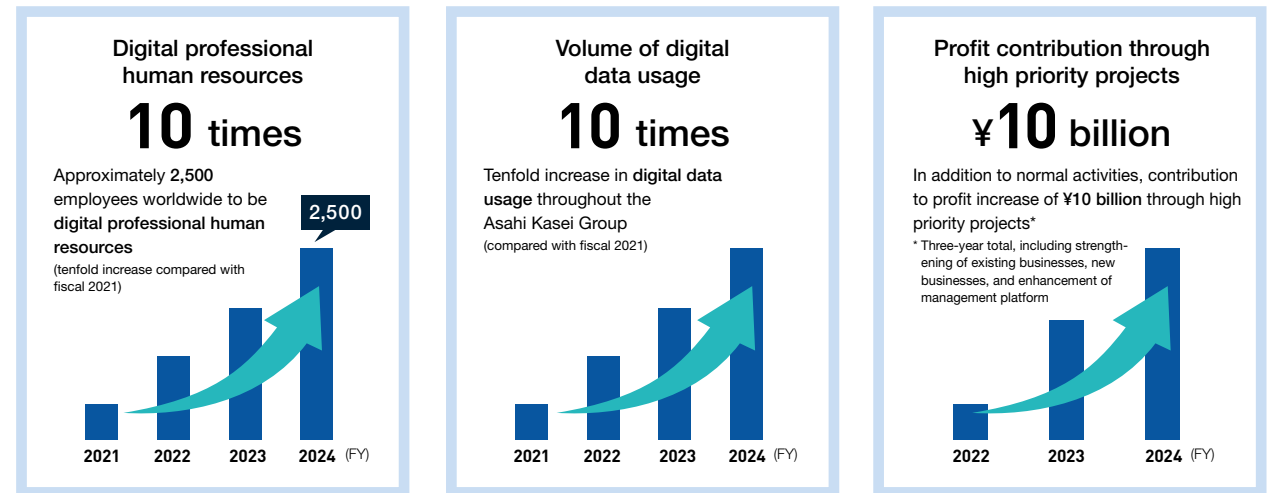
We have worked continuously to strengthen our framework to accelerate the promotion of DX across the Asahi Kasei Group as a whole. In April 2021, we consolidated DX promotion and IT-related organizations in R&D, production, and manufacturing to establish Digital Value Co-Creation. In April 2022, we overhauled DX promotion organizations in sales and marketing and for cultivating digital human resources on a company-wide basis, enhancing management, and achieving business transformation. We are implementing company-wide activities matched to the operational challenges faced in our business sectors. In addition, we established an independent organization for cultivating digital human resources in January 2023. This organization is accelerating initiatives designed to reinforce digital foundations, such as managing the curriculum for cultivating human resources, including the plan to train all employees as digital human resources and the DX Open Badge program.

Digital Creation Period

In our Digital Creation Period which began in fiscal 2022, we aim to realize management innovation through DX based on three pillars: reinforcing digital foundations, enhancing management, and achieving business transformation. On the basis of our reinforced digital foundations, we will enhance management and achieve business transformation as we enter the phase for reaping the benefits of our efforts from fiscal 2023.

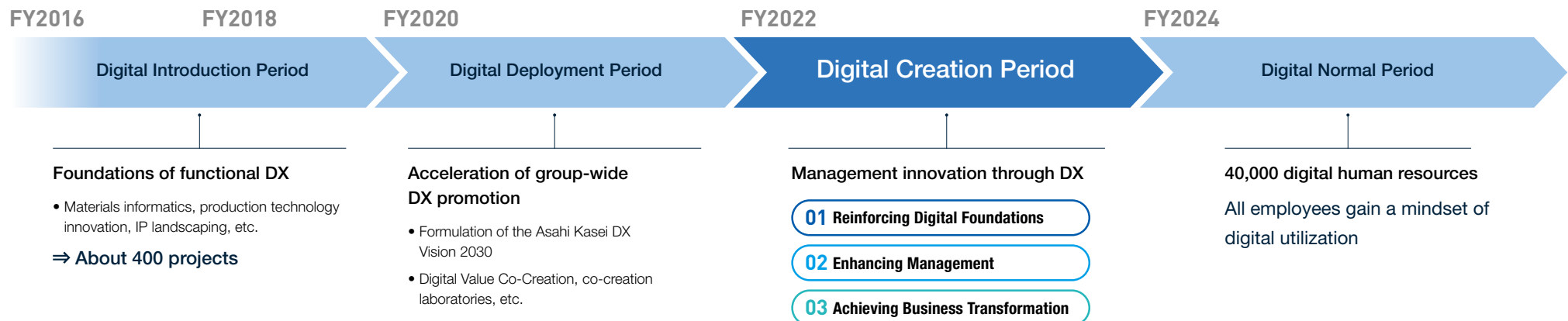
We established “DX-Challenge 10-10-10” as KPIs targeting fiscal 2024, and we are making good progress on each indicator. In terms of specific initiatives, we aim to achieve a tenfold rise in the number of digital professional human resources compared with fiscal 2021 (approximately 2,500 employees worldwide), a tenfold increase in the volume of digital data usage compared with fiscal 2021, and an increase in the profit contribution through high priority projects of ¥10 billion (cumulative total over three years up to fiscal 2024), in addition to profit contribution through the utilization of DX in normal activities. As of March 31, 2023, the number of digital professional human resources stood at 1,206 employees, the volume of digital data usage had increased 2.6 times, and profit contribution amounted to ¥2.8 billion.

Fiscal 2024 KPI: DX-Challenge 10-10-10



Note: • Total DX-related investment of approximately ¥30 billion planned (IT investments and cloud usage fees for digital transformation)
• Graphs are for illustrative purposes only.

Digital Transformation Road Map



01 Reinforcing Digital Foundations

We will reinforce digital foundations, such as accelerating the cultivation and recruitment of digital human resources, instilling agile development, and promoting data utilization in preparation for the Digital Normal Period, when all Group employees will use digital technology as a matter of course.

Accelerating the Cultivation and Recruitment of Digital Human Resources

Cultivation of all employees as digital-utilizing personnel

In fiscal 2021, we launched the Asahi Kasei DX Open Badge program, which comprises five levels (Level 1 to Level 5), as a measure to train and develop 40,000 personnel as digital human resources. On completing each level, employees are issued a blockchain-managed digital badge, which they can use in their email signatures and on social media. As of March 31, 2023, a total of 16,000 employees of the Asahi Kasei Group in Japan have acquired the Level 3 badge verifying that they understand the importance of and can utilize digital technology and data. We are also building frameworks conducive to a culture of digital transformation throughout the Group, awarding the Asahi Kasei DX Open Badge Level 3 “9 Mastered” badge to employees who complete all nine courses in Level 3, and holding events for dialogue between corporate officers and “9 Mastered” badge holders.

Overseas, more than 4,000 employees have acquired Level 1 and 2 badges, the courses for which are available in several languages. We are also accelerating the development of external activities, such as providing instruction of the Asahi Kasei DX Open Badge program at a senior high school in Miyazaki Prefecture, as we continue to promote next-generation digital education activities transcending organizational, corporate, and national boundaries.



Cultivating digital professional human resources on the front lines

We are accelerating the cultivation and recruitment of digital professional human resources capable of utilizing advanced digital technology and data to address issues and create models with business applications. In addition to materials informatics personnel in the R&D domain and personnel utilizing data (power users) in production and manufacturing domains, we have recognized employees who have completed Level 4 and 5 of the newly established Asahi Kasei DX Open Badge program as digital professional human resources. We will further promote their individual growth to bring their number to 2,500 by the end of fiscal 2024. In the business sectors, we are seeing the emergence of communities centered on experienced digital professionals, which is leading to further development of personnel and already generating solutions to many frontline issues and delivering results for initiatives aimed at improving business process value.

Instilling Agile Development

We implement Asahi Kasei Garage, a method of approaching and a program for supporting the spurring of innovation and the achievement of digital transformation. As a combination of design thinking, which incorporates new user experiences from a customer perspective, and agile development, which forms concepts by using digital technology to quickly implement various ideas, the program promotes activities creating new value and services through co-creation on the subjects of enhancing management and spurring business model innovation, based on products and expertise across Asahi Kasei's diverse business domains.

Promoting Data Utilization

We established the data exploration and exchange pipeline (DEEP), a data management platform for employees to easily search, link, and utilize the Asahi Kasei Group's shared data assets. The platform was fully launched in April 2022. DEEP reduces the lead time required to utilize data, increases efficiency, and raises productivity by visualizing internal data. It will also enhance data governance and foster a data utilization culture within the Asahi Kasei Group. We are already advancing efforts that include consolidating the sales data of automotive-related businesses, visualizing the carbon footprint of our products, and providing data to customers through initiatives using DEEP. In addition, we are establishing a digital platform (DPF) that can continuously consolidate and utilize information gained through R&D activities as data. Going forward, we will coordinate DEEP and the DPF to promote further data utilization. With the increasing implementation of information sharing on examples of data utilization on the front lines and of internal community activities, we are gradually fostering a culture to underpin the Digital Normal Period.

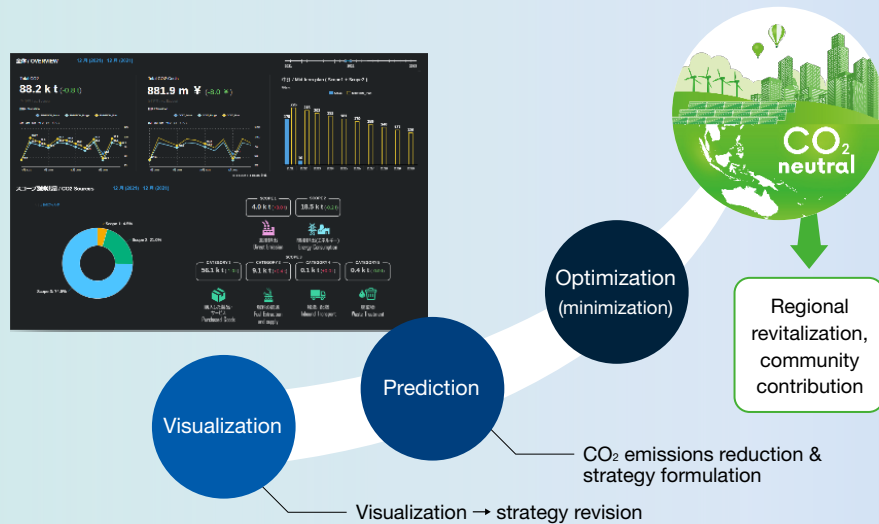
02 Enhancing Management

Asahi Kasei will increase the speed of management decision-making and improve development efficiency in various ways, such as pursuing data-based management, visualizing the carbon footprint of products (CFP) to realize sustainability management, transforming R&D, and converting to smart factories.

DX Case Studies

Promoting the Development of a CFP Calculation System

Asahi Kasei is promoting the development of a CFP calculation system for visualizing CO₂ emissions to achieve carbon neutrality by 2050. As a first step, we are calculating the CFP of each mainstay product in the Material sector. We also began providing information to a portion of our customers to realize decarbonization in the supply chain. In fiscal 2023, we will develop a company-wide standard CFP calculation system, using the information gained through the visualization of emissions as the basis for formulating strategies.



03 Achieving Business Transformation

Business innovation through DX, such as business model innovation and new business creation, will contribute to the growth of businesses, including GG10, which are positioned as the drivers of future growth in the MTP.

DX Case Studies

Cross-Industry Resource Recycling Project: Launching Demonstration Trials of Plastic Recycling

We are advancing a project using blockchain technology to develop a platform to manage and visualize the resource loop of recycled plastics. The project is developing an open digital platform for use not only by a wide variety of companies involved in the recycling chain, but also by consumers to realize a circular economy. Demonstration trials were launched in fiscal 2022 to verify changes in consumer attitude and behavior with a view to practical application of the platform. In fiscal 2023, the number of corporate partners has increased and verification is continuing through comprehensive demonstration trials ranging from the collection of plastic bottles to the manufacturer of the final product.

Asahi Kasei will continue to promote further recycling of plastics by confirming the value of traceability using digital platforms through a series of initiatives.

