

Asahi Kasei Green Bond Annual Report (FY2020)

In June 2020, Asahi Kasei Corp. issued a green bond aimed at financing expenditures related to renovation of hydroelectric power facilities, and we announce how the procured funds are appropriated and the effects of environmental improvements on an annual basis.

The status for FY 2020 (June 2020 to March 2021) is as follows.

1. Target Projects

We currently transmit electricity from a hydroelectric power plant constructed during the Taisho era to our factories in the Nobeoka district for use in our business activities. The renovation of the hydroelectric power generation facilities aims to upgrade the facilities, which are nearing the end of their lifespan in terms of aging and earthquake resistance, and increase their efficiency, which will allow us to increase our utilization of renewable energy over the next several decades to a century.

The Asahi Kasei Green Bond will cover the cost of renovating two of our hydroelectric power plants*, the Gokasegawa Power Plant and the Mamihara Power Plant. Renovations of the Gokasegawa Power Plant have been delayed due to the COVID-19 pandemic, and are now scheduled to be completed from October 2021 to January 2022. There is no delay in the completion schedule of the Mamihara Power Plant.

*Asahi Kasei hydroelectric power plant renovations in the Nobeoka district

| Project Category | Eligible Projects | Project | Type of Plant | Maximum Output | Planned Completion |
|------------------|--------------------------------|------------------------|-----------------------|----------------|--------------------|
| Renewable Energy | Hydroelectric power facilities | Gokasegawa Power Plant | Run-of-the-river type | 14.5 MW | Jan. 2022 |
| | | Mamihara Power Plant | | 5 MW | Oct. 2022 |

2. Fund Allocation Status and Improvements to the Environment

2.1 Fund Appropriation Status (as of the end of March 2021)

In FY 2020, 700 million yen of the collected funds were allocated. We plan to complete the appropriation of the remaining funds by the end of FY 2022.

| | Proceeds (Hundreds of millions of yen) | Amount Appropriated (Hundreds of millions of yen) | Not Appropriated (Hundreds of millions of yen) | Appropriation Completion Period |
|------------------------|--|---|--|---------------------------------|
| Gokasegawa Power Plant | 100 | 5 | 92 | End of FY 2022 |
| Mamihara Power Plant | | 2 | | |

2.2 Improvements to the Environment

In FY 2020, the two projects for which the funds were appropriated were not operational. Once operational, the following reductions in CO2 emissions and hydroelectric power generation capacity are expected.

| | Power generation capacity of renovated hydroelectric power generation systems (MW) | *CO2 emissions reduction (tons CO2 equivalent) | Total capacity of hydroelectric power generation (MW) |
|------------------------|--|--|---|
| Gokasegawa Power Plant | 14.5 MW | 31,000 tons | 57.4 MW |
| Mamihara Power Plant | 5 MW | 8,000 tons | |

*CO2 emissions reductions = Annual power generation (kWh) x CO2 emission factor (kg-CO2/kWh)
CO2 emission factor: CO2 emission factor from Kyushu Electric Power Co., Inc. (FY 2019 results)

This report has been reviewed by Sustainalytics.

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