Asahi Kasei Group CSR Report 2011

Contributing to life and living for people around the world
The primary focus of the report is fiscal 2010 (April 2010 – March 2011), and all data shown corresponds to this period unless otherwise indicated. Some information pertaining to events subsequent to the end of the fiscal has also been included.

Organizational scope
The scope of the report is Asahi Kasei Corp. and its consolidated subsidiaries, except with respect to Responsible Care, in which case the scope is operations in Japan which implement Asahi Kasei Group’s Responsible Care program.

As shown at right, Asahi Kasei has six operating segments corresponding to its main fields of business and an Others category for the remainder of operations. Unless otherwise specified, the titles and positions of the corporate officers and other personnel shown in this report are current as of July 2011.

Publication
Published July 2011 in Japanese

Guidelines consulted
The Global Reporting Initiative’s Sustainability Reporting Guidelines, ISO26000, and other guidelines were consulted during the preparation of this report.

Asahi Kasei supports the UN’s Global Compact and its ten universal principles

Human Rights
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.
Principle 2: Businesses should make sure that they are not complicit in human rights abuses.

Labor Standards
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labor.
Principle 5: Businesses should uphold the effective abolition of child labor.
Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.

Environment
Principle 7: Businesses should support a precautionary approach to environmental challenges.
Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility.
Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Corporate citizenship
Stakeholder dialog
Customer relations
Investor relations
Principled supplier relationships
Public outreach
Community fellowship

Respect for employee individuality
Human Resources Principles
Human resources development
Valuing diversity
Balancing work and family life
Communication between management and labor

Asahi Kasei Group CSR Report 2011
Pioneering the future with chemistry, contributing to life and living for people around the world

The Asahi Kasei Group has launched “For Tomorrow 2015” as a new five-year management initiative from fiscal 2011 to fiscal 2015. Operations throughout our four business sectors of Chemicals & Fibers, Homes & Construction Materials, Electronics, and Health Care are being reinforced. We are considering future businesses from a broad perspective, including further development from our core in chemistry.

President Taketsugu Fujiwara invited Dr. Hideki Shirakawa, laureate of the 2000 Nobel Prize in Chemistry, to discuss the role of chemistry and the proper approach for a company to take in a changing society.

Interview with the President

Shirakawa: What role does chemistry play in our lives? I would say it is the middleman between society and life.

Fujiwara: Does chemistry make life better? Our founder Shitagau Noguchi planted the roots of our enterprise by building hydroelectric plants on major tributaries of the Yalu River on the Korean peninsula, which served as the basis for production of fertilizers and other ammonia-derived products. He also diversified into the field of organic chemistry, based on derivatives from coal distillates. This technological pedigree for industrial chemistry remains at the heart of what we are today.

Noguchi’s ambitious vision was to create world-leading factory complexes using Japanese technology. He knew that this would require a diverse array of technologies, and would give rise to innovations and integrations of different fields. He believed that this would ultimately contribute to the advancement of Japan’s overall technological position, and industrial development. The creation of a new technology or product opens the way for further improvements and modifications, which lead to even more possibilities and new applications. This positive cycle is what creates new value and makes the world a richer place. Asahi Kasei has a long heritage of innovating and creating in this way, and we continue to pass it on from generation to generation.

Dr. Shirakawa, you discovered polyacetylene, but you identified its properties by combining various substances and trying all sorts of things.

Shirakawa: That’s right. At first, people thought the experiment had failed. But ultimately it became clear that even a plastic, which would not be expected to have any conductivity, could conduct electricity after all.

In specialist terminology, polyacetylene is a conjugated polymer, that is to say, it is a plastic that has alternating single and double bonds. Broadly speaking, there are two types of conjugated systems—one is aromatic compounds, which contain benzene rings, and the other one is aliphatic compounds such as polyacetylene. With an aliphatic compound, addition reactions occur very readily. In other words, various radicals easily attach at one of the double bonds, changing it to a single bond. If that happens, electrical conductivity is lost. The characteristics of polyacetylene are extremely good as long as no addition reactions occur. That is why when it was first found, researchers at universities and corporations around the world studied it eagerly in the hope that it could be used in rechargeable batteries. Although outstanding performance could be obtained, durability turned out to be a problem when trying to develop a practical product. This is why everyone switched to aromatic compounds. Dr. Yoshino, who developed the lithium-ion battery at Asahi Kasei, was the first to realize this.

Contributing to life and living for people around the world

Fujiwara: The Great East Japan Earthquake of March 11 caused enormous damage in the eastern region of Japan. There are still many people who are living in very difficult conditions, unable to return to their homes. I express my most heartfelt sympathies.

Shirakawa: I was scheduled to give a demonstration class at the Miraikan (National Museum of Emerging Science and Innovation) on March 12, but it was canceled because of earthquake damage. Repairs were completed three months later, and the facilities finally reopened in June. These unprecedented circumstances made me realize that we need to think again about energy usage and conservation of electricity.

Fujiwara: This disaster brought many things into sharp relief, including how to sustain livelihoods, and what kind of security we should expect in homes and communities. We have had extensive discussions in the Asahi Kasei Group about our role as a business entity, and I strongly feel that this disaster has only reconfirmed and reinforced the validity of our Group Mission of contributing to life and living for people around the world.

Shirakawa: Another way to say it would be, “What can chemistry do to help save lives? What can it do to help make life better?” Of course I don’t mean just pure chemistry, but think of all the things that are derived from chemistry. It has enabled remarkable progress in healthcare, in inorganic materials, and in construction materials. One of the greatest contributions that chemistry has made to humankind is the Haber-Bosch process for producing nitrogen from the air with hydrogen to synthesize ammonia, which is used to make things like fertilizers and pharmaceuticals. This is the basic foundation for all nitrogen-containing compounds, and it has long been a cornerstone of the chemical industry. Asahi Kasei was an early pioneer in improving this process, weren’t you?

Fujiwara: Our founder Shitagau Noguchi planted the roots of our enterprise by building hydroelectric plants on major tributaries of the Yalu River on the Korean peninsula, which served as the basis for production of fertilizers and other ammonia-derived products. He also diversified into the field of organic chemistry, based on derivatives from coal distillates. This technological pedigree for industrial chemistry remains at the heart of what we are today.

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and his improvements with carbonaceous material were the key to the successful development. Although human intuition can be very keen sometimes, there are also times when you just can’t figure out what will work. Sometimes you just have to try all kinds of things, and once you find what works you say “Oh, now I understand!”

Incidentally, what is the thinking behind the Asahi Kasei Group Slogan, Creating for Tomorrow?

Fujiwara: We have projects underway studying what specific things we will do for the future. For example, in health care, one focus is on the circulatory system. We can use filtration to remove unwanted substances from the blood, and then return the filtered blood to the patient. Although filtration won’t completely remove the unwanted substances, decreasing the amount of such substances can provide effective therapy. And in addition to filtration, we can also use adsorbents to remove various proteins, pathogens, and viruses.

Shirakawa: It sounds like you’re aiming for filtration/adsorption systems that will do even more than ordinary kidney functions. In Japan and worldwide, I think the question of how to tackle cancer is extremely important. In addition, filtration/adsorption systems that will do even more provide effective therapy. And in addition to decreasing the amount of such substances can provide effective therapy. And in addition to filtration, we can also use adsorbents to remove various proteins, pathogens, and viruses.

Shirakawa: Asahi Kasei also seems to strongly support science education for children. You provide materials for my demonstration classes at the Miraikan, of which you are also a major sponsor. Whenever I interact with children, I emphasize hands-on study and learning from nature. Children learn best when they see things with their own eyes and experience things in person. I think the best way to teach them is to help them discover different things and realize different ideas themselves. By “learning from nature,” I mean that children can actually learn a lot on their own simply by being surrounded by nature.

We use many convenient devices and systems these days, but it’s not easy to grasp how they work. Now that there are fewer opportunities to make things by ourselves, I think we really need to give children the chance to experience things in person. It would be great if more corporations and scientists would help support this kind of thing.

Fujiwara: In Nobeoka, Miyazaki Prefecture, one of our major manufacturing locations, we have long had a program for our engineers to visit local schools to give science and technology demonstrations. In addition to researchers like myself who specialized in chemistry, some were researchers in social engineering, structural engineering, materials engineering, and even international studies. In the laboratory next to mine, they were doing physics experiments and researching electronics. Such an exercise that allows different people to come into contact with one another is extremely valuable for the development of a broad outlook.

The Asahi Kasei Group is involved in such a wide range of fields. You’re in health care as well as construction materials and fibers. When developing new fields of business, it must be crucial to have good personnel interchange and technological integration.

Fujiwara: In my experience, children can actually learn a lot on their own simply by being surrounded by nature. By “learning from nature,” I mean that children can actually learn a lot on their own simply by being surrounded by nature. I think the best way to teach them is to help them discover different things and realize different ideas themselves. By “learning from nature,” I mean that children can actually learn a lot on their own simply by being surrounded by nature.

Teaching children to learn from nature

Pioneering the future by creating new value

Fujiwara: In order to create new value by integrating different technologies and different products, I believe that, above all else, it is necessary to nurture human resources and to have interchange between people. We have programs to support independent study and to provide overseas assignments as part of the process of personnel development, which enables them to develop on their own initiative. In terms of personnel interchange, we have a system to enable people to apply for available positions in different business units, in addition to the ordinary job rotations.

Shirakawa: Specialization is critical in chemical research, as this is where new possibilities are found. But just pursuing specialization alone would certainly not be enough. To fulfill your slogan Creating for Tomorrow, a whole spectrum of knowledge is required. I believe what you describe about personnel interchange is extremely important, even as you reinforce the fundamentals as a company at the same time.

I have been involved in research at the University of Tsukuba for a long time. In the Third Cluster College where I used to work, we had instructors with many different backgrounds. In addition to researchers like myself who specialized in chemistry, some were researchers in social engineering, structural engineering, materials engineering, and even international studies. In the laboratory next to mine, they were doing physics experiments and researching electronics. Such an exercise that allows different people to come into contact with one another is extremely valuable for the development of a broad outlook.

The Asahi Kasei Group is involved in such a wide range of fields. You’re in health care as well as construction materials and fibers. When developing new fields of business, it must be crucial to have good personnel interchange and technological integration.

Fujiwara: I’m glad you mentioned that. Right now, the fields we’re looking at include environment & energy as well as innovative proposals for residential living. We will also continue to develop new business in health care. It’s going to be vital for us to create new value for society by combining various technologies. We are advancing new business projects that gather together specialists in different fields. Your comments will be a great source of inspiration as we move forward. In closing, is there anything else you believe the Asahi Kasei Group should aspire to?

Shirakawa: First of all, I think you could make the lithium-ion rechargeable battery a more complete product. I don’t mean as individual components, but as a large-scale system. Another area of great promise would be to produce chemical substances by combining sunlight collection technology with catalyst technology. It would be possible to produce useful substances like methanol and ethanol. Also, some people believe that we will face a food crisis in the not too distant future. It should be possible to develop another new field of business based on growing plants under completely controlled conditions of temperature, humidity, and light. The power of chemistry holds the key to each of these.

Fujiwara: Initiatives that combine technologies to discover new value are directly linked to the fulfillment of our corporate social responsibility. We will continue with a strong sense of mission to advance our operations in a manner that contributes to society.
CSR in Action
We believe that CSR is achieved by raising corporate value for our various stakeholders through our business operations in accordance with our Group Mission of contributing to life and living for people around the world.

Corporate Governance
We believe that constant effort to increase the efficiency and transparency of management is essential for continuous enhancement of the corporate value of the Asahi Kasei Group.

Based on the structure of a holding company and core operating companies, we continue to advance measures to heighten corporate governance through the clarification of the scope of authority and responsibility of the core operating companies as well as the election of multiple Outside Directors and institutionalization for internal auditing and internal control.

Corporate Social Responsibility (CSR) at the Asahi Kasei Group
Corporate Social Responsibility (CSR) represents the commitment and initiative to secure and improve safety and protection for people working in the chemical, petrochemical, and fibers industries. As of October 2010, fifty-four countries throughout the world have a Responsible Care program.

The basis for contributing to life and living for people around the world — our CSR Fundamentals

CSR Fundamentals
Based on a clear understanding of the effects of our operations on the global environment and the global community, our efforts and actions related to CSR are focused on four CSR Fundamentals: Compliance, Respect for Employee Individuality, Responsible Care, and Corporate Citizenship.

Corporate Governance System (as of April 1, 2011)
Holding Company Board of Directors Chairman President Board Audit Committee CSR Council Risk Management Council Internal Auditing Core operating companies

Notable CSR actions, results, and plans

<table>
<thead>
<tr>
<th>Area</th>
<th>Notable actions and results in FY 2010</th>
<th>Plans for FY 2011</th>
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<tr>
<td>General Compliance</td>
<td>Adoption of safety confirmation system</td>
<td>Effective operation of safety confirmation system</td>
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<td>Operation of Compliance Hotline</td>
<td>Review and improvement of internal rules to guide the response to a major earthquake (business continuity planning)</td>
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<td>Revision of Corporate Ethics – Basic Policy and Code of Conduct</td>
<td>Providing education on corporate ethics via e-learning</td>
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<td>Responsible Care</td>
<td>Meetings with securities analysts and institutional investors with cumulative attendance of 1,200 students</td>
<td>Sustaining and enhancing communication with stakeholders</td>
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<td></td>
<td>Seminars for 2,138 individual investors</td>
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<td></td>
<td>Periodic meetings with community members and suppliers at each production site</td>
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<td>Publication of CSR Report in Japanese and English</td>
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Message from the Executive for CSR
In addition to our business operations in line with our Group Mission of contributing to life and living for people around the world, we are proactively engaged in measures for environmental protection and safety, strict legal compliance, and community fellowship guided by “education and growth of the next generation.”

As we advance “one AK” management to draw together the collective strength of the Asahi Kasei Group under the new mid-term management initiative, we will continue to strive to enhance our CSR activities under the guidance of the CSR Council, and to heighten trust with our stakeholders through timely disclosure of information.

Yui Mizuno
Secretary, CSR Council Director, Senior Executive Officer
Asahi Kasei Corp.
Together with our new mid-term management initiative, we have adopted a renewal of our Group Mission, Group Vision, Group Values, and Group Slogan.

**Group Mission**

We, the Asahi Kasei Group, contribute to life and living for people around the world. This is the Asahi Kasei Group’s unchanging reason for being. What we never cease to strive for, though the needs of society change throughout the ages, is a sincere regard for the people of the world.

**Group Vision**

Providing new value to society by enabling “living in health and comfort” and “harmony with the natural environment.”

**Group Values**

- **Sincerity** — Being sincere with everyone.
- **Challenge** — Boldly taking challenges, continuously seeking change.
- **Creativity** — Creating new value through unity and synergy.

**Group Slogan**

Creating for Tomorrow

The commitment of the Asahi Kasei Group: To do all that we can in every era to help the people of the world make the most of their lives and attain fulfillment in living. Since our founding, we have always been deeply committed to contributing to the development of society, boldly anticipating the emergence of new needs. This is what we mean by “Creating for Tomorrow.”

Under the holding company configuration, the Asahi Kasei Group consists of nine core operating companies and Asahi Kasei Corp., which holds ownership of the core operating companies. The nine core operating companies enjoy broad independence and autonomy to swiftly adapt and respond to changes in the operating environment. The holding company is focused on strategic planning & analysis, administration of resources, oversight of management execution, and development of new businesses which extend beyond the scope of any single operating segment.
The new mid-term management initiative

Further heightening corporate value with our new mid-term management initiative, “For Tomorrow 2015”.

With the beginning of fiscal 2011, the Asahi Kasei Group launched a new mid-term management initiative, “For Tomorrow 2015,” for the five-year period from fiscal 2011 through fiscal 2015. The new management initiative provides a clear vision for the Group, with a focus not only on the proactive expansion of our globally competitive businesses, but also on the expansion of operations in fields related to the environment and energy, residential living, and health care, from the perspectives of living in health and comfort and harmony with the natural environment. To further heighten corporate value, we are pursuing growth by focusing the strengths of the Group on anticipating emerging social needs through our key strategies of “expansion of world-leading businesses” and “creation of new value for society.”

Business Strategy

1. Expansion of world-leading businesses
2. Creation of new value for society

Promotion of businesses based on living in health and comfort and harmony with the natural environment

1. Environment/energy-related
2. Residential living-related
3. Health care-related

Reformation of corporate systems

1. Global business expansion
2. Creation of new businesses
3. Propagation of our mission, values, and vision
4. Human resource policies
5. Management control, resource allocation

Environment/energy-related
Residential living-related
Health care-related

Message from the Executive for Strategy

In fiscal 2011, the Asahi Kasei Group launched a new mid-term management initiative, “For Tomorrow 2015.” This initiative reflects our aspiration to create new things for the future, based on the perspectives of living in health and comfort and harmony with the natural environment.

Throughout our history, we have always responded to the changing needs of society in every era, diversifying our operations and transforming ourselves in a flexible manner. This flexibility is the very strength of the Asahi Kasei Group, and we will continue to proactively create new businesses in anticipation of emerging social needs by combining our diverse materials and technologies.

Koji Fujiwara
Director, Primary Executive Officer
Executive for Strategy, Accounting & Finance, and Investor Relations
Asahi Kasei Corp.

Creating for Tomorrow – the Asahi Kasei Group is creating new things for the future based on the perspectives of “living in health and comfort” and “harmony with the natural environment.”

Basic strategy

Business expansion will be advanced with management resources focused on the three fields of “Environment & Energy,” “Residential Living,” and “Health Care,” with living in health and comfort and harmony with the natural environment as two key perspectives to meet emerging social needs in the coming new era. We have launched three projects for the creation of new businesses in these fields, combining our strengths in different business units.

Environment & Energy for Tomorrow
Residential Living for Tomorrow
Health Care for Tomorrow

Under these projects, the creation of new businesses will be advanced through both system-based and combined-unit projects which create new social value, by bringing together the power of the Asahi Kasei Group in “one AK” management.
We have more than 20 major production locations throughout Japan, including Nobeoka, Miyazaki Prefecture, the location of our historic roots; Mizushima, Kurashiki, Okayama Prefecture; Fuji, Shizuoka Prefecture; and Kawasaki, Kanagawa Prefecture. Overseas sales were ¥449.3 billion, 28% of total consolidated net sales for fiscal 2010.

Overview of operations

Japan (major plant sites)

- Nobeoka, Miyazaki Prefecture
- Mizushima, Kurashiki, Okayama Prefecture
- Fuji, Shizuoka Prefecture
- Kawasaki, Kanagawa Prefecture

Consolidated subsidiaries

- Japan 68
- Other Asia 16
- Europe 8
- United States 9

FY 2010 sales by region (as of March 31, 2011)

- Japan 1,149.1 billion (72%)
- Other regions 154.4 billion (10%)

Employees by region (as of March 31, 2011)

- Japan 90%
- Europe and US 9%
- Other 7%

FY 2010 net sales

- Electronics 158.3 billion (10%)
- Fibers 108.4 billion (7%)
- Health Care 116.4 billion (7%)
- Homes 409.2 billion (28%)

Employees (as of March 31, 2011)

- Others 15%
- Construction Materials 6.4 billion (46%)
- Chemicals 4.6 billion (26%)
- Others 12%

FY 2010 capital expenditure

- Corporate assets and eliminations 2.8 billion (4%)
- Corporate assets 3.3 billion (5%)
- Others 0.9 billion (1%)
- Construction Materials 1.3 billion (3%)
- Construction Materials 1.3 billion (3%)
- Construction Materials 1.3 billion (3%)
- Others 16%

FY 2010 R&D expenditure

- Corporate assets and eliminations 6.4 billion (5%)
- Corporate assets 6.5 billion (5%)
- Others 0.3 billion (2%)
- Construction Materials 15.5 billion (25%)
- Construction Materials 15.5 billion (25%)
- Other 5.2 billion (5%)
- Health Care 16.5 billion (28%)

Other regions

- Southeast China
  - Zhanjiang: Asahi Kasei Performance Chemicals Co., Ltd.
  - Suzhou: Asahi Kasei Business Management Shanghai Co., Ltd.
  - Shanghai: Asahi Kasei Fibers International Shanghai Co., Ltd.
- South Korea
  - Seoul: Asahi Kasei Medical Trading (Korea) Co., Ltd.
- Other Asia
  - PT Nippisun Indonesia
  - Polyxylenol Singapore Pte. Ltd.
  - Asahi Kasei Plastics Singapore Pte. Ltd.
- Other regions
  - Southeastern China
    - Suzhou: Asahi Kasei Business Management Suzhou Co., Ltd.
  - Southeastern China
    - Shanghai: Asahi Kasei Performance Chemicals Shanghai Co., Ltd.
  - Southeastern China
    - Shanghai: Asahi Kasei Fibers International Shanghai Co., Ltd.
Asahi Kasei Group CSR Report 2011

Highlights

2010

1. Market launch of new 3-axis electronic compass for portable appliances

Asahi Kasei Microdevices (AKM) began commercial production of a new 3-axis electronic compass for portable appliances, the AK98758. Following a succession of advancements for smaller and thinner product size since the launch of the world’s first 3-axis electronic compass in 2003, the package size of the AK98758 has been reduced to less than half that of AKM’s previous equivalent product.

2. Application for approval to manufacture and sell Terbione™ in Japan

Asahi Kasei Pharma filed an application for approval to manufacture and sell Terbione™ (generic name: teniprosld acetate) as an osteoporosis drug in Japan. With approval and marketing launch foreseen in 2012, we believe Terbione™ will make a significant contribution to the treatment of osteoporosis, a disease which affects a greater number of people as the population ages.

3. Decision to construct a new plant in Singapore to produce solution SBR for fuel-efficient high-performance tires

We plan to construct a new plant in Singapore to produce solution SBR for fuel-efficient high-performance tires.

4. Market launch of new pellicle compatible with ArF exposure and capacity expansion for semiconductor policies

Market launch of pellicle compatible with ArF exposure and capacity expansion for semiconductor policies.

5. Completion of a new assembly plant in Oita, Japan, for Planova™ virus removal filters

Completion of a new assembly plant in Oita, Japan, for Planova™ virus removal filters.

6. Conclusion of a license agreement for Teribone™

Asahi Kasei Fibers made a decision to construct a new plant for therapeutic apheresis devices. Production equipment was transferred to the new plant and therapeutic apheresis devices. Production equipment was transferred to the new plant and therapeutic apheresis devices. Production equipment was transferred to the new plant and therapeutic apheresis devices. Production equipment was transferred to the new plant and therapeutic apheresis devices.

7. Conclusion of a license agreement for ArF resist

Conclusion of a license agreement for ArF resist.

8. Market launch of Hebel Haus™ “1, co_7” two-generation homes

Market launch of Hebel Haus™ “1, co_7” two-generation homes.

9. Market launch of Jupi™ floor insulation panels for wood-frame houses

Market launch of Jupi™ floor insulation panels for wood-frame houses.

10. Market launch of Hebel Haus™ RONDO two-generation homes integrating rental units

Market launch of Hebel Haus™ RONDO two-generation homes integrating rental units.

2011

1. Market launch of new Jupi™ insulation panels for wood-frame houses

The new panels meet the performance standards corresponding to preferential policies for energy efficient homes, including for long-life quality housing and the eco-point system for housing.

2. Market launch of Hebel Haus™ Frex “monado”

Asahi Kasei Homes launched Hebel Haus™ Frex “monado” enhanced three-story houses for urban life. Improvements to the frame structure enable the creation of large, open living spaces within confined urban plots, which have many space constraints such as limited area and narrow frontage.

3. 7th Asahi Kasei Award for Fashion Design Creativity in China

The 7th Asahi Kasei Award for Fashion Design Creativity in China.

4. Market launch of Hebel Haus™ Frex “monado”

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5. Asahi Kasei Chemicals made a decision to construct a large new plant in Korea to expand its production capacity for acrylonitrile (AN), an intermediate chemical for raw used in consumer electronics, for which the demand is expected to increase worldwide. In April 2011, the company signed an agreement with South Basic Industries Corp. (SBICIC) and Mitsubishi Corp. to establish a joint venture to implement a project to produce AN in Saudi Arabia.

Other responses

Although the Tohoku region is outside of its market area, Asahi Kasei Homes has proactively provided manpower in support of the operation of the emergency temporary housing construction headquarters and the local construction headquarters, both of which were set up by the Japan Prefectural and City Construction Suppliers & Manufacturing Association.

Asahi Kasei Power Devices Corp. has provided a part of the premises of the Ishinomaki Plant for temporary housing. The construction of 200 home units began in June 2011, and they will be offered for free to people displaced by the disaster for up to four years.

Response through our operations

In cooperation with its main distributors in the Tohoku region, Asahi Kasei Kuranairi Medical secured a one month supply of artificial kidneys to provide to medical institutions in disaster-hit areas within some 10 days of the quake.

Consering electricity

At production facilities

We strive to reduce power usage during peak hours by utilizing our in-house power generation facilities, increasing night-shift production, and curtailing the use of lighting and air conditioning.

At offices

We have formulated a voluntary action plan for power consumption during summer time, with 25% reduction during peak hours targeted to curtail total power usage.

Supports for households to save power

The Eco-footprint Club, a website developed by the Asahi Kasei Group to support eco-friendly living, helps families reduce energy usage at home.

Damage to the Asahi Kasei Group

Our group personnel were safe and sound, but the following plants were partially damaged by the disaster: Asahi Kasei Construction Materials Manufacturing, Asahi Kasei Fibers, Asahi Kasei E-materials, and Asahi Kasei Metals Ltd. Tomobe Plant. Damage to facilities in each case was minor.

In our supply chain ranging from materials procurement to manufacturing, logistics, and marketing, we have successfully switched to alternative materials including those procured from overseas, and expect no material impact.
Compliance

Framework for compliance

Corporate Ethics – Basic Policy and Code of Conduct

Our Corporate Ethics – Basic Policy and Code of Conduct is the standard and guide for ethical conduct throughout the day-to-day work of each and every member of the Asahi Kasei Group. It has been translated into English and Chinese, and it or an equivalent standard applies to our overseas subsidiaries as well.

Corporate Ethics – Basic Policy
1. Creating value, contributing to society
2. Caring for environment, health, and safety
3. Honoring law and norms of society
4. Excluding subversive elements
5. Respecting the individual
6. Ensuring transparency
7. Respecting information an intellectual property
8. Practicing corporate ethics

Compliance monitoring by the Corporate Ethics Committee

Monitoring of compliance and oversight of education and training for compliance throughout the Asahi Kasei Group are performed by the Corporate Ethics Committee, which was formed in July 1998. Where shortcomings are discovered, the committee formulates and implements measures for improvement.

At its meeting in June 2010, the committee discussed priority issues and policies at each group company for ensuring compliance, the state of compliance with laws and regulations, handling of personal information, measures for prevention of sexual harassment, and operation of the Compliance Hotline.

Compliance Hotline

The Asahi Kasei Group began employing a Compliance Hotline in April 2005 to ensure that any possible ethical lapses which employees may encounter or observe are dealt with swiftly and appropriately. Reports can be made through the corporate intranet or by post (to a specified address), and appropriately. Reports may also be made to the committee from either party to an agreement or an equivalent standard applies to our overseas subsidiaries.

Exempting complaints from complaints are dealt with swiftly and appropriately. Reports can be made through the corporate intranet or by post (to a specified address), and appropriately. Reports may also be made to the committee from either party to an agreement or an equivalent standard applies to our overseas subsidiaries.

Compliance Hotline Flow

Example: Anonymous intranet report, violation confirmed.

Reporting party

- Name/Position/Unit
- Address
- Contact person

Content of report

- Event/Complaint/Concern/Opinion
- Date
- Details
- Signature

Instruction to investigate

- Collation of report
- Check and decide to perform corrective action

Order of corrective action

- Compliance/Secretariat
- Executive for compliance

Protection of personal information

Asahi Kasei Group is committed to the proper handling and use of personal information, in accordance with our basic policy.

Education and training for all employees—including the distribution of an information security handbook which covers issues related to personal information protection and the provision of education via e-learning—is monitored by the Corporate Ethics Committee.

Protection of intellectual property

The Asahi Kasei Group implements strict measures to prevent unauthorized or unintentional outflow of technological information and know-how in accordance with its basic policy and management standards for the prevention of technology outflow. The Asahi Kasei Group also applies internal guidelines summarizing related precautions to take when entering business overseas as well as procedures to ensure the preservation of prior-use rights in China.

Risk management

Corporate Risk Management

In the event of any major accidents, incidents, or problems which cause significant damage to Asahi Kasei Group operations or which may foreseeably cause Asahi Kasei Group operations to have adverse effects on the general public, the Asahi Kasei Group sets up a group emergency response headquarters headed by the President of Asahi Kasei Corp., and the headquarters works with various divisions and departments to guide the proper response to be taken.

When the Great East Japan Earthquake occurred in March 2011, the Asahi Kasei Group established an emergency disaster response headquarters, which accumulated information regarding the state of damage to our plants and office sites in affected areas and took actions such as delivery of relief supplies to affected offices.

Role of Corporate Risk Management

Corporate Risk Management

- Information disclosure through Corporate Communications
- Information disclosure
- Direction and guidance

Responsible division or department

- Corporate Risk Management
- Fact checking, coordination

Safety Confirmation System

In June 2010, the Risk Management Committee introduced a system to confirm the safety of personnel in the event of a disaster such as a major earthquake. At the time of the Great East Japan Earthquake in March 2011, the system enabled us to confirm the safety of our personnel, although there were some delays in sending and receiving e-mails due to congested telephone lines. To ensure the smooth and effective operation of this system as a means of communication with personnel in the event of an emergency, we will perform ongoing training and apply improvements to the system as appropriate.

Safety Confirmation System

- Identification of stakeholders
- Risk identification
- Risk evaluation
- Risk reduction
- Communication
- Action plan

Responsible Care

The program of Responsible Care is a key element in management of the Asahi Kasei Group, comprising the six pillars of environmental protection, product safety, operational safety, workplace safety & hygiene, health maintenance, and community outreach.

Responsible Care at Asahi Kasei

Responsible Care (RC) represents the commitment and initiative to secure and improve safety and environmental protection at every step of the product life cycle through the individual determination and responsibility of each firm producing and handling chemical products, together with measures to gain greater public trust through disclosure and communication. RC was conceived in Canada in 1985, and was strengthened on a global scale with the establishment of the International Council of Chemical Associations (ICCA) in 1990. In 1995, the chemical industry in Japan began implementing RC with the establishment of the Asahi Kasei Group Responsible Care Council (JGCC). Asahi Kasei was among the founding members of the JGCC, and played a leading role in the expansion and development of RC in Japan.

RC at the Asahi Kasei Group is not limited to chemicals-related operations but encompasses operations in all fields, including housing, healthcare, fibers, electronics, and construction materials.

Asahi Kasei Group Responsible Care Principles

Throughout the product life cycle from R&D to disposal, utmost consideration is given to environmental preservation, product safety, operational safety, and workplace hygiene and as preeminent management tasks in all operations worldwide.

- Environmental preservation is achieved by ameliorating the environmental burden of operations while giving full consideration to the environment in the development of new technologies and products.
- Product safety is ensured by evaluating the safety of products and providing safety information.
- The safety of personnel and members of the community is secured through endeavors to maintain stable operation and improve technologies for safety and disaster prevention.
- Workplace accidents are prevented through improvements to the workplace environment and plant modifications to achieve inherent safety.
- Maintenance and promotion of employee health is supported by efforts to achieve a comfortable workplace environment.

In addition to maintaining legal compliance, continuous improvement is pursued through attainment of self-imposed targets based on results of risk assessment. Public understanding and trust is gained through proactive communication and information disclosure.

June 4, 2002

A message from the Executive for RC

The spirit of RC is autonomy, responsibility, and open disclosure. At the Asahi Kasei Group, we go beyond mere compliance with laws and regulations as we operate our businesses with due consideration for all matters related to the environment, health, and safety.

In fiscal 2010, a wide range of RC efforts including training and education were advanced at all organizational levels. The objectives we held and the results we achieved are shown in the table below.

In our group’s mid-term initiative launched this April, we formulated quantitative indexes to gauge our contribution in two strategic perspectives — "living in health and comfort" and "harmony with the natural environment." In certain areas where we can perform better, we are redoubling our efforts to raise results in line with our commitment to prevent accidents and disasters, maintain product safety, and promote employee health, for complete achievement of all RC Objectives in fiscal 2011.

Katsuhiko Yamazoe
Executive for RC
Senior Executive Officer
Asahi Kasei Corp.

Asahi Kasei Group Responsible Care Principles

- Enhance RC compliance
- Enhance RC education and training
- Enhance RC as an affiliate
- Enhance RC with the public

Environmental protection

- Maintain zero-venting accidents

Safety

- Avoid all accidents in “caught in/between” category

Health

- Monitor and reduce CO₂ emissions from product manufacturing

Product safety

- Avoid all accidents in “caught in/between” category

RC objectives and results

<table>
<thead>
<tr>
<th>FY 2010 RC Objectives</th>
<th>FY 2010 Result</th>
<th>Recommendation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enhance RC compliance</td>
<td>Complete</td>
<td></td>
</tr>
<tr>
<td>Enhance RC education and training</td>
<td>Complete</td>
<td></td>
</tr>
<tr>
<td>Enhance RC as an affiliate</td>
<td>Complete</td>
<td></td>
</tr>
<tr>
<td>Enhance RC with the public</td>
<td>Complete</td>
<td></td>
</tr>
<tr>
<td>Greenhouse gas emissions</td>
<td>Complete</td>
<td></td>
</tr>
</tbody>
</table>
| Energy consumption reduced by 2% through life cycle assessment
|          |                | Complete        |
| Reduction of industrial waste emission | Complete        |                |
| Release of air and water pollutants | Complete        |                |
| Release of POPs and VOCs | Complete        |                |
| Release of air and water pollutants | Complete        |                |
| Reduction of chemical release | Complete        |                |
| Enhance RC compliance | Satisfactory     |                |
| Achieve severity rate of 0.005 or less | Satisfactory     |                |
| Achieve frequency rate of 0.1 or less | Satisfactory     |                |
| Achieve severity rate of 0.005 or less | Satisfactory     |                |
| Achieve frequency rate of 0.1 or less | Satisfactory     |                |
| Achieve severity rate of 0.005 or less | Satisfactory     |                |
| Achieve frequency rate of 0.1 or less | Satisfactory     |                |
| Achieve severity rate of 0.005 or less | Satisfactory     |                |
| Achieve frequency rate of 0.1 or less | Satisfactory     |                |
| Achieve severity rate of 0.005 or less | Satisfactory     |                |
| Achieve frequency rate of 0.1 or less | Satisfactory     |                |
| Achieve severity rate of 0.005 or less | Satisfactory     |                |
| Achieve frequency rate of 0.1 or less | Satisfactory     |                |

Number of accidental deaths and injuries resulting in the loss of one or more workdays, per million man-hours worked.

Lost workdays, severity-weighted, per thousand man-hours worked.
RC Management System

The efficiency and effectiveness of Asahi Kasei Group RC is maintained in accordance with its RC Management Guidelines and other internal standards, with the President of Asahi Kasei Corp. serving as chair of our RC Committee. As shown in the diagram below, continuous reevaluation and improvement are systematically pursued with "plan-do-check-act" (PDCA) cycles—for the Asahi Kasei Group as a whole, within each core operating company and Region, and within individual plants and facilities.

Certified compliance with internationally standardized management systems is obtained for the RC Management System of the Asahi Kasei Group. We have obtained ISO 14001 environmental management system certification for environmental protection and ISO 9001 quality management system certification for product safety. An Occupational Health & Safety Management System (OHSMS) is adopted for workplace safety, hygiene, and health.

Asahi Kasei Group maintains RC in accordance with the RC Principles of operational safety and workplace safety, and includes a large number of actual examples to learn from. Using this textbook, we conducted education and training courses for production managers and EHS managers, as well as candidates for those positions, group leaders of research departments, and EHS personnel.

We will continue to hold such courses for line managers and candidates.

RC education and training

Our program for RC education and training of line managers was revised to further heighten the effectiveness of our RC initiative. A new textbook was produced, which provides a general overview of RC, covers environmental protection and employee health, describes the fundamentals and principles of operational safety and workplace safety, and includes a large number of actual examples to learn from.

Using this textbook, we conducted education and training courses for production managers and EHS managers and proposed plans and targets at the individual plants and facilities. To share information and maintain the vitality of the initiative, RC results are reported, seminars are held, and Safety Awards are presented at symposiums.

Overseas RC activities

The Asahi Kasei Group promotes RC activities in its overseas operating bases. An example of overseas RC activities by Asahi Kasei Chemicals is shown below.

RC Symposiums

Every year, RC Symposiums are held at the Nobeoka, Moriyama, and Fuji Regions, with awards presented to plants which have outstanding safety performance records. In fiscal 2010, RC Symposiums were also held by four core operating companies. To share information and maintain the vitality of the initiative, RC results are reported, seminars are held, and Safety Awards are presented at the symposiums.

Asahi Kasei Chemicals has many overseas subsidiaries and affiliates engaged in production operations in a diverse range of fields. With a focus on heightening safety standards as part of its third multi-year RC plan launched in fiscal 2010, the awareness of RC is to be enhanced at its geographically independent plants, subsidiaries and affiliates, as well as at its overseas plants. The effectiveness of RC activities is confirmed through RC audits and site visits, and a range of support is provided to help deal with individual challenges and issues, including the provision of various advice and know-how as well as information about reference cases.

In fiscal 2010, Asahi Kasei Chemicals performed its second consecutive annual compliance audits at operations in China. The support was provided by local Chinese consultants familiar with China’s laws and regulations, who interviewed personnel in detail regarding matters of environmental protection, workplace safety, and hygiene—a process which would have been difficult for EHS personnel of Asahi Kasei Chemicals to carry out on their own. The use of local consultants was found to be highly effective as a means of confirming legal compliance in comprehensive detail in countries outside Japan, and its application in other countries is being studied.

A wide variety of measures, such as inviting proposals for better safety, reporting of near-accidents and potential hazards, and case studies, are steadily being introduced at each site, and we will continue to work in close coordination to achieve further progress.
Environmental protection

The Asahi Kasei Group’s business operations involve the use of large amounts of chemical substances. We implement measures under our ISO 14001 environmental management system to prevent pollution-causing accidents. In addition to our efforts toward the achievement of a low-carbon society and toward the establishment of a recycling-oriented society, we also take measures to help preserve biodiversity.

### Highlights
- Quantitative indexes concerning prevention of global warming were established, and targets for FY 2020 were set.
- Measures to preserve biodiversity were established with the aim of harmony between society and the environment.

#### Curtailing greenhouse gas emissions

The Asahi Kasei Group is an active participant in the voluntary programs for greenhouse gas emissions reduction by the Japan Chemical Industry Association (JCIA) and the Japan Business Federation (Nippon Keidanren), and our efforts have brought significant results. Seeking further reduction of greenhouse gas emissions in a shorter period of time for the prevention of global warming, the Cancun Agreement was adopted at COP16 at the end of 2010, and Japan submitted a target of cutting greenhouse gas emissions to 25% below 1990 levels by 2020 with certain conditions. In this context, the Asahi Kasei Group established a new framework (see box below) for the reduction of greenhouse gas emissions from the following perspectives.

1. Curtailing emissions of greenhouse gases from production processes
2. Performing life cycle assessment (LCA) to study the reduction of CO2 emissions enabled over the full life cycle of our products and technologies, including those under development, and seeking further reduction

#### The Asahi Kasei Group’s new framework for the reduction of greenhouse gas emissions

**Global Warming Response Committee**

This committee deliberates and adopts group-wide measures to counter global warming. It is chaired by the holding company Executive for RC, and has the presidents of the core operating companies and the General Manager of New Business Development as members.

**LCA Committee**

This committee consists of personnel responsible for advancing LCA at the holding company, core operating companies, and New Business Development. It promotes LCA throughout the Asahi Kasei Group, performs LCA for the Group’s products and technologies, including those under development, and drafts targets for reduced CO2 emissions based on LCA.

**Curtailment of emissions of greenhouse gases from production processes**

The Asahi Kasei Group has achieved a significant reduction in greenhouse gas emissions. Our emissions in fiscal 2010 were equivalent to 5.26 million tons of CO2, as we continued to maintain a reduction of over 50% from the baseline. Notable measures which contribute to this reduction include thermal decomposition of nitrous oxide (N2O) byproduct from adipic acid production, resulting in an annual reduction of roughly 6 million tons CO2 equivalent, and substitution of foaming agent used at the Suzuka Plant, resulting in an annual reduction of some 180 thousand tons CO2 equivalent. In Nobeoka, Miyazaki, we are constructing biomass power generation facilities, which will help reduce CO2 emissions.

#### Life cycle assessment of reduced CO2 emissions

We began performing life cycle assessment (LCA) to determine the reduction of CO2 emissions which are enabled by certain Asahi Kasei Group products and technologies when compared to the conventional products and technologies they replace. LCA performed in fiscal 2010 determined that the following two products would help reduce CO2 emission significantly by fiscal 2020.

1. An environmentally efficient filter bag for dust collectors, with a new structure to enable lower air resistance than conventional products.
2. A new coating material for photovoltaic and solar thermal power units, with self-cleaning function which ensures higher antireflection performance than conventional products.

#### Asahi Kasei Group’s new initiatives for curtailing greenhouse gas emissions

The Asahi Kasei Group has adopted the following new measures to accelerate its efforts to help prevent global warming.

1. **New quantitative indexes and targets**
   - We will promote effective, appropriate measures using PDCA cycles to monitor our progress with new quantitative indexes and targets.
   - We will report on our progress in future reports.

2. **New group-wide project for the creation of new businesses**
   - With the “Environment & Energy for Tomorrow” combined-project launched under the new mid-term management initiative which started in fiscal 2011, we will accelerate the creation of new businesses that contribute to the prevention of global warming.

The reduction of CO2 emissions enabled by coating material for solar power units (940,000 tons/year) is equivalent to the annual CO2 emissions from some 190 thousand households in Japan (average 4.85 tons/year per household).

<table>
<thead>
<tr>
<th>Greenhouse gas emissions</th>
<th>CO2</th>
<th>N2O</th>
<th>CH4</th>
<th>HFC</th>
<th>PFC</th>
<th>SF6</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baseline emissions</td>
<td>50%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>FY2005</td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>FY2020</td>
<td></td>
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</tbody>
</table>

Baseline emissions amount to 12.06 million tons CO2, 11.77 million tons N2O, 5.98 million tons CH4, 5.56 million tons of HFC, 5.48 million tons of PFC, and 5.65 million tons of SF6.

**Environmentally efficient filter bag**

This bag results in approximately 120 thousand tons of CO2 emissions annually.

**Coating material for solar power**

This material reduces CO2 emissions by 2% from the previous year. The average annual rate of improvement for the past five years was 2%.

**Renewable energy**

The Asahi Kasei Group has seven hydroelectric power generation plants which meet 9% of our electricity needs. Generation of the equivalent amount of power at thermoelectric plants would result in approximately 120 thousand tons of CO2 emissions annually.

**Energy conservation**

To reduce CO2 emissions from power generation, we target improved unit energy efficiency. In fiscal 2010 we reduced unit energy consumption by 2% from the previous year. The average annual rate of improvement for the past five years was 2%.

**Alleviating the environmental effects of physical distribution**

Product shipments for Asahi Kasei Group operations in Japan amounted to some 1.3 billion ton-kilometers in fiscal 2010, generating approximately 90 thousand tons of CO2 emissions—a 7% increase from fiscal 2009 due to increased shipment volume. In cooperation with the transport firms contracted for shipment, a wide range of measures are employed to reduce energy consumption and alleviate the environmental effects of physical distribution.

Both Asahi Kasei Chemicals and Asahi Kasei Fibers have received Eco-Train Mark certification in recognition of their preferential shipment of products by rail, an ecological mode of transport which results in lower CO2 emissions for a given weight and distance than many other means of transportation.
The Asahi Kasei Group is working toward zero emission of industrial waste through the "3-Rs" of reduction, reuse, and recycling. In fiscal 2010, the volume of industrial waste transferred off-site for final disposal was 95% lower than in fiscal 2000 thanks to increased on-site waste separation and recycling, and we surpassed our target of 90% reduction.

In one notable example of recycling, Asahi Kasei Construction Materials has received the Environment Minister’s certification for wide area recycling, enabling the recycling of waste from autoclaved aerated concrete (AAC) panels from different construction sites without the need to obtain separate waste transport permits. In addition, Asahi Kasei Homes recycles waste from construction plants.

When we consign the off-site treatment of industrial waste from the Asahi Kasei Group, records are kept in waste disposal manifests to prevent illegal dumping, and the consigned firms and disposal sites are periodically inspected to ensure that proper disposal is performed in accordance with sound systems of control.

**Flow of industrial waste, FY 2010**

- **On-site treatment**: Recycling 99.9 (2.1%)
  - Volume reduction 74.5 (1.7%)
  - On-site landfill 0.0 (0.0%)

- **Off-site treatment**:
  - Volume consigned 286.6 (60.6%)
  - Volume reduction 11.8 (2.1%)
  - Final disposal 1.3 (0.2%)

**Recycle flow for trimmings of Hebel™ AAC panels**

On-site landfill disposal volume toward zero involves measures to minimize the amount of industrial waste generated, and reusing or recycling industrial waste as material or energy. The "zero emission" target for the Asahi Kasei Group is to reduce final disposal volume to one tenth or less than that of fiscal 2000, which results in final disposal of less than one percent of the waste generated.

**Final disposal industrial waste generated at construction sites**

- New construction
- Dismantling

**Off-site final disposal volume by category of waste, FY2010**

- Sludge 27%
- Others 27%
- Plastic waste 19%
- Controlled mixed waste 16%
- Dobis 11%

**Off-site final disposal volume**

- Total amount 1,300 t

**Soil and groundwater contamination**

The Asahi Kasei Group employs a range of measures to prevent soil and groundwater contamination. In the event that soil or groundwater contamination is discovered at any of our sites, we promptly act to prevent effects on the surrounding area, report the matter to the local community, relevant authorities, and the media, and implement remediation in consultation with the authorities and independent specialists.

In fiscal 2010, there was a leakage of effluent water containing hydrogen fluoride at one of our plants. A soil and groundwater investigation found that the contaminated water remained within the plant grounds. The leak was stopped and plumbing was reconfigured to prevent recurrence. The surface of the location of the leakage was covered with concrete to prevent contaminated water from spreading due to rainwater penetration. Groundwater quality is monitored continually, and we will take additional measures as necessary.

**Reduction of hazardous chemical release**

The Asahi Kasei Group applies a variety of measures to reduce the release of hazardous chemicals to the environment. These chemicals include substances specified in the Air Pollution Control Act, Water Pollution Control Act, and the PRTR Law, and other substances which we have voluntarily designated for reduction. Priority for reduction is based on the degree of hazardeness and amount of release. As shown in the graph below, release of PRTR-specified substances was reduced by 86% from the baseline year of fiscal 2000, including some substances newly added in the PRTR Law in 2010. The remaining rate was 94%, excluding these new substances. Emission of VOCs in fiscal 2010 was 73% lower than in fiscal 2000.

Release of substances regulated by the Air Pollution Control Act and Water Pollution Control Act continued to be maintained well below the permissible limits.

**Management and disposal of polychlorinated biphenyls (PCBs)**

Disused condensers, fluorescent lamp ballasts, and other devices that contain PCBs are emplaced in stainless steel vessels, recorded in a ledger, and stored under strict control. These are scheduled to be disposed of by July 2016, the legal deadline, through consignment to specified sites such as Japan Environmental Safety Corp. (JESCO) facilities equipped to render them harmless. A total of 35 condensers and transformers have been disposed of through JESCO thus far, and we have also begun disposal of fluorescent lamp ballasts.

**Releases of PRTR-specified substances**

- To the atmosphere
- To water

**Releases of VOCs**

- Note: No release to soil.
- *Excluding substances which were newly included in the PRTR Law in 2010.
Harmony with the natural environment

To ensure the sustainable utilization of living resources, due consideration is given to reducing the impact of our business activities on biodiversity and we have established guidelines for the preservation of biodiversity.

As a founding member of the International Partnership for the Satoyama Initiative (IPSI) which was established at COP10, the Asahi Kasei Group is proactively engaged in this initiative to preserve biodiversity. We are also among the Promotion Partners for “The Declaration of Biodiversity” by Nippon Keidanren.

In Nobeoka, as part of a reforestation program by Miyazaki Prefecture, we are engaged in the regeneration of a broad leaf forest called the Asahi Forest in an area where cedar and cypress had been cultivated previously. The project provides ample opportunities for our employees and nearby residents to learn about the importance of living in harmony with the natural environment. We are also working with companies performing re-planting programs along the Gokase River to establish a network for maintaining biodiversity.

In Moriyama, the effluent water is clean enough to be used for agriculture. We established a stream recreating the natural environment within the plant grounds, releasing fireflies and fish native to the area in an effort to preserve the nature of Lake Biwa.

A project under the International Partnership for the Satoyama Initiative

The Nobeoka Power Supply Dept. of Asahi Kasei Chemicals is advancing a project for the sustainable utilization of forest resources of the Gokase River watershed area as biomass fuel for power generation at a new power plant currently under construction. The project is considered as part of the Satoyama Initiative. The sustainable utilization of forest resources in this way would make a significant contribution to the preservation of biodiversity in the area.

As part of this project, we held a seminar to deepen understanding of biodiversity and forest management. In addition to a description of our project for biomass power generation, the seminar featured a keynote lecture by Professor Satoshi Ito of the University of Miyazaki, entitled “Forest management toward the 22nd century – Aiming for maintenance of biodiversity and sound ecosystem services.” The seminar was attended by members of the Miyazaki Prefectural Government, Nobeoka Project Seminar on the importance of biodiversity in forest management (April 2011)

City Government, and Hyuga City Government, which are involved in utilization of forest resources, as well as members of local forest management associations and businesses engaged in forest material production in the local area. Attendees were keenly engaged, and contributed to the discussion with many well-informed and insightful questions.

A central theme of the seminar was that forest management has tended to place disproportionate emphasis on the services supplied from the ecosystem while undervaluing biodiversity, and that this may ultimately impair the ecosystem’s ability to provide full services. Participants gained greater understanding that sustainable forest management cannot succeed without due consideration for biodiversity.

In Fuji, we created a 10,000 m² biotope called the Asahi Woods of Life at our plant and laboratory complex, recreating the ecosystem of the local area. Many of our employees and local residents participate in biodiversity-related activities such as planting trees, planting and harvesting rice, and watching fireflies. In May 2010, the Asahi Woods of Life was selected by the Organization for Landscape and Urban Green Infrastructure as one of the top 100 corporate projects for biodiversity preservation.

The Asahi Kasei Group CSR Report 2011

Operational safety

The Asahi Kasei Group’s effort to prevent fires, explosions, and leaks of hazardous substances includes risk assessments and process reviews from a wide variety of perspectives.

One industrial accident occurred in fiscal 2010: the shaft bearing of a paddle dryer caught fire. We have investigated the cause of this accident and applied measures to prevent recurrence, while further advancing efforts to ensure thorough safety management throughout our operations.

Management of operational safety

Our ongoing, autonomous program to ensure operational safety includes safety assessment and hazard identification in accordance with a basic safety management policy, and specific plans are implemented on both annual and multi-year cycles.

Operational safety management system at Asahi Kasei Chemicals

The Asahi Forest (June 2011)

With the objective of preventing fires, explosions, and leaks of hazardous substances, the Asahi Kasei Group has established an operational safety management system, and is steadily promoting safety management.

A method of identifying and dealing with potential problems is required to ensure plant safety. For this purpose, the Asahi Kasei Group has established an operational safety management system to prevent accidents in new plant construction, plant expansion, or plant modification. The system includes operational safety management, pre-investment inspection, and operational safety assessment.

Pre-investment inspection system

Internal regulations require a pre-investment inspection to verify plant safety when there are plans to invest in new plant, plant expansion, or plant modification. Inspection and approval prior to trial operation provides an additional confirmation of plant safety before commercial operation begins.

Safety assessment is performed as part of the pre-investment inspection. Ranks are assigned based on the degree of hazard, with methods such as HAZOP® utilized in the risk assessment of high-risk facilities and methods such as “what if” analysis® utilized for low-risk plants which are deemed to be vital.

System for inspection prior to capital investment

Safe, stable plant operation

Given our diverse range of operations, the Asahi Kasei Group has plants with a wide variety of different characteristics. No single approach to safety would be appropriate for all plants. We employ a systematic process to tailor the safety effort to each plant’s specific requirements.

This includes the use of PDCA cycles to ensure the appropriateness of the maintenance standards for each individual unit of equipment.

In addition, safety information and know-how are shared across the Asahi Kasei Group through group-wide plant engineering conferences with four specialist panels: Formulation of optimum systematic maintenance programs, establishment of standards and criteria, formulation of training systems for maintenance engineers, and sharing engineering information.

Abbreviation of “hazard and operability study,” a method of identifying and dealing with potential problems in industrial processes by assuming deviations from design intentions. This highly exhaustive method is widely utilized throughout the process industries.

A method of identifying and dealing with potential problems based on “what if” questions. It is widely utilized where a simplified method is appropriate.

Highlights

- Training operators who are well versed in equipment and processes.
- Applying internal regulations on the proper response to industrial accidents or natural disasters.

Stream within the Moriyama plant grounds

The fifth round of tree-planting for the Asahi Forest (March 2011)

Power plant to use biomass fuel under construction as a Satoyama Project

Seedling for the Asahi Forest (March 2011)
Training for maintenance

Maintenance procedures are not only instrumental for the upkeep and modification of facilities, but also serve as a vital key to ensuring stable, safe operations by enabling abnormalities to be detected and rectified before problems occur.

In fiscal 2009, we launched a training program throughout the Asahi Kasei Group to nurture the skills of maintenance personnel. The program is focused on three areas: 1) performance of planned maintenance, 2) recognition of hazards and determination to eliminate them, and 3) identification of the underlying causes of problems, and formulation and application of countermeasures.

Preparation for emergency situations

A comprehensive set of internal regulations guides the proper response to any industrial accidents or natural disasters which may occur. The smooth operation of the emergency response system ensures that personal safety is secured, that effects of the situation are prevented from spreading to surrounding areas, and that damage is held to a minimum, through close communication between the plants, regional management, and the head office.

Our operations located in industrial petrochemical districts have cooperative arrangements with nearby petrochemical manufacturers for mutual emergency assistance, and joint training drills are performed regularly. Such drills confirm the effective operation of the systems of communication within the plant site and between the site and the head office, and the ability of on-site personnel to react swiftly with proper response measures.

Physical distribution safety

Chemical products handled by Asahi Kasei Chemicals include highly hazardous substances that could cause significant environmental or health damage, and therefore require the utmost care in handling. The company works in close cooperation with logistics companies contracted for storage, loading, unloading, and transportation to ensure the safe delivery of such products.

The effort includes physical distribution safety symposiums, safety liaison conferences, safety evaluations of logistics companies, on-board ship safety assessments, and many other safety measures from day to day.

In addition, individual production sites hold joint training drills for physical distribution safety together with logistics companies, police departments, and fire departments to ensure that the damage from any accident is minimized.

Workplace safety and hygiene

The effort to prevent workplace accidents is integrated in a comprehensive OHSMS program that combines conventional safety initiatives—such as tidiness/orderliness/cleanliness, reporting of near-accidents and potential hazards, hazard prediction analysis, safety patrols, and case studies—with risk assessments and a prevention-oriented plan-do-check-act system.

Highlights

- Frequency rate\(^1\) was 0.21 against our target of 0.1 or below.
- Severity rate\(^2\) was 0.002 against our target of 0.005 or below.
- Ratio of accidents in the “caught in/between” category in fiscal 2010 decreased to 20% from the 25% in fiscal 2000–2009.

Integration of workplace safety initiatives

Conventional safety initiatives

Risk assessments

PDCA management system

Occupational Health and Safety Management System

Approach to workplace safety

Identification of potential hazards

Effective prevention of workplace accidents requires the identification of all potential hazards in a workplace. In addition to conventional safety initiatives, it is important to consider safety from the perspective of the problems which conceivably arise in a wide variety of situations—as a result of both potentially unsafe physical conditions (hazardous working environment due to equipment, materials, noise, etc.) and potentially unsafe actions of personnel.
**Risk assessment**

Priority for mitigating the potential workplace hazards thus identified is assigned based on a scoring system that combines the severity of the impact of problems which could occur and the frequency with which such problems would be likely to occur.

**Mitigation of the highest risks**

Measures to achieve inherent safety by eliminating unsafe conditions (by eliminating dangerous procedures, automation, eliminating sources of problems, changeover to safe materials, etc.) and the application of safeguards are extremely effective in the effort to avoid risks. We focus on achieving inherent safety and applying safeguards to avoid risks associated with the use of machinery and equipment to prevent the “caught in/between” category of accident, which can easily result in severe injury.

### Schematic image for prevention of workplace accidents

#### Inherent safety, safeguards

Measures to achieve inherent safety and the application of safeguards to avoid risks are generally considered to provide the greatest level of safety, as shown in the following table. We incorporate such measures in the construction of new or replacement facilities, upon safety reviews of existing facilities, and to prevent the recurrence of accidents.

#### Systems for safe operation

Operations for which the elimination of risks through equipment modification is impractical are classified as operations requiring special control. In such cases, risks are reduced through compliance with safe operating standards. In addition to double-checking that proper procedures are followed, a range of creative measures are employed to ensure that safe operating standards are observed from day to day.

#### Occurrence of workplace injuries

Of the 10 workplace injuries that occurred during fiscal 2010, three occurred at production sites and seven at non-production sites (sales and administrative offices)—indicating the need to enhance safety measures at non-production sites. The category of “caught in/between” accounted for 20% of injuries in fiscal 2010, lower than the 25% over the previous 10 years. To prevent accidents in this category, which can easily result in severe injury, efforts to identify potential hazards and to mitigate the risks thereof are ongoing at production sites throughout the Asahi Kasei Group.

#### Occupational Health and Safety Management System (OHSMS)

In fiscal 2002, we began applying OHSMS in accordance with OHSAS 18001 standards. In fiscal 2009, OHSMS was implemented at 90% of all plants and laboratories.

---

1. Occupritional Health and Safety Assessment Series, number 18001. A standard for certification of OHSMS.
2. Occupational Health and Safety Assessment Series, number 18001. A standard for certification of OHSMS.
Health maintenance

In the Asahi Kasei Group’s efforts to promote and maintain employee health, we provide both physical and mental health checkups as well as appropriate care. Our framework for health management was enhanced in fiscal 2011 with the appointment of a chief occupational medical officer, stationed at the Tokyo Head Office.

Enhanced health management framework

Our chief occupational medical officer visits independent plants and smaller offices to examine their circumstances and study how employee health can best be managed.

Reducing health warning signs

The ongoing effort to reduce the proportion of our personnel for whom health warning signs are found includes the use of our internet-based personal diet management system and the provision of guidance on exercise and health by specialist health management personnel and external lecturers at our various operating sites.

In addition, our employee health insurance association began providing specified health guidance in fiscal 2008 at certain sites in Tokyo in fiscal 2009, and further to independent plants and office sites. In addition to contributing to individual diagnoses, the results of the JMI survey for all personnel on three-year cycles since fiscal 2001. To ensure early identification and treatment, we also include a simple stress survey as part of the regular health checkups at all major plants and office sites. In addition to contributing to individual diagnoses, the results of the JMI survey for all personnel on three-year cycles since fiscal 2001. To ensure early identification and treatment, we also include a simple stress survey as part of the regular health checkups at all major plants and office sites.

A provision for shortened working days is available for personnel returning from leave of absence for psychiatric convalescence as well as for any other injury or illness, enabling a gradual recovery of a full work load. Nearly all those who used this provision have successfully returned to full-time work. Provision of training sessions by external lecturers, introduction of counseling services, and other related activities are proactively implemented at various plant sites and office locations with the support of our employee health insurance association.

As a result of these efforts, the proportion of personnel with health warning signs decreased in fiscal 2010.

Mental health and care

The maintenance of employees’ mental health and care is advanced in tandem with our physical health and fitness programs. The corporate Mental Health Guideline provides for measures to improve the workplace environment together with four complementary approaches to care carried by the individual employee, by line of authority, by industrial medical staff, and by specialists.

To promote self-awareness and care, we have performed the Japan Mental Health Inventory (JMI) survey for all personnel on three-year cycles since fiscal 2001. To ensure early identification and treatment, we also include a simple stress survey as part of the regular health checkups at all major plants and office sites. In addition to contributing to individual diagnoses, the results of the JMI survey are analyzed by workplace unit to help guide improvements in the workplace environment.

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As a result of these efforts, the number of employees on leave of absence for mental health reasons either decreased or remained unchanged from fiscal 2009.

Prevention of product safety incidents

- Consumer satisfaction and safety

Products sold by the Asahi Kasei Group range from industrial materials to consumer products. Many of the materials we sell are used in products which are purchased by ordinary consumers.

Consumer satisfaction is therefore the ultimate measure of our success in the provision of safe, high-quality products.

We strive to maintain product quality and safety through continual attention to production control to ensure that the products used by consumers are completely free of safety defects.

Product safety guidelines

Group-wide product safety guidelines have been prepared to secure product safety and prevent the occurrence of product safety incidents. The guidelines specify matters to be controlled throughout the process from material purchase through use and disposal. The guidelines are centered on risk assessment during the development stage to ensure product safety prior to marketing. Specific product safety measures for individual products are applied by each core operating company in accordance with the guidelines. Products are classified as either "chemicals" or "equipment," with separate procedures to ensure product safety as shown below.

Mental health and care

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Product safety

To ensure the provision of products that the customer can use safely and reliably, we at the Asahi Kasei Group constantly strive to improve product safety and product quality, while maintaining consistent production control. In fiscal 2010 we again met our target of no serious product safety incidents.

Highlights

- Decrease in proportion of personnel for whom health warning signs were found.
- Decrease in number of personnel on long-term leave of absence for mental health reasons.
- No serious product safety incidents occurred.
- Product safety and product quality were secured by consistent production control.

Flow of product safety measures

1. Proposal
   - Preparation of measures to secure product safety, setting schedule

2. Pre-marketing study
   - Evaluation of safety and risks
     - Elimination and reduction of risks
     - Identification of risks for users and risk reduction measures
     - Preparation of documentation

3. Post-marketing study
   - Confirmation and revision of conditions for production and distribution

Product safety procedure for chemicals

- Designation of applications and destinations
- Researching hazards
- Researching regulations and standards
- Acquisition of required data
- Understanding exposure conditions
- Risk evaluation
  - Is risk manageable?
  - Yes
  - No
- Conformance with regulations and standards
- Conditions for production and distribution
- Preparation of documentation

Product safety procedure for equipment

- Designation of applications and destinations
- Researching regulations and standards
- Product design (assembly of prototype)
- Determination of the limits
- Hazard identification
- Risk estimation
- Risk evaluation
  - Is safety secured?
  - Yes
  - No
- Elimination and reduction of risks
- Conditions for production and distribution
- Identification of matters to be communicated to users

Product safety guidelines

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Managing chemical substances

To ensure the safety of products and production processes in the Asahi Kasei Group, we maintain awareness of the properties of the chemicals we use, and manage them strictly and appropriately throughout each phase from materials procurement to production, use, and disposal.

**Highlights**

- REACH registrations were completed in fiscal 2010.
- Provision of information through JAMP tools began.
- Education on product liability, chemical product safety, and equipment safety continued.

**Chemical substance management flow**

**Society**

Asahi Kasei Group

Green Procurement

Environmental/Environmental Safety

Operational safety: Prevention of fires and accidents

Physical distribution: Precaution for Transport

Emergencies Cards

**Supplier**

Material

Procurement

Production

Sale

Product

Customer

Material purchase

When purchasing materials, information related to the safety of chemical substances is received from the supplier. This information serves as a guide to safe storage and handling.

Production

The safety of the local community and the protection of the environment are secured by proper handling of chemical substances to suppress environmental release (see pp. 25-29) and to prevent fires, explosions, and leaks (see pp. 30-31). The health of employees is protected by preventing workplace exposure to hazardous substances.

In fiscal 2010, we reviewed and revised our guidelines for preventing exposure to nanomaterials, which were established in the previous year. Classifications for handling nanomaterials were revised to ensure that exposure to them is prevented.

**Use and disposal**

Guidance for proper use and disposal of chemical substances and chemical products is provided in Material Safety Data Sheets (MSDSs), technical bulletins, and product brochures. Transport Emergency Cards are issued to guide the proper environmental and safety response in the event of an accident during physical distribution.

**Research and development**

The management of chemical substances begins with R&D, which is guided throughout every stage by a committee to developing products and process characterized by safety, environmentally sound production, handling, and use. At Asahi Kasei E-materials, RC-related matters are addressed by an Environment/Safety Committee and a Product Safety Committee, which meets four times a year each, in recognition of the importance of improving product safety in the R&D phase. Functions of the Product Safety Committee include the following:

1. Reporting RC information at Asahi Kasei Group RC meetings, etc.
2. Deliberations on the company’s internal regulations for product safety management, etc.
3. Exchange of information among committee members concerning

**Global trends on management of chemical substances**

The Asahi Kasei Group is enhancing the management of chemical substances in accordance with relevant global trends. Many international organizations and private-sector associations are promoting chemical management based on risk assessment and advancing product stewardship. As an industry standard for voluntary product stewardship, the Responsible Care Global Charter (RCGC) was launched by the International Council of Chemical Associations (ICCA) with a UN resolution. RCGC is an inherent part of our pervasive corporate-wide chemical management in accordance with the revised Chemical Substance Control Law, including distribution of the latest information on the revision throughout the Asahi Kasei Group and encouragement of participation in related seminars. In fiscal 2011, Asahi Kasei Chemicals began immediate education on product liability in addition to its introductory education.

**Developments in management of chemical substances**

<table>
<thead>
<tr>
<th>Organization</th>
<th>Development</th>
</tr>
</thead>
<tbody>
<tr>
<td>UN</td>
<td>Resolution to minimize adverse effects on human health and environment due to production, handling, and use of chemical substances; implementation of Action Plans to achieve certain targets by 2020</td>
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<tr>
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<tr>
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</table>

**The Asahi Kasei Group’s effort**

Strict management and control of chemical substances is a key element in the effort to ensure environmental protection, operational safety, workplace safety and hygiene, health maintenance, and product safety. Chemical substances are managed at each stage from development to use and disposal, as shown above.

**Materials purchase**

**Production**

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</table>
Globally Harmonized System (GHS)
We are advancing a program to classify the hazards of all of our chemical products in accordance with GHS categories, revise our MSDSs, and label our products with clear safety information.

REACH compliance
In fiscal 2010 we completed the first round of REACH registration. Relevant core operating companies conduct internal education and training on REACH requirements and convene monthly meetings to advance compliance procedures. At the same time, preparations are advancing for compliance with the related CLP Regulation. Preparations are now under way for the second and third rounds of REACH registrations, while compliance with all relevant requirements is maintained.

Joint Article Management Promotion (JAMP)
As an active member of JAMP, we participate in the development of systems to manage chemical substance information as well as revision of the list of applicable substances. As an upstream company, we also convey relevant information throughout the supply chain to help establish JAMP as a widely used tool.

In fiscal 2010, we adopted JAMP-IT infrastructure within the Asahi Kasei Group, and also began providing information through JAMP tools via JAMP-IT. The adoption of JAMP-IT infrastructure by Asahi Kasei Microdevices is as follows.

1) Providing information
In March 2010, Asahi Kasei Microdevices held several seminars on JAMP and JAMP-IT for sales managers and quality control departments of affiliated companies, and established a system for information provision via JAMP-IT. Provision of information using AIS (a JAMP tool) is expanding.

2) Obtaining information
After establishing the system for information provision, the Asahi Kasei Microdevices requested its contract manufacturers, raw material suppliers, and supplementary material suppliers to download the JAMP tools (such as MSDSplus and AIS) and use them to provide information. A survey was performed regarding the management of chemical substances contained in products which are handled by contract manufacturers and raw material suppliers.

The JAMP-IT framework is shown in the figure below.

Outline of efforts for product safety and chemical substance management
The Asahi Kasei Group routinely performs employee education on product liability, chemical product safety, and equipment safety, along with risk assessment. We examine the substance of complaints about our products and apply lessons learned to our quality assurance systems (QMS and GMP) as part of the continuing effort to ensure product safety and avoid complaints.

With regard to the safety of chemical products, the Global Harmonized System of Classification and Labeling of Chemicals (GHS) has been introduced in Japan in accordance with a United Nations advisory. We have revised our MSDSs for compatibility with GHS and have labeled our chemical products to make safety information more visible.

In addition to their useful properties, many of our products are potentially hazardous if handled improperly. We therefore provide a range of information for safe use and handling of our products, and continuously review the safety of our products and strive to ensure that the safety information that we provide is easy to understand and apply.

JAMP-IT framework

**Expenditure for environment and safety**
Investments in modification for environmental protection and safety in fiscal 2010 were as shown below.

<table>
<thead>
<tr>
<th>Cost class</th>
<th>Asahi Kasei Chemicals</th>
<th>Asahi Kasei Fibers</th>
<th>Asahi Kasei Microdevices</th>
<th>Asahi Kasei E-materials</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment expense</td>
<td>490</td>
<td>607</td>
<td>607</td>
<td>607</td>
</tr>
<tr>
<td>Investment expense</td>
<td>1,040</td>
<td>256</td>
<td>257</td>
<td>257</td>
</tr>
<tr>
<td>Environmental management</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water conservation</td>
<td>15%</td>
<td>15%</td>
<td>15%</td>
<td>15%</td>
</tr>
<tr>
<td>Energy conservation</td>
<td>22%</td>
<td>22%</td>
<td>22%</td>
<td>22%</td>
</tr>
<tr>
<td>Noise, vibration, dust</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Others</td>
<td>9%</td>
<td>9%</td>
<td>9%</td>
<td>9%</td>
</tr>
<tr>
<td>Total</td>
<td>2,047</td>
<td>500</td>
<td>500</td>
<td>500</td>
</tr>
</tbody>
</table>

**Environmental accounting**
We classify the cost of our measures for environmental protection in accordance with cost classification standards promulgated by the Ministry of the Environment. The table below shows fiscal 2010 environmental accounting for Asahi Kasei Chemicals, Asahi Kasei Fibers, Asahi Kasei Microdevices, and Asahi Kasei E-materials. Notable measures carried out in fiscal 2010 included reduction of VOC emissions, energy conservation, and groundwater purification. Notable results included reducing VOC emissions by 1,200 tons and reducing the amount of final disposal of industrial waste by 3,500 tons.

We also developed applications for some materials that were previously disposed of as industrial waste and obtained a profit of ¥304 million on their sale.
**Corporate citizenship**

We are committed to advancing in harmony with society from a global perspective through fair information disclosure and the proactive employment of management resources for corporate responsibility and citizenship.

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**Stakeholder dialog**

Different corporate organs hold responsibility for fair and open dialog with each of our different groups of stakeholders.

<table>
<thead>
<tr>
<th>Stakeholders</th>
<th>Investors, securities analysts</th>
<th>Customers</th>
<th>Local communities</th>
<th>Suppliers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Communications at Asahi Kasei Corp., communications sections at core operating companies</td>
<td>Issuing CSR reports, Website disclosure of information, Responding to CSR-related questionnaires</td>
<td>Meeting with securities analysts and institutional investors, Website disclosure of information, Taking inquiries via telephone, website, etc.</td>
<td>Safety discussion forums, Information exchange forums</td>
<td></td>
</tr>
<tr>
<td>CSR Office at Asahi Kasei Corp.</td>
<td>From CSR-related questionnaires</td>
<td>Face-to-face discussion by marketing and sales personnel, Taking inquiries via telephone, website, etc.</td>
<td>Periodic community dialog meetings, Community outreach initiatives</td>
<td></td>
</tr>
<tr>
<td>Investor Relations at Asahi Kasei Corp.</td>
<td>Marketing and sales departments, consumer contact offices</td>
<td>General affairs and administration sections at production sites</td>
<td>Purchasing and logistics sections, environment and safety sections at production sites</td>
<td></td>
</tr>
<tr>
<td>Marketing and sales departments, consumer contact offices</td>
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**Information Disclosure Policy**

Effective and strategic information disclosure which contributes to greater corporate value is performed in accordance with our Information Disclosure Policy.

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**Customer relations**

We highly appreciate frank and honest feedback from the customer, considering it vital to our effort to enhance the quality and value of our products and services. We believe that it is by maintaining customer satisfaction that our products and services contribute to society.

**Communication with customers**

To enhance communication with our customers and ensure customer satisfaction, we optimize our response according to the category of product: material, intermediate, device, or final product. For polymers and chemical products, electronic materials and devices, fibers and textiles, and construction materials, our sales representatives share feedback received from customers with the relevant R&D departments, where it is often used as the basis for modification and improvement of existing products and development of new products.

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**Investor relations**

We strive to disclose information in a timely and fair manner to enable our investors to gain an accurate understanding of the Asahi Kasei Group.

**Shareholder distribution**

Asahi Kasei Corp. has some 120 thousand shareholders. At the end of March 2011, approximately 47% of our shares were held by Japanese financial institutions, 22% by Japanese individuals and groups, and 25% by foreign investors.

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**Distribution by type of shareholder**

<table>
<thead>
<tr>
<th>Shareholder Type</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japanese financial institutions</td>
<td>46.86%</td>
</tr>
<tr>
<td>Japanese individuals and groups</td>
<td>22.47%</td>
</tr>
<tr>
<td>Foreign investors</td>
<td>24.52%</td>
</tr>
<tr>
<td>Japanese securities companies</td>
<td>4.42%</td>
</tr>
<tr>
<td>Other companies</td>
<td>4.42%</td>
</tr>
<tr>
<td>Treasury stock</td>
<td>0.32%</td>
</tr>
</tbody>
</table>

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**Asahi Kasei Group CSR Report 2011**

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Meetings with institutional investors and securities analysts

In fiscal 2010, Investor Relations held 243 meetings in Japan with institutional investors and securities analysts, including large conferences to discuss quarterly financial results. Furthermore, 105 meetings were held with investors and analysts overseas, including meetings at conferences held by Japanese and overseas securities firms. In total, 348 meetings were held to directly provide information to institutional investors and securities analysts in fiscal 2010, with a cumulative attendance of 1,427.

Principled supplier relationships

A relationship of mutual trust with our suppliers is fostered through fair and principled purchasing practices based on regulatory compliance and respect for the environment and human rights.

Elements of the Asahi Kasei Group Purchasing and Procurement Policy

- Financial soundness, sustainable supply
- Compliance
- Management philosophy, management policy
- Safety
- The environment
- Human rights
- Workplace hygiene
- Competitive pricing
- Product quality, technological innovation
- On-time delivery
- Information disclosure
- Risk management
- Personnel training and development
- Corporate citizenship

Purchasing and Procurement Policy

Corporate purchasing is based on the tenets of transparency and fairness, with extensive information gathering and a global outlook to ensure that the best possible products and services are obtained. The CSR-related performance of suppliers is a primary consideration, and transactions are made in accordance with our Purchasing and Procurement Policy. Since fiscal 2006 we have conducted annual CSR Procurement surveys, and in fiscal 2009 and 2010, our personnel had discussions with major suppliers to reinforce their understanding of our CSR Procurement measures.

Supplier relations at production sites

Safety seminars are periodically held at our principal production sites to discuss accident prevention and exchange information with suppliers.

Seminars for individual investors

To provide individual investors with a better understanding of the operations of the Asahi Kasei Group, 12 seminars for them were held in fiscal 2010. Although we had less seminars in fiscal 2010 as four seminars scheduled in March were canceled due to the Great East Japan Earthquake, we participated in several large conferences and the total number of individual investors who received briefings on our business and management increased to 2,138.

Meetings with a securities analyst

Seminars for individual investors

Community dialog meeting with local residents in Mizushima

Local emergency response initiative

In Nobeoka, Miyazaki, we have a disaster volunteer organization consisting of our personnel and retirees to perform disaster drills and emergency response support for the local community. Asahi Kasei Chemicals has installed independent drinking water supply systems at four Asahi Kasei Group plant sites: Moriyama, Suzuka, Nobeoka, and Kawasaki. The systems utilize our microfiltration membranes to purify deep well water. While serving to supply drinking water to personnel working at these sites on a daily basis, these systems also provide a vital independent backup as a secure source of safe drinking water for local communities in the event of a disaster.

Independent drinking water supply system in Moriyama

Neighborhood clean-up and planting greenery

Employees at our main production sites periodically clear the plant vicinities and nearby areas of litter, rubbish, and weeds as part of our interaction with the surrounding communities. We also participate in a variety of projects for planting of trees and greenery.

Summer festival in Ohito

Neighborhood clean-up in Kawasaki

Public outreach

We work to honor and respect the local culture of each community where our operations are based, and to maintain effective dialog and communication with community members.

Dialog and interaction

Measures for community dialog and interaction include regularly held forums and meetings with representative of local government and members of local residents associations, opening gymnasiums, playgrounds, and other facilities for public use and enjoyment, and hosting a variety of events.

Plant tours

We offer plant tours to provide better understanding of our operations and the measures we implement for the environment and safety. (Tours are not available at all plants.)

Local women’s association visits Asahi-Kasei NI Energy Corp. in Nobeoka

Neighborhood clean-up in Kawasaki

Pharmaceuticals Plant

Seminars for Institutional Investors
Community fellowship
The Asahi Kasei Group is involved in a wide range of community-focused activities that support education, sports, and culture, in accordance with our Community Fellowship Policy.

Community Fellowship Policy
- Fulfilling our roles and responsibilities as a good corporate citizen.
- Effective utilization of management resources to advance community fellowship based on the unique characteristics of the Asahi Kasei Group.
- Striving for meaningful community fellowship actions with a constant awareness of our objectives and effectiveness.
- Supporting and nurturing participation in community fellowship by all who work in the Asahi Kasei Group, encouraging volunteerism and individual initiative.
- Proactive information disclosure, both internally and externally.

Education and development of the next generation
- School visits and science lab for students
  The Asahi Kasei Group conducts school visits to promote understanding and heighten interest in science and technology among elementary, junior high, and high school students. Our engineers visit schools to give explanations and demonstrations of science and technology and on environmental issues.

Sponsored university course
The Asahi Kasei Group sponsors a course at Fuji Tokoha University in Fuji, Shizuoka. Our scientific personnel give lectures in the course entitled “The Prospects of Modern Science.”

Supporting the Japan Student Science Awards
The Asahi Kasei Group is the sole sponsor of the Yomiuri Shimbun’s Japan Student Science Awards, including the Asahi Kasei Award, which are given in recognition of outstanding study of science at junior high schools and high schools.

Miraikan corporate partnership
Since fiscal 2008, the Asahi Kasei Group has been a corporate partner of the National Museum of Emerging Science and Innovation (Miraikan) led by scientist and former astronaut Dr. Mamoru Mohri. As a corporate partner, we work together with Miraikan to help cultivate interest in science and technology among children and other visitors.

Overseas activities
Many offices and production sites of the Asahi Kasei Group in the United States, Europe, China, Korea, Taiwan, and Southeast Asia, engage in a variety of community fellowship activities as suited to their individual circumstances and locations. These include neighborhood clean-up, blood donation, support for welfare and education, and donation to local organizations and schools.

Sports
Asahi Kasei has long supported athletic activity and maintains top-tier judo and track teams, with nearly 40 employees having competed in the Olympics over the years. Support for sports and athletics also includes sponsorship of the Golden Games in Nobeoka, a notable long-distance track competition in Japan, and provision of judo and track lessons for elementary, junior high, and high school students by members of our corporate judo and track teams.

Culture
Asahi Himuka Cultural Foundation
The Asahi Himuka Cultural Foundation was established in 1985 to enrich the environment of day-to-day life and culture in Miyazaki Prefecture, the cradle of Asahi Kasei. A wide range of cultural activities include musical and dramatic events, support for local cultural promotion, and fostering familiarity with and understanding of folk culture.
The Human Resources Principles of the Asahi Kasei Group are a distillation of the values and beliefs held in common by all employees, a key aspect of a corporate culture where personal growth and corporate development are mutually reinforcing.

**Message from Executive for Human Resources**

Together with the renewal of our Group Mission, Group Vision, and Group Values at the launch of our new mid-term management initiative “For Tomorrow 2015,” I believe it is vital for all of our group personnel to renew a shared understanding and appreciation of our Human Resources Principles. To this end, we are taking a variety of measures to enhance two-way communication both between supervisors and subordinates and between experienced personnel and younger employees.

Masanori Mizunaga
Executive for Human Resources
Director, Senior Executive Officer
Asahi Kasei Corp.

**Career development and training system 2011**

**Career development training and support**

- **A wide range of training programs**
  
  Employees are given a wide range of training to develop the skills needed to successfully advance their careers. A regular program of training is applied throughout the Asahi Kasei Group at key career steps—upon hiring, promotion to manager, promotion to department general manager, promotion to division general manager, and assumption of an executive position. Other individual training programs such as for global management are implemented according to business need. Each core operating company also implements training programs to support the development of employee skills required for its specific field of business.

- **Group Masters**
  
  The Asahi Kasei Group employs a “Group Masters” program to recognize employees who have developed and exercised extraordinary expertise and skills that hold universal value, and to facilitate their application throughout the Group. Currently, 114 Group Masters are designated: three as Group Fellows, thirty as Senior Group Experts, and eighty-one as Group Experts, with rank and remuneration commensurate with division general manager, department general manager, and section manager, respectively.

- **Development of global human resources**
  
  To support the expansion of world-leading businesses under the mid-term management initiative “For Tomorrow 2015” from the perspective of human resources, we are implementing measures such as internship programs for young personnel, expanding overseas study programs, and training and appointing new personnel and managers at overseas subsidiaries and affiliates.

- **Independent study**
  
  In October 2003, the Asahi Kasei Group instituted a program to support independent study by employees. To encourage employees to acquire high level specialist or technological ability, the company will pay part of the cost of attending courses or lectures.

**Human resources development**

The human resources development program in the Asahi Kasei Group is structured with heightening basic skills through OJT and heightening professional skills as a two-layer foundation, with three pillars of cultivating management leaders, heightening specialist skills, and fostering global human resources.

**Two-layer, three-pillar structure**

1. Fostering world-class management leaders who will guide the future growth of the Asahi Kasei Group
2. Fostering personnel who demonstrate outstanding specialist skills in particular fields, and who are held in the highest regard within those fields, both internally and externally.
3. Fostering personnel with the knowledge and skill to work internationally, with an understanding of different cultures and appreciation of diversity.
4. Raising professional skills and knowledge related both directly and indirectly to work in specific fields to the highest level.
5. Fostering the ability of young personnel to push forward, develop solutions, and work cooperatively as fundamental skills.
Available position postings

In October 2003 we began a system for business units to post available positions on the corporate intranet. Personnel in other business units who are eligible for transfer can apply. So far, a total of 145 employees have been transferred through this system to other divisions and departments within the group.

Valuing diversity

Corporate HR & Labor Relations leads the effort to ensure that there will be no unreasonable discrimination on the basis of gender or otherwise, to maintain a lively workplace culture which enables personnel to perform at their best, to advance employment of persons with disability, and to rehire personnel after mandatory retirement.

Fiscal 2011 hiring

In April 2011, 396 new graduates were hired: 308 men and 88 women. In addition, 118 persons were hired in mid-career between April 2010 and March 2011.

Expansion of opportunities for women

We established EO Promotion in 1993, and have proactively increased the proportion of women hired and expanded the distribution of job assignments for women. In 1993, only five employees at the rank of manager or above were women. This has risen to 317 in June 2011, and the variety of posts where women are assigned continues to expand.

Preventing sexual harassment

Sexual harassment is clearly prohibited in the Asahi Kasei Group by our Corporate Ethics - Code of Conduct and by our corporate employment regulations. Prevention is reinforced through training at each level of promotion in rank and through periodic company-wide training within each core operating company for conformance with corporate ethics.

EO Promotion in Human Resources serves as a central point for consultation about related issues and concerns in the Asahi Kasei Group. Training and consultation are also provided for staff from placement agencies and employees of affiliated companies, as part of a comprehensive effort to prevent the occurrence of sexual harassment.

Employment of persons with disability

Asahi Kasei Ability Corp. was established in 1985 for the employment of disabled persons, performing a wide range of services for the Asahi Kasei Group, including website design, document printing and binding, copying, mounting and framing, gardening, and cleaning.

Our employment of disabled persons stood at 432 employees as of June 1, 2011, or 1.94%, of the 22,371 employees of Asahi Kasei Corp. and certain subsidiaries, exceeding the legal minimum since 1994.

We continue recruitment activities to further increase such employment at other subsidiaries and affiliates as well.

Participation in the National Abilympics by ten employees—one selected for international competition in Seoul

Ten employees of Asahi Kasei Ability (including two invitees) participated in the 32nd National Abilympics held in Yokohama in October 2010. Of the ten, one won a silver medal and two won bronze medals. One of the invitees was also selected for international competition to be held in Seoul, Korea, in September 2011.
Balancing work and family life

Avoiding overwork and utilizing paid days off

We encourage personnel to reevaluate their working habits from the perspective of balancing work and family life, to raise productivity to enable excessive working hours to be avoided and paid days off to be utilized.

In April 2010 we adopted a system for paid holidays to be used in two-hour units, allowing personnel to utilize paid leave more flexibly.

Helping employees balance work and family life

We encourage personnel to take advantage of a full complement of provisions and benefits to enable the flexibility to maintain a career while raising a family.

The corporate intranet is used to raise awareness of the provisions and benefits, and to support managers whose personnel utilize them.

Parental leave

Our parental leave is available through the fiscal year in which the child turns three years old. In fiscal 2010, 405 personnel utilized parental leave. This is included 226 men, 40% of those who were qualified, and 179 women.

Employees using parental leave

<table>
<thead>
<tr>
<th>Fiscal year</th>
<th>Women</th>
<th>Men</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>152</td>
<td>141</td>
</tr>
<tr>
<td>2007</td>
<td>155</td>
<td>170</td>
</tr>
<tr>
<td>2008</td>
<td>157</td>
<td>178</td>
</tr>
<tr>
<td>2009</td>
<td>159</td>
<td>176</td>
</tr>
<tr>
<td>2010</td>
<td>236</td>
<td>236</td>
</tr>
</tbody>
</table>


Support for family care

In fiscal 2010, nine personnel utilized leave of absence for family care. Our personnel are allowed to take leave up to one year for the purpose of attending to any family member who requires care. Enhanced provisions for days off and flexible working hours are also available to help personnel continue working while providing care for family members. Information about these provisions and how to balance work and family care is provided through our enhanced corporate intranet as well.

Main provisions to support balance in work and family life

<table>
<thead>
<tr>
<th>Daycare</th>
<th>Child-rearing one 1 year old</th>
<th>Child-rearing two 2 years old</th>
<th>Child-rearing three 3 years old</th>
<th>Days by caregiver left</th>
<th>Days by member of family left</th>
<th>Family care</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>10</td>
<td>16</td>
<td>22</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>1</td>
<td>12</td>
<td>18</td>
<td>24</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>2</td>
<td>14</td>
<td>20</td>
<td>26</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>3</td>
<td>16</td>
<td>22</td>
<td>28</td>
<td>4</td>
<td>4</td>
<td>4</td>
</tr>
</tbody>
</table>

Exhibit at Tokyo Work/Life Balance Day

Regular meetings between management and labor

Discussions between management and labor union representatives are held on a regular basis to ensure that a constructive partnership and mutual understanding is maintained. In August 2010, annual discussions were held between management of the holding company and labor union representatives. Discussions between management of the core operating companies and representatives of the labor unions are held on a regular basis.

Open Office Day in Tokyo and Osaka

The fifth “Open Office Day” in Tokyo was held in August 2010, as part of an ongoing program in accordance with our basic framework of “education and development of the next generation.” Employees at the several Asahi Kasei Group offices in Tokyo brought their children to their workplaces and gathered at our Head Office to observe and take part in a variety of science and technology demonstrations and experiments. Attendance totaled 329 parents and children from 127 families. An Open Office Day was also held in the same month at our Osaka Head Office, attended by 77 parents and children from 28 families.

Video recordings of our Tokyo Open Office Day were featured at Tokyo Work/Life Balance Day, an event held by the Tokyo Metropolitan Government, as being in accordance with the concept of encouraging workers to maintain good balance between work and private life.
Independent Review

Asahi Kasei Group CSR Report 2011

Independent Review

July 4, 2011

To: Taketsugu Fujinara, President
Asahi Kasei Corporation

Japan Chemical Industry Association
Responsible Care Verification Center
Chief Director Saburo Nakata

Scope and Objectives of Verification

Responsible Care Report Verification was performed by the Responsible Care Verification Center with respect to the Asahi Kasei Group CSR Report 2011 Edition (the "Report") prepared by Asahi Kasei Corporation, with the objective of expressing an opinion as a chemical industry specialist on matters as stated below. The verification was made in accordance with the Responsible Care Code and Sustainability Reporting Guidelines (2008, Global Reporting Initiative).

1) Reasonableness of methods of calculation and aggregation of performance metrics (numerical values), and the accuracy of numerical values.
2) Accuracy of reported information other than numerical values.
3) Evaluation of Responsible Care activities.

Verification Procedure

1) At the head office: Examination of the reasonableness of methods to aggregate numerical values reported from each site (office, plant) and examination of the accuracy of reported information other than numerical values were performed through interviews of responsible parties and compilers of the Report and receipt of internal documents and explanations thereof from these responsible parties and compilers.
2) At the Nobeoka Office: Examination of the reasonableness of methods to aggregate numerical values reported to the head office, examination of the accuracy of numerical values, and examination of the accuracy of reported information other than numerical values were performed through interviews of responsible parties and compilers of the Report, receipt of internal documents and explanations thereof from these responsible parties and compilers, and cross-check of reported information with supporting materials.
3) Numerical values and reported information were verified by sampling.

Opinion

1) Reasonableness of methods of calculation and aggregation of performance metrics (numerical values); accuracy of numerical values
- Numerical values at the head office and the Nobeoka Office have been calculated and aggregated via a reasonable method.
- It is noteworthy that RC activities are implemented soundly in all business sectors by the head office, branch offices, core operating companies, and plants, with concrete targets established.
- It is noteworthy that dialog with the public is proactively advanced at the Nobeoka Office, including explanations of RC measures as well as the provision of briefings prior to major construction work at meetings with members of the local community.
- It is noteworthy that thorough compliance with internal safe operation standards at the Nobeoka Office is assured both through self-evaluation of compliance by individual personnel and by examination of compliance within each workplace.

2) Accuracy of reported information other than the numerical values
- Information contained in the report was confirmed to be accurate. Some minor issues related to appropriateness of expression and ease of understanding were identified in the draft stages, but these are rectified in the present Report and no important matters warranting correction are believed to exist at present.

3) Evaluation of Responsible Care (RC) measures
- It is noteworthy that RC activities are implemented soundly in all business sectors by the head office, branch offices, core operating companies, and plants, with concrete targets established.
- It is noteworthy that dialog with the public is proactively advanced at the Nobeoka Office, including explanations of RC measures as well as the provision of briefings prior to major construction work at meetings with members of the local community.
- It is noteworthy that thorough compliance with internal safe operation standards at the Nobeoka Office is assured both through self-evaluation of compliance by individual personnel and by examination of compliance within each workplace.

Characteristics of the Report

1) Characteristics of the Report
- A comparison table with the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI), considered to be the international guidelines on CSR, has been prepared for ease of understanding.
- The report also discloses negative information related to accidents and other problems, and describes measures taken in response to them.

Environmental and safety data

Main environmental aspects, FY 2010

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Water (10^6 m³)</td>
<td>14.2</td>
<td>14.0</td>
<td>13.2</td>
<td>12.7</td>
</tr>
<tr>
<td>Energy (GJ)</td>
<td>24.0</td>
<td>23.2</td>
<td>22.9</td>
<td>22.6</td>
</tr>
<tr>
<td>Feedstocks (ton)</td>
<td>910</td>
<td>850</td>
<td>800</td>
<td>750</td>
</tr>
<tr>
<td>PRTR-specified substances</td>
<td>300</td>
<td>300</td>
<td>300</td>
<td>300</td>
</tr>
</tbody>
</table>

*Japan Environmental Policy Index, developed by the Japan Science and Technology Agency and the Sustainable Management Forum of Japan. Environmental performance data are converted to an environmental impact point (EIP) scale and aggregated to determine total environmental impact. Efficiency is determined by dividing an economic indicator, in our case consolidated net sales, by total EIP.

Treatment and disposal of industrial waste* by business unit

<table>
<thead>
<tr>
<th></th>
<th>On-site</th>
<th>Off-site</th>
<th>Total disposal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ashahi Kasei Chemicals</td>
<td>279.0</td>
<td>43.3</td>
<td>74.1</td>
</tr>
<tr>
<td>Ashahi Kasei Pharma</td>
<td>1.1</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Ashahi Kasei Kuraray Medical</td>
<td>5.4</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Ashahi Kasei Fibers</td>
<td>78.1</td>
<td>8.5</td>
<td>0.0</td>
</tr>
<tr>
<td>Ashahi Kasei Materials</td>
<td>16.6</td>
<td>50.1</td>
<td>0.0</td>
</tr>
<tr>
<td>Ashahi Kasei Construction Materials</td>
<td>5.5</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Others</td>
<td>474.0</td>
<td>99.9</td>
<td>74.5</td>
</tr>
<tr>
<td>FY 2010</td>
<td>510.7</td>
<td>101.7</td>
<td>9.1</td>
</tr>
<tr>
<td>FY 2009</td>
<td>517.0</td>
<td>101.7</td>
<td>9.1</td>
</tr>
<tr>
<td>FY 2008</td>
<td>523.0</td>
<td>101.7</td>
<td>9.1</td>
</tr>
<tr>
<td>FY 2007</td>
<td>529.0</td>
<td>101.7</td>
<td>9.1</td>
</tr>
</tbody>
</table>

*Not including waste generated from non-recurring events such as dismantling closed plants or waste generated from dismantling old homes when constructing new homes. Note: All figures in this report exclude data for a diversified fertilizer plant in Fuj from FY07 onward. Sums may not equal totals due to rounding.
### FY 2010 off-site final disposal by category and waste*

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount (thousand tons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ash</td>
<td>48.6</td>
</tr>
<tr>
<td>Ceramic</td>
<td>13.0</td>
</tr>
<tr>
<td>Metal</td>
<td>3.0</td>
</tr>
<tr>
<td>Others</td>
<td>6.0</td>
</tr>
</tbody>
</table>

*Excluding wastes generated from in-house construction businesses.

### Final disposal of industrial waste generated at construction sites of Asahi Kasei Homes (thousand tons)

<table>
<thead>
<tr>
<th>Site</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ash</td>
<td>2.2</td>
<td>2.2</td>
<td>2.3</td>
</tr>
<tr>
<td>Ceramic</td>
<td>0.9</td>
<td>0.9</td>
<td>0.9</td>
</tr>
<tr>
<td>Metal</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td>Others</td>
<td>0.4</td>
<td>0.4</td>
<td>0.4</td>
</tr>
</tbody>
</table>

### ALC trimmings recycled by Asahi Kasei Construction Materials

<table>
<thead>
<tr>
<th>Site</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ash</td>
<td>0.8</td>
<td>0.8</td>
<td>0.8</td>
</tr>
<tr>
<td>Ceramic</td>
<td>0.2</td>
<td>0.2</td>
<td>0.2</td>
</tr>
<tr>
<td>Metal</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td>Others</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
</tr>
</tbody>
</table>

### FY 2010 release and transfer of PRTR-specified substances

#### Core operating subsidiaries

<table>
<thead>
<tr>
<th>Substance</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>SOx</td>
<td>1,600</td>
<td>1,600</td>
<td>1,600</td>
</tr>
<tr>
<td>NOx</td>
<td>1,600</td>
<td>1,600</td>
<td>1,600</td>
</tr>
<tr>
<td>COD</td>
<td>1,600</td>
<td>1,600</td>
<td>1,600</td>
</tr>
</tbody>
</table>

### Greenhouse gas emissions by fiscal year

<table>
<thead>
<tr>
<th>Fiscal year</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>CO2 emissions (thousand tons)</td>
<td>680</td>
<td>680</td>
<td>720</td>
<td>720</td>
</tr>
</tbody>
</table>

### Investment in environmental and safety modification

<table>
<thead>
<tr>
<th>Fiscal year</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>240</td>
<td>250</td>
<td>250</td>
</tr>
</tbody>
</table>

### CO2 emissions from product shipment

<table>
<thead>
<tr>
<th>Fiscal year</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>CO2 emissions (ton-km)</td>
<td>2,600</td>
<td>2,600</td>
<td>2,600</td>
<td>2,600</td>
</tr>
</tbody>
</table>

### VOC emissions

#### FY 2010 release of air and water pollutants by site

<table>
<thead>
<tr>
<th>Site</th>
<th>SOx emissions</th>
<th>NOx emissions</th>
<th>Soot and dust emissions</th>
<th>COD of effluent</th>
<th>Effluent water volume</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ash</td>
<td>0.03</td>
<td>0.03</td>
<td>0.03</td>
<td>0.03</td>
<td>0.03</td>
</tr>
<tr>
<td>Ceramic</td>
<td>0.02</td>
<td>0.02</td>
<td>0.02</td>
<td>0.02</td>
<td>0.02</td>
</tr>
<tr>
<td>Metal</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Others</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
</tbody>
</table>

### Low-pollution vehicles*

<table>
<thead>
<tr>
<th>Fiscal year</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>1,350</td>
<td>1,350</td>
<td>1,350</td>
<td>1,350</td>
</tr>
</tbody>
</table>

### Third-party awards and recognitions in fiscal 2010

<table>
<thead>
<tr>
<th>Award</th>
<th>Recipient</th>
<th>Fiscal year</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Prize in Chemicals &amp; Fibers</td>
<td>Asahi Kasei</td>
<td>2010</td>
</tr>
<tr>
<td>Encouragement Prize of the Chairman</td>
<td>Asahi Kasei</td>
<td>2010</td>
</tr>
<tr>
<td>IISRP Technical Award</td>
<td>Asahi Kasei</td>
<td>2010</td>
</tr>
<tr>
<td>2010 Japan Industrial Advertising Award</td>
<td>Asahi Kasei</td>
<td>2010</td>
</tr>
<tr>
<td>2010 ADC Award</td>
<td>Asahi Kasei</td>
<td>2010</td>
</tr>
<tr>
<td>Government Commendation</td>
<td>Asahi Kasei</td>
<td>2010</td>
</tr>
</tbody>
</table>

*Figures in brackets do not include substances newly included in 2010.
## Organizations implementing Responsible Care

<table>
<thead>
<tr>
<th>Prefecture</th>
<th>Plant</th>
<th>Organization</th>
<th>Process</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ibaraki Kasama</td>
<td>Asahi Kasei Metals Ltd.</td>
<td>Plant Aluminum paste</td>
<td>Tech. &amp; Proc.</td>
<td>Development and maintenance of processing technology</td>
</tr>
<tr>
<td>Gunma Ota</td>
<td>Asahi Kasei Pax Corp.</td>
<td>Gunma Plant Molded plastic containers</td>
<td>Tech. &amp; Proc.</td>
<td>Development and maintenance of processing technology</td>
</tr>
<tr>
<td>Shizuoka Fuji</td>
<td>Asahi Kasei Chemicals Corp.</td>
<td>Microza Plant Filtration membranes and modules</td>
<td>Tech. &amp; Proc.</td>
<td>Development and maintenance of processing technology</td>
</tr>
<tr>
<td>Miyazaki Nobeoka/Hyuga</td>
<td>Asahi Kasei Chemicals Corp.</td>
<td>Atago Plant Nitric acid, caustic soda, chlorine, hydrochloric acid, vinylidene chloride resin and latex</td>
<td>Tech. &amp; Proc.</td>
<td>Development and maintenance of processing technology</td>
</tr>
<tr>
<td>Fukuoka Chikushino</td>
<td>Neoma Foam Plant</td>
<td>Phenolic foam insulation panels</td>
<td>Tech. &amp; Proc.</td>
<td>Development and maintenance of processing technology</td>
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<td>Asahi Kasei Fibers Corp.</td>
<td>Leona Filament Plant</td>
<td>Nylon 66 filament</td>
<td>Tech. &amp; Proc.</td>
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<td>Asahi Kasei Engineering Corp.</td>
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<tr>
<td>Asahi Kasei EMS Co., Ltd.</td>
<td>– Plastic optical fiber</td>
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<td>Asahi Kasei Finechem Co., Ltd.</td>
<td>– Specialty chemicals</td>
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<td>Asahi Kasei EMS Co., Ltd.</td>
<td>– Fine-pattern coils</td>
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<td>Asahi Kasei Eltas Co., Ltd.</td>
<td>– Spunbond</td>
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<td>Sanyo Petrochemical Co., Ltd.</td>
<td>– Petrochemical feedstocks</td>
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<td>Asahi-Schwebel Co., Ltd.</td>
<td>– Glass fabric</td>
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<td>Asahi Kasei Office One Co., Ltd.</td>
<td>– Insurance agency, cellular phone sales, bowling center</td>
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<td>Asahi Kasei A midas Co., Ltd.</td>
<td>– Contract work</td>
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<td>Cable Media Wa iwai Co., Ltd.</td>
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<td>New A sahi Services Co., Ltd.</td>
<td>– Insurance agency, cellular phone sales, bowling center</td>
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<td>Asahi Kasei Leona Filament Co., Ltd.</td>
<td>– Nylon 66 filament</td>
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<td>Asahi Kasei Home Products Corp.</td>
<td>– Development and sale of cling film and other household products</td>
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<td>Asahi Kasei A midas Co., Ltd.</td>
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<td>Asahi Kasei Alphatech Corp.</td>
<td>– Printing, bookbinding, and office work</td>
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<td>Asahi Kasei Kankyoujigyou Co., Ltd.</td>
<td>– Disposing of Asahi Kasei Group industrial waste</td>
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</table>
Correspondence with GRI reporting elements and performance indicators

Economic Performance Indicators

<table>
<thead>
<tr>
<th>Economic Performance</th>
<th>Page</th>
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<tbody>
<tr>
<td>A1</td>
<td>Direct economic value generated and distributed, including revenues, operating costs, employee compensation, shareholder and other community investments, retained net value, and payments to capital providers and governments.</td>
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<tr>
<td>A2</td>
<td>Indirect economic impact.</td>
</tr>
<tr>
<td>A3</td>
<td>Financial implications and other data and opportunities for the organization’s operations due to climate change.</td>
</tr>
</tbody>
</table>

Market Presence

- Policy, practices, and properties of operating on a location-based basis at a point in time. | 43 |

Indirect Economic Impact

- Development and impact of initiatives to improve and enhance the organization’s products, services, and performance data. | 44,45 |

Environmental Performance Indicators

<table>
<thead>
<tr>
<th>Environmental Performance</th>
<th>Page</th>
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<tbody>
<tr>
<td>B1</td>
<td>Issuance related to organizational boundaries only or for the period.</td>
</tr>
<tr>
<td>B2</td>
<td>Percentage of materials used that are recycled input materials.</td>
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<td>B3</td>
<td>Direct energy consumption by primary energy source.</td>
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<tr>
<td>B4</td>
<td>Indirect energy consumption by primary energy source.</td>
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<tr>
<td>B5</td>
<td>Energy efficiency for the organization’s operations.</td>
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<tr>
<td>B6</td>
<td>Initiatives to improve energy-efficient renewable energy-based products and services, and reductions in energy requirements as a result of these initiatives.</td>
</tr>
</tbody>
</table>

Other Economic Performance Indicators

- Total water withdrawn by type and discharge method. | 54 |

Biodiversity

- Location and rate of soil, plant and aquatic biodiversity in or adjacent to a site of significant biodiversity. | 29 |
- Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value, and significant protected areas. | 28 |
- Status. | 29 |
- Emergence, current actions, and future plans to manage or mitigate impacts on biodiversity. | 54,45 |

Emissions, Effluents, and Waste

- Total direct and indirect greenhouse gas emissions by type. | 24,54,55 |
- Initiatives to reduce greenhouse gas emissions and intensities achieved. | 24,54,55 |
- NO, SO, and other significant air emissions by type and weight. | 24,54,55 |
- Total water discharge by quality and destination. | 26 |
- Total water consumption by quality and destination. | 26 |
- Top three percentage of results and their ranking. | 27,54,55 |

Other Environmental Performance Indicators

- Products and services initiatives to mitigate environmental impacts of products and services, and extent of data collected. | 25,28 |
- Percentage of products sold that have decreased environmental impact. | 27,55 |

Social Performance Indicators

- Labor and employment performance indicators. | 45 |
- Benefits provided to part-time employees that are not provided to full-time employees or other forms of employment. | 48 |
- Percentage of results and their ranking. | 27,54,55 |

Other Social Performance Indicators

- Benefits provided to employees and other forms of employment. | 48 |
- Program for skills management and lifelong learning that supports the continued employability of employees and assist them in managing career endings. | 46 |
- Composition of governance bodies and board of directors of other significant. | 44,45 |
- Activities and initiatives that provide recommendations or guidance. | 29 |

Society

- Patterns, scope, and effectiveness of any programs and processes that address and manage the organization’s impacts on communities, businesses, and other interests. | 44 |
- Total number of legal actions. | 26 |
- Number of complaints related to the organization’s operations. | 26 |
- Number of complaints related to the organization’s operations. | 26 |

Product Responsibility

- Leaf life cycle stage, from cradle to grave. | 26 |
- End of life, care, and maintenance of products and services. | 26 |
- Total number of complaints related to the organization’s operations. | 26 |
- Total number of complaints related to the organization’s operations. | 26 |
- Number of claims handled and resolved. | 26 |

Corporate profile

- Name: Asahi Kasei Corp.
- Date of Establishment: May 21, 1931
- Paid-in Capital: ¥103.3 billion
- Stock Listings: Tokyo, Osaka, Nagoya, Fukuoka, Sapporo

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Fax: +81-3-3296-3161

Osaka Head Office
3-3-23 Nakanoshiba, Kita-ku,
Osaka 530-8205 Japan
Phone: +81-6-7636-3111
Fax: +81-6-7636-3077

Information and reference

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  Tokyo 101-8101 Japan
  Phone: +81-3-3296-3200
- Asahi Kasei Homes Corp.
  1-24-1 Nishi-shinjuku, Shinjuku-ku,
  Tokyo 160-8345 Japan
  Phone: +81-3-3344-7111
- Asahi Kasei Pharma Corp.
  1-105 Kanda Jinbocho, Chiyoda-ku,
  Tokyo 101-8101 Japan
  Phone: +81-3-3296-3600
- Asahi Kasei Kuray Medical Co., Ltd.
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  Phone: +81-3-3296-3750
- Asahi Kasei Medical Co., Ltd.
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  Phone: +81-3-3296-3750
- Asahi Kasei Fibers Corp.
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  Phone: +81-6-7636-3000
- Asahi Kasei Microdevices Corp.
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  Tokyo 101-8101 Japan
  Phone: +81-3-3296-3911
- Asahi Kasei E-materials Corp.
  1-105 Kanda Jinbocho, Chiyoda-ku,
  Tokyo 101-8101 Japan
  Phone: +81-3-3296-3959
- Asahi Kasei Construction Materials Corp.
  1-105 Kanda Jinbocho, Chiyoda-ku,
  Tokyo 101-8101 Japan
  Phone: +81-3-3296-3500

Asahi Kasei Group website
www.asahi-kasei.co.jp/asahi/en/

CSR and RC Reports

Annual Reports
www.asahi-kasei.co.jp/asahi/en/ir/annual/