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(Securities Code: 3407)  
June 1, 2022

**To Shareholders with Voting Rights:**

Koshiro Kudo  
President & Representative Director  
Asahi Kasei Corporation  
1-1-2 Yurakucho, Chiyoda-ku, Tokyo,  
Japan

**NOTICE OF  
THE 131ST ORDINARY GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

Please be kindly informed that the 131st Ordinary General Meeting of Shareholders of Asahi Kasei Corporation (the “Company”) will be held for the purposes as described below.

This year, we ask you again to refrain from attending the meeting to prevent the spread of COVID-19, and exercise your voting rights in writing or via the Internet in accordance with the guidance on the following page. In order to be effective, forms to exercise voting rights sent via either postal mail or the Internet must be received no later than 5:00 p.m. JST, Thursday, June 23, 2022.

- 1. Date and Time:** Friday, June 24, 2022, 10:00 a.m. (JST)  
**2. Place:** Banquet room “Rose” (3F), Tokyo Kaikan  
3-2-1 Marunouchi, Chiyoda-ku, Tokyo, Japan  
Depending on the status of the spread of COVID-19, etc., the meeting venue and starting time may change. In that case, details will be posted on the Company’s website below (Japanese only). If you are attending the meeting, please be sure to check the Company’s website in advance.

**3. Meeting Agenda:**

- Matters to be reported:**
1. Business Report, Consolidated Financial Statements and Non-Consolidated Financial Statements for the Company’s 131st Fiscal Period (April 1, 2021 - March 31, 2022)
  2. Results of Audits of the Consolidated Financial Statements by the Independent Auditors and the Audit & Supervisory Board

**Proposals to be resolved:**

- Proposal 1:** Partial Amendment to the Articles of Incorporation  
**Proposal 2:** Election of Nine Directors  
**Proposal 3:** Election of One Audit & Supervisory Board Member  
**Proposal 4:** Revision of Amount of Remuneration for Directors  
**Proposal 5:** Revision of Amount of Remuneration for Audit & Supervisory Board Members  
**Proposal 6:** Partial Revision to the Stock-based Remuneration System for Directors

**Disclosure on the Internet**

- Out of the documents to be provided in conjunction with this notice, “System to ensure internal control and the status thereof” and the “Basic policy concerning control of the Company” in the Business Report, “Consolidated Statements of Changes in Net Assets” and “Notes to Consolidated Financial Statements” in the Consolidated Financial Statements, and “Non-Consolidated Statements of Changes in Net Assets” and “Notes to Non-Consolidated Financial Statements” in the Non-Consolidated Financial Statements are described on our website below. They are not stated in the attachment in relation to matters to be reported, according to the provisions of the law and regulations, and Article 15 of our Articles of Incorporation.  
Please note that the above documents are subject to audit by the Independent Auditors and/or the Audit & Supervisory Board together with the attachment in relation to the matters to be reported.
- Please be informed that, if circumstances arise after dispatch of this notice which require revision of this notice by the day before the General Meeting of Shareholders, the Company will notify the change on the website below.  
The Company’s website: <https://www.asahi-kasei.com/jp/shoushu/131.html> (Japanese Only)

## Guidance on how to exercise your voting rights

There are the following three ways:

### 1. Attend the General Meeting of Shareholders

**Date and Time of the Meeting:** Friday, June 24, 2022, 10:00 a.m. (JST)

Bring your voting rights paper as attached and submit it to the reception desk.

Note: The exercise of voting rights by proxy is limited to exercise by delegating said rights to another shareholder with voting rights. In addition, please note that it is necessary to submit a document certifying the right of proxy.

### Recommended ways to exercise voting rights

#### 2. Exercise by postal mail

Indicate your approval or disapproval on each proposal on the attached voting rights paper and return it to us.

**Deadline of Exercise:** Must arrive no later than Thursday, June 23, 2022, 5:00 p.m. (JST)

#### 3. Exercise by the Internet

**Deadline of Exercise:** Must be entered no later than Thursday, June 23, 2022, 5:00 p.m. (JST)

Please access our voting rights website and enter your approval or disapproval on each proposal. See the following page for details.

#### ● Handling of voting rights exercise

- If you have exercised your voting rights in duplicate, both on paper and via the Internet, we will handle your Internet vote as the effective exercise of your voting rights.
- If you have exercised your voting rights more than once via the Internet, or concurrently via a computer, smartphone, or a mobile phone, only the latest exercise of your voting rights shall be handled as effective.

#### To Institutional Investors

The Company utilizes an online platform for institutional investors to exercise their voting rights operated by ICJ.

# Reference Documents for the General Meeting of Shareholders

## Proposals and References

### Proposal 1: Partial Amendment to the Articles of Incorporation

#### 1. Reasons for amendments

As the amendment provision as stipulated in the proviso of Article 1 of the Supplementary Provisions of the “Act for Partial Amendment of the Companies Act” (Act No. 70 of 2019) will come into force on September 1, 2022, the Company proposes partial amendment to its Articles of Incorporations as follows:

- (1) After amendment, Article 15, Paragraph 1 shall provide that information of the Reference Documents Concerning the General Meeting of Shareholders and others be provided electronically;
- (2) After amendment, Article 15, Paragraph 2 shall establish a provision to limit the scope of the matters to be included in documents that are to be delivered to shareholders who make a request for the delivery of hard copies;
- (3) Since an article regarding disclosure on the Internet of reference documents for the general meeting of shareholders, etc. and their deemed provision (Article 15 of the current Articles of Incorporation) will become unnecessary, it is to be deleted;
- (4) In conjunction with the new establishment and deletion as above, a proviso regarding the effective date, etc. shall be established.

#### 2. Details of amendments

Details of the amendments mentioned above are as follows:

(Underline indicates amended portions)

Current Articles	Proposed Amendment
<p><u>(Disclosure via the Internet of Reference Documents for the General Meeting of Shareholders, etc. and Deemed Provision Thereof)</u></p> <p><u>Article 15 By disclosing information relating to all matters that shall be described or stated in any reference documents for the general meeting of shareholders, business report, financial statement and consolidated financial statement upon convening a general meeting of shareholders by a method utilizing the Internet in accordance with the provisions as provided for in the Ordinance of the Ministry of Justice of Japan, the Company may be deemed to have provided such information to the shareholders.</u></p> <p style="text-align: center;">&lt;newly established&gt;</p>	<p style="text-align: center;">&lt;deleted&gt;</p> <p style="text-align: center;"><u>(Electronic Provision, etc.)</u></p> <p><u>Article 15 The Company shall electronically provide information of the Reference Documents for the General Meeting of Shareholders and others in convening general meetings of shareholders.</u></p> <p><u>2. Among the matters to be provided electronically, the Company may choose to omit all or some of the matters stipulated by the ordinances of the Ministry of Justice in documents to be delivered to</u></p>

Current Articles	Proposed Amendment
<p>&lt;newly established&gt;</p>	<p><u>shareholders who make a request for the delivery of hard copies by the base date of voting rights.</u></p> <p><u>SUPPLEMENTARY PROVISIONS</u></p> <ol style="list-style-type: none"> <li data-bbox="810 387 1348 656">1. <u>The amendment of Article 15 of the Articles of Incorporation shall come into effect on September 1, 2022, the date on which the amendment provision as stipulated in Article 1, proviso, of the Supplementary Provisions of the “Act for Partial Amendment of the Companies Act” (Act No. 70 of 2019) comes into force (hereinafter referred to as the “Effective Date”).</u></li> <li data-bbox="810 663 1348 880">2. <u>Notwithstanding the provision in the preceding paragraph, Article 15 of the Articles of Incorporation, before amendment, shall remain in force with respect to a general meeting of shareholders the date of which is within six months of the Effective Date.</u></li> <li data-bbox="810 887 1348 1043">3. <u>This supplementary provision shall be deleted on the later of the two dates: six months from the Effective Date or three months from the date of a general meeting of shareholders in the preceding paragraph.</u></li> </ol>

## Proposal 2: Election of Nine Directors

The term of office of the following nine Directors will expire at the close of this Ordinary General Meeting of Shareholders: Messrs. Hideki Kobori, Shigeaki Takayama, Hiroshi Yoshida, Shuichi Sakamoto, Fumitoshi Kawabata, Koshiro Kudo, Tsuneyoshi Tatsuoka, and Tsuyoshi Okamoto, and Ms. Yuko Maeda.


The Company therefore proposes that the following nine candidates be elected as Director.


Meanwhile, candidates Messrs. Tsuneyoshi Tatsuoka and Tsuyoshi Okamoto and Ms. Yuko Maeda are candidates for Outside Directors, and the Company judges that the said three candidates have sufficient independence with no conflict of interest with the general shareholders in light of the Company's criteria for independence. As the said three candidates meet the requirements for independent officer stipulated by the Tokyo Stock Exchange, the Company has registered them with the Tokyo Stock Exchange as independent officers.


The candidates are as follows:

Candidate No.	Name	Date of birth	Position and responsibilities at the Company	Candidate attribute
1	Hideki Kobori	February 2, 1955	<ul style="list-style-type: none"> <li>Chairman &amp; Representative Director</li> <li>Board of Directors Meeting convener &amp; chairman</li> <li>Nomination Advisory Committee member</li> <li>Remuneration Advisory Committee member</li> </ul>	Re-appointed
2	Koshiro Kudo	June 5, 1959	<ul style="list-style-type: none"> <li>President &amp; Representative Director</li> <li>Presidential Executive Officer</li> <li>Shareholders Meeting &amp; Management Council convener &amp; chairman</li> <li>Oversight of Group management</li> <li>Executive Officer for Material</li> <li>Executive Officer for Sustainability Strategy Planning</li> <li>Nomination Advisory Committee member</li> <li>Remuneration Advisory Committee member</li> </ul>	Re-appointed
3	Shuichi Sakamoto	October 13, 1957	<ul style="list-style-type: none"> <li>Director</li> <li>Primary Executive Officer</li> <li>Executive Officer for Health Care</li> </ul>	Re-appointed
4	Fumitoshi Kawabata	June 3, 1958	<ul style="list-style-type: none"> <li>Director</li> <li>Primary Executive Officer</li> <li>Executive Officer for Homes</li> </ul>	Re-appointed
5	Kazushi Kuse	September 15, 1959	<ul style="list-style-type: none"> <li>Primary Executive Officer</li> <li>Oversight of Digital Transformation</li> </ul>	Newly-appointed
6	Toshiyasu Horie	December 30, 1962	<ul style="list-style-type: none"> <li>Senior Executive Officer</li> <li>Executive Officer for Strategy, Accounting &amp; Finance, IR</li> <li>Deputy for Asahi Kasei Europe GmbH</li> <li>Oversight of Asahi Kasei America, Inc., Asahi Kasei (China) Co., Ltd.</li> </ul>	Newly-appointed
7	Tsuneyoshi Tatsuoka	January 29, 1958	<ul style="list-style-type: none"> <li>Outside Director</li> <li>Nomination Advisory Committee member</li> <li>Remuneration Advisory Committee member</li> </ul>	Re-appointed Outside Director Independent
8	Tsuyoshi Okamoto	September 23, 1947	<ul style="list-style-type: none"> <li>Outside Director</li> <li>Chairperson of the Nomination Advisory Committee</li> <li>Chairperson of the Remuneration Advisory Committee</li> </ul>	Re-appointed Outside Director Independent
9	Yuko Maeda	July 26, 1960	<ul style="list-style-type: none"> <li>Outside Director</li> <li>Nomination Advisory Committee member</li> <li>Remuneration Advisory Committee member</li> </ul>	Re-appointed Outside Director Independent


Abbreviations: R = Re-appointed, N = Newly-appointed, O = Outside Director, I = Independent



Candidate No.	Name, Date of Birth	No. of Company's shares held/ Attendance at Board of Directors meetings/ Tenure as Director	Career summary and position/responsibility at the Company [Notable concurrent offices]
1	 <p>Hideki Kobori February 2, 1955</p>	<p>62,800 15/15 10 years (at the close of the 131st Ordinary General Meeting of Shareholders)</p>	<p>April 1978: Joined the Company            April 2008: Asahi Kasei Microdevices Director            April 2008: Asahi Kasei Microdevices Senior Executive Officer            April 2009: Asahi Kasei Microdevices Primary Executive Officer            April 2010: Asahi Kasei Microdevices President &amp; Representative Director            April 2010: Asahi Kasei Microdevices Presidential Executive Officer            April 2012: Senior Executive Officer            June 2012: Director (position held at present)            April 2014: Representative Director (position held at present)            April 2014: Primary Executive Officer            April 2016: President and Director            April 2016: Presidential Executive Officer            April 2022: Chairman and Director (position held at present)</p> <ul style="list-style-type: none"> <li>● Board of Directors Meeting convener &amp; chairman</li> <li>● Nomination Advisory Committee member</li> <li>● Remuneration Advisory Committee member</li> </ul>
<p>[Reasons for us to nominate him as a director candidate and expected roles]            After many years of experience in the electronics business, including as Marketing and Sales Center General Manager, Corporate Strategy and Planning General Manager, and President and Representative Director of Asahi Kasei Microdevices, he assumed a role of executive officer responsible for Strategy, Accounting &amp; Finance, and Internal Control for the entire Group in April 2012. In April 2016, he assumed the role of President and Representative Director of the Company. Since April 2022, he has served as Chairman &amp; Representative Director of the Company. Based on the experience and knowledge he gained through his career, we expect him to play a full role in deciding important matters and supervising business execution of the Group as a Director.</p>			
<p>[Message from the candidate]            With the understanding that the operating environment for companies is in a period of transformation, we will endeavor to implement corporate governance that earns the trust of shareholders and other stakeholders with the aim of contributing to a sustainable society and achieving sustainable improvements in the value of the Group, based on the diversity and capability to change that we have cultivated over the 100 years since our founding.</p>			



Candidate No.	Name, Date of Birth	No. of Company's shares held/ Attendance at Board of Directors meetings/ Tenure as Director	Career summary and position/responsibility at the Company [Notable concurrent offices]
2	 <p data-bbox="304 725 464 786">Koshiro Kudo June 5, 1959</p>	<p data-bbox="555 479 635 506">13,100</p> <p data-bbox="563 539 627 566">11/11</p> <p data-bbox="517 600 679 689">1 year (at the close of the 131st Ordinary General Meeting of Shareholders)</p>	<p data-bbox="707 315 1406 707">           April 1982: Joined the Company            April 2013: Asahi Kasei Fibers Executive Officer            April 2016: Lead Executive Officer            April 2017: President of Fibers &amp; Textiles SBU            April 2017: Senior General Manager, Osaka Office            April 2019: Senior Executive Officer            April 2019: President of Performance Products SBU            June 2021: Director (position held at present)            April 2022: Representative Director (position held at present)            April 2022: President and Director (position held at present)            April 2022: Presidential Executive Officer (position held at present)         </p> <ul data-bbox="707 734 1406 943" style="list-style-type: none"> <li>● Shareholders Meeting and Management Council convener &amp; chairman</li> <li>● Oversight of Group management, Executive Officer for Material, and Executive Officer for Sustainability Strategy Planning</li> <li>● Nomination Advisory Committee member</li> <li>● Remuneration Advisory Committee member</li> </ul>
<p data-bbox="296 958 1110 987">[Reasons for us to nominate him as a director candidate and expected roles]</p> <p data-bbox="296 992 1406 1178">After many years of experience in the textiles business, including as Asahi Kasei Fibers Executive Officer, President of Fibers &amp; Textiles SBU, and President of Performance Products SBU, he assumed a role of executive officer responsible for Strategy, Accounting &amp; Finance, and Internal Control for the entire Group in April 2021. Since April 2022, he has served as President and Director of the Company. Based on the experience and knowledge he gained through his career, we expect him to play a full role in deciding important matters and supervising business execution of the Group as a Director.</p>			
<p data-bbox="296 1182 619 1211">[Message from the candidate]</p> <p data-bbox="296 1216 1406 1332">While our future business environment is extremely difficult to foresee, we are celebrating our 100th anniversary and have announced a new medium-term management plan. In order to achieve sustainable improvements in corporate value, we will do our utmost to meet the expectations of our stakeholders by taking on new challenges and setting ambitious goals.</p>			


Candidate No.	Name, Date of Birth	No. of Company's shares held/ Attendance at Board of Directors meetings/ Tenure as Director	Career summary and position/responsibility at the Company [Notable concurrent offices]
3	 <p data-bbox="328 640 456 757">Shuichi Sakamoto October 13, 1957</p>	<p data-bbox="555 416 635 443">58,048</p> <p data-bbox="563 477 627 504">15/15</p> <p data-bbox="515 537 683 723">6 years (at the close of the 131st Ordinary General Meeting of Shareholders)</p>	<p data-bbox="707 311 1345 456">April 1981: Joined the Company April 2011: Asahi Kasei Chemicals Executive Officer April 2014: Asahi Kasei Chemicals Director April 2014: Asahi Kasei Chemicals Senior Executive Officer</p> <p data-bbox="707 465 1297 521">November 2014: Lead Executive Officer November 2014: Corporate Strategy General Manager</p> <p data-bbox="707 530 1377 645">April 2016: Senior Executive Officer June 2016: Director (position held at present) April 2018: Asahi Kasei Pharma Director and Chairman (position held at present)</p> <p data-bbox="707 654 1377 768">April 2018: Asahi Kasei Medical Director and Chairman (position held at present) April 2019: Primary Executive Officer (position held at present)</p> <p data-bbox="707 801 1098 831">● Executive Officer for Health Care</p>
<p data-bbox="296 842 1110 871">[Reasons for us to nominate him as a director candidate and expected roles]</p> <p data-bbox="296 880 1410 1048">After many years of experience in the petrochemicals business including as Senior General Manager, Performance Plastics Div., and Senior General Manager, Acrylonitrile Div. of Asahi Kasei Chemicals, he became responsible for the strategy, accounting, finance, and IT. Since April 2018, he has overseen the Health Care sector. Based on the experience and knowledge he gained through his career, we expect him to play a full role in deciding important matters and supervising business execution of the Group as a Director.</p>			
<p data-bbox="296 1066 619 1095">[Message from the candidate]</p> <p data-bbox="296 1104 1410 1211">Amid the COVID-19 pandemic, the medical devices and pharmaceuticals of Asahi Kasei's Health Care sector have been able to make major contributions to the life and living of people around the world. We will continue to drive the growth of the Asahi Kasei Group by solving social issues through our mission to "improve and save patients' lives."</p>			




Candidate No.	Name, Date of Birth	No. of Company's shares held/ Attendance at Board of Directors meetings/ Tenure as Director	Career summary and position/responsibility at the Company [Notable concurrent offices]
4	 Fumitoshi Kawabata June 3, 1958	21,719 15/15 3 years (at the close of the 131st Ordinary General Meeting of Shareholders)	April 1982: Joined the Company April 2012: Asahi Kasei Homes Executive Officer April 2013: Asahi Kasei Homes Director (position held at present) April 2013: Asahi Kasei Homes Senior Executive Officer April 2014: Asahi Kasei Homes Marketing Division General Manager February 2016: Asahi Kasei Homes Chubu Sales Division General Manager April 2017: Senior Executive Officer April 2017: Asahi Kasei Homes President & Representative Director (position held at present) April 2017: Asahi Kasei Homes Presidential Executive Officer (position held at present) April 2019: Primary Executive Officer (position held at present) June 2019: Director (position held at present) ● Executive Officer for Homes
[Reasons for us to nominate him as a director candidate and expected roles] After many years of experience in the housing business, he became responsible for the entire Homes sector in April 2017 as well as serving as Asahi Kasei Homes President & Representative Director. Based on the experience and knowledge he gained through his career, we expect him to play a full role in deciding important matters and supervising business execution of the Group as a Director.			
[Message from the candidate] This year, which marks the 50th anniversary of the founding of our Homes business, the outlook remains uncertain due to the tense international situation and the prolonged spread of COVID-19. Under such circumstances, we aim to achieve net sales of ¥1 trillion in the Homes segment in fiscal 2025 by continuing to be a company that is needed by the world through the provision of LONGLIFE products and services that continue to support people's "life and living" in general.			

Candidate No.	Name, Date of Birth	No. of Company's shares held/ Attendance at Board of Directors meetings/ Tenure as Director	Career summary and position/responsibility at the Company [Notable concurrent offices]
5	 <p>Kazushi Kuse September 15, 1959</p>	12,000	<p>April 1987: Joined IBM Japan April 2005: IBM Japan Executive Officer January 2008: IBM Vice President January 2017: IBM Japan Chief Technology Officer July 2020: Joined the Company July 2020: Executive Officer July 2020: Executive Fellow April 2021: Senior Executive Officer April 2021: Digital Value Co-Creation Senior General Manager (position held at present) April 2022: Primary Executive Officer (position held at present)</p> <ul style="list-style-type: none"> <li>● Oversight of Digital Transformation</li> </ul>
<p>[Reasons for us to nominate him as a director candidate and expected roles] He has extensive experience at IBM and IBM Japan in the R&amp;D, engineering management, digital, and other fields. Based on the experience and knowledge he gained through his career, we expect him to play a full role in deciding important matters and supervising business execution of the Group as a Director.</p>			
<p>[Message from the candidate] We will do our utmost to transform the Asahi Kasei Group through “digital” and “co-creation,” with the aims of achieving a sustainable society and improving corporate value. To this end, we will continue to focus on “people,” “data,” and “organizational culture,” as well as strengthening and accelerating “global” and “diversity.”</p>			
6	 <p>Toshiyasu Horie December 30, 1962</p>	12,000	<p>April 1985: Joined the Company April 2015: Asahi Kasei Chemicals Corporate Planning &amp; Coordination General Manager April 2016: Petrochemicals Business SBU Planning &amp; Coordination General Manager April 2019: Executive Officer April 2020: Lead Executive Officer April 2022: Senior Executive Officer (position held at present)</p> <ul style="list-style-type: none"> <li>● Executive Officer for Strategy, Accounting &amp; Finance, IR</li> <li>● Deputy for Asahi Kasei Europe GmbH</li> <li>● Oversight of Asahi Kasei America, Inc.</li> <li>● Oversight of Asahi Kasei (China) Co., Ltd.</li> </ul>
<p>[Reasons for us to nominate him as a director candidate and expected roles] After many years of experience in the petrochemicals business, he assumed a role of Executive Officer responsible for general affairs, legal affairs, and PR, as well as risk management and compliance. Since April 2022, he has been responsible for Strategy and Accounting &amp; Finance for the Group as a whole. Based on the experience and knowledge he gained through his career, we expect him to play a full role in deciding important matters and supervising business execution of the Group as a Director.</p>			
<p>[Message from the candidate] Even amid the major changes in the operating environment surrounding companies, we will continue to strive for transformation in order to continue to be a company that contributes to life and living for people around the world. We will endeavor to improve our corporate value by rolling out new businesses aimed at transforming our business portfolio and achieving a sustainable society.</p>			

Candidate No.	Name, Date of Birth	No. of Company's shares held/ Attendance at Board of Directors meetings/ Tenure as Director	Career summary and position/responsibility as Director of the Company [Notable concurrent offices]
7	[Outside Director Candidate]   Tsuneyoshi Tatsuoka January 29, 1958	9,100 14/15 6 years (at the close of the 131st Ordinary General Meeting of Shareholders)	April 1980: Joined Ministry of International Trade and Industry January 2010: Councilor, Cabinet Secretariat August 2011: Deputy Vice-Minister of Economy, Trade and Industry June 2013: Vice-Minister of Economy, Trade and Industry July 2015: Retired from Ministry of Economy, Trade and Industry June 2016: Director, the Company (position held at present) <ul style="list-style-type: none"> <li>● Nomination Advisory Committee member</li> <li>● Remuneration Advisory Committee member</li> </ul> [Notable Concurrent Offices] Outside Director, Mitsubishi Corporation
[Reasons for us to nominate him as an outside director candidate and expected roles] He has rich experience regarding industry and economic policy. Based on the experience and knowledge he gained through his career, we expect him to play a full role in deciding important matters and supervising business execution of the Group as an Outside Director.			
[Supplementary explanations on independence] The Group currently does not have any transactions with the Ministry of Economy, Trade and Industry, for which he has worked in the past.			
[Message from the candidate] The domestic and international business environment is becoming increasingly uncertain due to the issues between the United States and China, as well as the issues of Russia, the response to climate change, energy issues, and accelerating global inflation. Under our new medium-term management plan, we will advance transformation at Asahi Kasei, and leverage our experience to sustainably improve corporate value through growth.			

Candidate No.	Name, Date of Birth	No. of Company's shares held/ Attendance at Board of Directors meetings/ Tenure as Director	Career summary and position/responsibility as Director of the Company [Notable concurrent offices]
8	<p>[Outside Director Candidate]</p>  <p>Tsuyoshi Okamoto September 23, 1947</p>	<p>7,700</p> <p>15/15</p> <p>4 years (at the close of the 131st Ordinary General Meeting of Shareholders)</p>	<p>April 1970: Joined Tokyo Gas Co., Ltd. June 2002: Tokyo Gas Co., Ltd. Executive Officer April 2004: Tokyo Gas Co., Ltd. Senior Executive Officer June 2004: Tokyo Gas Co., Ltd. Director April 2007: Tokyo Gas Co., Ltd. Representative Director April 2007: Tokyo Gas Co., Ltd. Executive Vice President April 2010: Tokyo Gas Co., Ltd. Representative Director, President April 2014: Tokyo Gas Co., Ltd. Director, Chairman April 2018: Tokyo Gas Co., Ltd. Director, Senior Corporate Advisor June 2018: Director, the Company (position held at present) July 2018: Tokyo Gas Co., Ltd. Senior Corporate Advisor (position held at present)</p> <ul style="list-style-type: none"> <li>● Chairperson of the Nomination Advisory Committee</li> <li>● Chairperson of the Remuneration Advisory Committee</li> </ul> <p>[Notable Concurrent Offices] Tokyo Gas Co., Ltd. Senior Corporate Advisor Outside Director of Japan Post Holdings Co., Ltd. Outside Director of Mitsubishi Estate Co., Ltd.</p>
<p>[Reasons for us to nominate him as an outside director candidate and expected roles] He has rich experience as a corporate executive. Based on the experience and knowledge he gained through his career, we expect him to play a full role in deciding important matters and supervising business execution of the Group as an Outside Director.</p>			
<p>[Supplementary explanations on independence] The Group has transactions with Tokyo Gas Co., Ltd., where he was formerly involved in executive management, concerning gas supply, mainly to plants in the Kanto Area. Said transactions, however, are regular transactions with little room for discretion. The amount of said transactions is very small, not more than 1% of the consolidated sales of the Group, which does not have many main plants in the Kanto Area, and not more than 1% of the consolidated sales of Tokyo Gas Co., Ltd. In addition, he has not been involved in the business since 2014 and such situation does not have any influence on his independence.</p>			
<p>[Message from the candidate] Amid continuing dramatic changes in the situation surrounding companies, Asahi Kasei aims to make sustainable improvements in corporate value while helping to build a sustainable society. To that end, we must strive to form an optimized portfolio while constantly implementing internal reform. As it heads into its next 100 years, Asahi Kasei will strive to the utmost to achieve these goals.</p>			

Candidate No.	Name, Date of Birth	No. of Company's shares held/ Attendance at Board of Directors meetings	Career summary and position/responsibility as Director of the Company [Notable concurrent offices]
9	<p>[Outside Director Candidate]</p>  <p>Yuko Maeda July 26, 1960</p>	<p>0</p> <p>11/11</p> <p>1 year (at the close of the 131st Ordinary General Meeting of Shareholders)</p>	<p>April 1984: Joined Bridgestone Corporation</p> <p>September 2003: Tokyo Medical and Dental University Director of Technology Transfer Center and Intellectual Property Manager of Intellectual Property Right Department</p> <p>October 2009: Tokyo Medical and Dental University Visiting Professor</p> <p>October 2011: Kyoto Prefectural University of Medicine Specially Appointed Professor</p> <p>May 2013: Bridgestone Corporation Executive Officer</p> <p>April 2014: Japan Agency for Marine-Earth Science and Technology Auditor (position held at present)</p> <p>January 2017: CellBank Corp. Director (position held at present)</p> <p>October 2020: Kyushu University Executive Vice President (position held at present)</p> <p>June 2021: Director, the Company (position held at present)</p> <ul style="list-style-type: none"> <li>● Nomination Advisory Committee member</li> <li>● Remuneration Advisory Committee member</li> </ul> <p>[Notable Concurrent Offices]</p> <p>Director, CellBank Corp. Outside Audit &amp; Supervisory Board Member, Chugai Pharmaceutical Co., Ltd. Outside Director, KOSÉ Corporation</p>
<p>[Reasons for us to nominate her as an outside director candidate and expected roles]</p> <p>She has rich experience as an engineer in industry, academia and government. Based on the experience and knowledge she gained through her career, we expect her to play a full role in deciding important matters and supervising business execution of the Group as an Outside Director.</p>			
<p>[Supplementary explanations on independence]</p> <p>The Group has transactions with Bridgestone Corporation, where she was formerly involved in executive management, mainly concerning components supply. However, the amount of said transactions is very small, not more than 1% of the consolidated sales of the Group and not more than 1% of the consolidated sales of Bridgestone Corporation. In addition, as she has retired from Bridgestone Corporation in 2017, such situation does not have any influence on her independence. Currently, there are no transactions between the Group and CellBank Corp., where she is currently involved in executive management.</p>			
<p>[Message from the candidate]</p> <p>Amid the uncertainties in the international situation, including COVID-19 and Russia's invasion of Ukraine, the Asahi Kasei Group, which has materials that can drive the world forward, is determined to continue to grow even further by turning adversity into opportunity. Utilizing my experience from working in various sectors of industry, academia, and government, I will do my utmost to contribute to business growth and improve sustainability through innovation.</p>			

- (Notes)
1. There is no conflict of interest between any candidate and the Company.
  2. In accordance with Article 427, Paragraph 1, of the Companies Act, the Company has concluded agreements with Messrs. Tsuneyoshi Tatsuoka, Tsuyoshi Okamoto, and Ms. Yuko Maeda which limit their liability as specified in Article 423, Paragraph 1, of the Companies Act, with the amount of their individual liability being either ¥10 million or the minimum amount stipulated by law or ordinance, whichever is higher.
  3. The Company has entered into an indemnification agreement with all Directors as stipulated in Article 430-2, Paragraph 1 of the Companies Act, under which the Company will indemnify them for the expenses stipulated in Item 1, Paragraph 1 and losses stipulated in Item 2, Paragraph 1 of the same Act to the extent provided by laws and regulations. If the reelection of each candidate is approved, the agreement with each of them will remain in effect. If Messrs. Kazushi Kuse and Toshiyasu Horie are elected as Directors, the same indemnification agreement will be executed with them.

4. The Company has concluded a directors and officers liability insurance agreement with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act. The insurance agreement shall cover compensation for damage, settlements, attorney's fees, etc. to be borne by the insured parties. Each candidate will be included as an insured party under the insurance agreement. In addition, the Company plans to renew the agreement with the same contents at the next renewal.
5. Japan Post Holdings Co., Ltd., a company where Mr. Tsuyoshi Okamoto serves as an Outside Director, received an administrative disposition pursuant to the Act on Japan Post Holdings Co., Ltd. and an administrative disposition pursuant to the Insurance Business Act in December 2019, in relation to the incident at Japan Post Insurance Co., Ltd. and Japan Post Co., Ltd., the company's subsidiaries, in which numerous cases of improper solicitation occurred in relation to insurance products provided by Japan Post Insurance Co., Ltd. Although Mr. Okamoto was not aware of this fact until the aforementioned incident came to light, he has regularly brought attention to the importance of group governance on occasions including their meetings of the Board of Directors. Subsequent to the discovery of the said incident, he has fulfilled his assigned duties such as by providing appropriate guidance on the investigation into the facts and implementation of measures to prevent recurrence.


### Proposal 3: Election of One Audit & Supervisory Board Member

The term of office of Audit & Supervisory Board Member Akio Makabe will expire at the close of this Ordinary General Meeting of Shareholders. The Company therefore proposes that the following candidate be elected as Audit & Supervisory Board Member. Prior agreement of the Audit & Supervisory Board has been obtained regarding the submission of this proposal.

Candidate Mr. Haruyuki Urata is a candidate for Outside Audit & Supervisory Board Member, and the Company judges that the candidate has sufficient independence with no conflict of interest with the general shareholders in light of the Company's criteria for independence for Outside Audit & Supervisory Board Members. As Mr. Haruyuki Urata meets the requirements for independent officer stipulated by the Tokyo Stock Exchange, the Company has registered him with the Tokyo Stock Exchange as independent officer.

The candidate is as follows:

Abbreviations: R = Re-appointed, N = Newly-appointed, O = Outside Audit & Supervisory Board Member, I = Independent

Name, Date of Birth	No. of Company's shares held	Career summary [Notable concurrent offices]
 <p data-bbox="188 1249 379 1288">NOI</p> <p data-bbox="188 1288 379 1344">Haruyuki Urata November 8, 1954</p>	0	<p data-bbox="632 902 1407 963">April 1977: Joined Orient Leasing Co., Ltd. (currently ORIX Corporation)</p> <p data-bbox="632 963 1407 992">February 2005: ORIX Corporation Executive Officer</p> <p data-bbox="632 992 1407 1021">August 2006: ORIX Corporation Managing Executive Officer</p> <p data-bbox="632 1021 1407 1050">June 2007: ORIX Corporation Managing Director</p> <p data-bbox="632 1050 1407 1079">January 2008: ORIX Corporation Director and Deputy President</p> <p data-bbox="632 1079 1407 1142">January 2009: ORIX Corporation Director and Deputy President, and Group CFO</p> <p data-bbox="632 1142 1407 1205">January 2011: ORIX Corporation Representative Director and Deputy President, and Group CFO</p> <p data-bbox="632 1205 1407 1267">June 2015: ORIX Bank Corporation Representative Director and President</p> <p data-bbox="632 1267 1407 1296">June 2020: ORIX Bank Corporation Director and Chairman</p> <p data-bbox="632 1296 1407 1359">June 2021: ORIX Bank Corporation Special Adviser (position held at present)</p> <p data-bbox="632 1391 1407 1453">[Notable Concurrent Offices] ORIX Bank Corporation Special Adviser</p>
<p data-bbox="180 1476 1407 1505">[Reasons for us to nominate him as an Outside Audit &amp; Supervisory Board Member candidate and expected roles]</p> <p data-bbox="180 1505 1407 1619">He has extensive experience as a corporate executive and as an officer in charge of corporate accounting and finance. Based on the experience and knowledge he gained through his career, we expect him to properly perform his duties as an Outside Audit &amp; Supervisory Board Member. Furthermore, as mentioned above, he has considerable insight into finance and accounting.</p>		
<p data-bbox="180 1641 1407 1671">[Supplementary explanations on independence]</p> <p data-bbox="180 1671 1407 1814">The Group has lease-related transactions with ORIX Corporation, where he was formerly involved in executive management. However, the amount of said transactions is very small, not more than 1% of the consolidated sales of the Group and not more than 1% of the consolidated sales of ORIX Corporation and such situation does not have any influence on his independence. Currently, there are no transactions between the Group and ORIX Bank Corporation, where he was formerly involved in executive management.</p>		
<p data-bbox="180 1834 1407 1863">[Message from the candidate]</p> <p data-bbox="180 1863 1407 1977">This year, the Asahi Kasei Group is preparing to embark into its next 100 years under a new management structure. This is the first step toward new challenges and changes. I hope that my experience with a distinctive corporate management will contribute to the sound and sustainable growth of the Group and to high-quality corporate governance that can live up to the trust of society.</p>		

- (Notes)
1. There is no conflict of interest between the candidate and the Company.
  2. If Mr. Haruyuki Urata is elected as Audit & Supervisory Board Member, in accordance with Article 427, Paragraph 1, of the Companies Act, the Company plans to conclude an agreement with him which limits his liability as specified in Article 423, Paragraph 1 of the Companies Act, with the amount of his individual liability being either ¥10 million or the minimum amount stipulated by law or ordinance, whichever is higher.
  3. If Mr. Haruyuki Urata is elected as Audit & Supervisory Board Member, the Company will enter into an indemnification agreement with him as stipulated in Article 430-2, Paragraph 1 of the Companies Act, under which the Company will indemnify him for the expenses stipulated in Item 1, Paragraph 1 and losses stipulated in Item 2, Paragraph 1 of the same Act to the extent provided by laws and regulations.
  4. The Company has concluded a directors and officers liability insurance agreement with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act. The insurance agreement shall cover compensation for damage, settlements, attorney's fees, etc. to be borne by the insured parties. The candidate will be included as an insured party under the insurance agreement. In addition, the Company plans to renew the agreement with the same contents at the next renewal.

End



**(For your reference)**

**Independence Standards and Qualification for Outside Directors/Audit & Supervisory Board Members**

In determining that Outside Directors and Outside Audit & Supervisory Board Members are independent, the Company ensures that they do not correspond to any of the following and that they are capable of performing their duties from a fair and neutral standpoint.

- (1) A person who currently executes or has executed businesses of the Group (Executive Directors, Executive Officers, employees, etc.) over the last 10 years
- (2) A company or a person who executes the businesses thereof whose major business partner is the Group (a company or a person with more than 2% of its annual consolidated net sales coming from the Group)
- (3) A major business partner of the Group (when payments by this partner to the Group account for more than 2% of the Company's annual consolidated net sales or when the Company borrows money from such partner amounting to more than 2% of the Company's consolidated total assets) or a person who executes the businesses thereof
- (4) A person who receives a large amount of money or other financial gain (¥10 million or more in one year) from the Group as an individual other than remuneration for being a Director/Audit & Supervisory Board Member of the Company
- (5) A company which receives a large amount of donations or aid (¥10 million or more in one year) from the Group or a person who executes the businesses thereof
- (6) A main shareholder of the Group (a person/company who directly or indirectly owns 10% or more of all voting rights of the Company) or a person who executes the businesses thereof
- (7) A person who executes the businesses of a company which elects Directors/Audit & Supervisory Board Members/employees of the Group as Directors/Audit & Supervisory Board Members
- (8) An Independent Auditor of the Group or any staff thereof
- (9) A person who has fallen into any of the categories 2 through 8 above over the last three years
- (10) A person who is a close relative (spouse, relative within the second degree of kinship, or those with whom they share living expenses) of a person who falls under any of the categories 1 through 8 above, provided that "a person who executes businesses thereof" in 1, 2, 3, 5, 6, and 7 above shall be replaced with "an important person who executes the businesses thereof (Executive Directors and Executive Officer, etc.)"
- (11) A person who has served as Outside Director or Outside Audit & Supervisory Board Member of the Company for more than eight years in total.

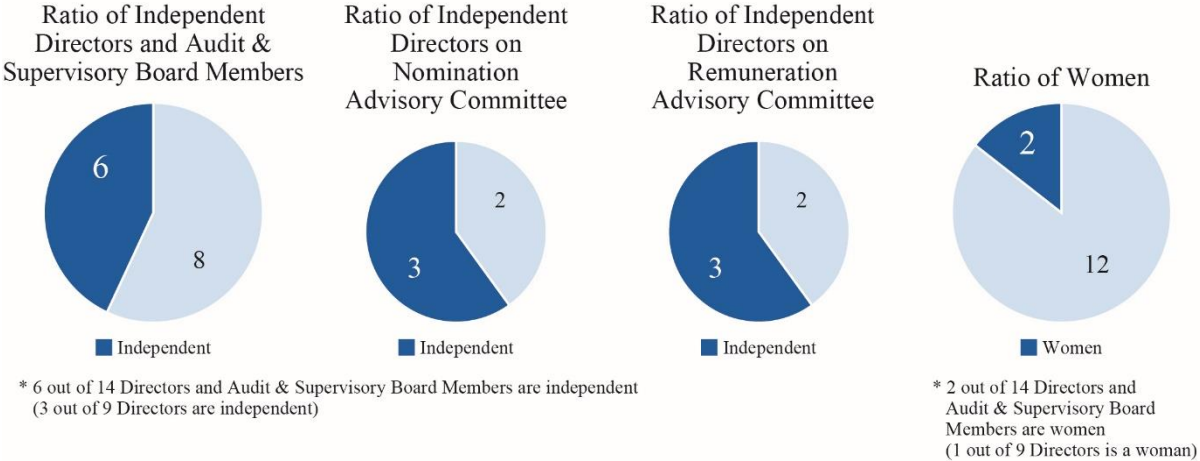
**(For your reference)**

**Fields in which expectations on Directors and Audit & Supervisory Board Members are particularly high**

In order to “contribute to life and living for people around the world,” the Company pursues two aspects of sustainability: “contributing to a sustainable society” and “sustainable increase in corporate value.” To this end, we have identified the knowledge, experience, and capabilities required to advance Group management and its supervision and auditing at a higher level in a discontinuous and uncertain business environment, and have considered the composition of the Board of Directors with consideration to the balance of its diversity and independence.

Specifically, in addition to “corporate management and strategy,” “finance and accounting,” “legal affairs, intellectual property, and risk management,” and “R&D, manufacturing, and technology,” which are indispensable for pursuing opportunities and reducing risks, we also emphasize “global” to align with the internationalization of markets and businesses, “digital” to advance digital transformation, “environment and society” to respond to changes in the social environment and the status of stakeholders with agility, and “human resource management” to utilize people as the foundation of business management.

If the Directors and Audit & Supervisory Board Members are elected as in Proposal 2 and Proposal 3, we expect each Director and Audit & Supervisory Board Member to demonstrate their knowledge, experience, capabilities, etc., especially in the areas described as follows, and will accordingly carry out important decision-making of group management and appropriate supervision and auditing comprehensively from diverse perspectives.



		Corporate Management & Strategy	Finance & Accounting	Legal Affairs, Intellectual Property, & Risk Management	R&D, Manufacturing & Technology	Global	Digital	Environment & Society	Human Resource Management
Directors	Hideki Kobori	★		★				★	
	Koshiro Kudo	★				★		★	★
	Shuichi Sakamoto	★				★		★	★
	Fumitoshi Kawabata	★						★	★
	Kazushi Kuse				★		★	★	
	Toshiyasu Horie	★	★					★	
	Tsuneyoshi Tatsuoka	☐			★	★		★	
	Tsuyoshi Okamoto	☐	★	★				★	
	Yuko Maeda	☐			★	★		★	
Audit & Supervisory Board Members	Masafumi Nakao			★	★		★	★	
	Yutaka Shibata		★	★				★	
	Tetsuo Ito	☐		★				★	
	Akemi Mochizuki	☐		★				★	
	Haruyuki Urata	☐	★	★				★	

(Note) Up to four fields with particularly high expectations are noted for each individual. The table above does not represent all of the knowledge, experience, and capabilities of each individual.

#### **Proposal 4: Revision of Amount of Remuneration for Directors**

At the 123rd Ordinary General Meeting of Shareholders held on June 27, 2014, shareholders approved the current amount of remuneration for Directors at 650 million yen or less per annum (of which 50 million yen or less per annum for Outside Directors), and this amount has remained unchanged.

To establish an effective level of remuneration to acquire diverse and talented human resources, with our competitors and similar-scaled companies in Japan as major benchmarks, and taking our financial situation and the external environment into consideration, the Company would like to request your approval for revision of the amount of remuneration for Directors to 800 million yen or less per annum (including 80 million yen or less per annum for Outside Directors).

The details of the Company's policy for determining the content of individual remuneration, etc. for each Director are outlined in the Business Report (page 51-54), and we intend to change its content so that it is linked to medium-term management strategies/plans, on the condition that Proposal 4 and Proposal 6 are approved (refer to the (For your reference) section on page 25-27 for the updated policy).

This proposal is to revise the remuneration amount for monetary remuneration to be paid to Directors, and the Company has determined that the remuneration amount is necessary and reasonable and that the proposal is appropriate in light of the criteria for calculating the amount of monetary remuneration for individual Directors set forth in the policy, the percentage of monetary remuneration for Directors to the total Director remuneration, and the number of Directors eligible to receive remuneration, etc. Furthermore, this proposal has been deliberated by the Remuneration Advisory Committee, the majority of whose members are Outside Directors, to ensure the appropriateness of the Director remuneration and the independence, objectivity, and transparency of the decision-making process, and has been confirmed as appropriate.

The Company currently has nine Directors (three of whom are Outside Directors). There will be no changes to the number of Directors if Proposal 2 is approved as originally proposed. The Articles of Incorporation stipulates that there shall be no more than twelve Directors.

#### **Proposal 5: Revision of Amount of Remuneration for Audit & Supervisory Board Members**

At the 115th Ordinary General Meeting of Shareholders held on June 29, 2006, shareholders approved the current amount of remuneration for Audit & Supervisory Board Members at 150 million or less per annum, and this amount has remained unchanged.

To establish an effective level of remuneration to acquire diverse and talented human resources, with our competitors and similar-scaled companies in Japan as major benchmarks and taking our financial situation and the external environment into consideration, the Company would like to request your approval for revision of the amount of remuneration for Audit & Supervisory Board Members to 180 million yen or less per annum.

The Company currently has five Audit & Supervisory Board Members (three of whom are Outside Audit & Supervisory Board Members). There will be no changes to the number of Audit & Supervisory Board Members if Proposal 3 is approved as originally proposed. The Articles of Incorporation stipulates that there shall be no more than seven Audit & Supervisory Board Members.

## **Proposal 6: Partial Revision to the Stock-based Remuneration System for Directors**

### **1. Reasons for proposal and reasons that the remuneration system is deemed reasonable**

Remuneration for the Company's Directors comprises "basic remuneration," "performance-linked remuneration," and "stock-based remuneration." Of these, "stock-based remuneration" is a system in which a trust established using money contributed by the Company acquires shares of the Company, and a number of shares of the Company corresponding to the number of points granted by the Company to each Director are delivered to each Director through the trust (hereinafter the "System"). The Company started operating the System after obtaining approval from shareholders for its introduction at the 126th Ordinary General Meeting of Shareholders held on June 28, 2017.

This proposal asks for approval to revise the System to a performance-linked remuneration system by linking the number of points to be granted to Directors under the System to the Company's performance, and to continue the System after changing the maximum amount of money to be contributed by the Company to the trust for acquiring the shares of the Company, and the maximum number of points to be granted to Directors. The Company asks that the details of the System be left to the discretion of the Board of Directors within the framework outlined in 2. below.

The System was introduced with the aim of more clearly linking the remuneration of Directors to the Company's share value and is designed to enhance the motivation of Directors to contribute to the sustainable growth of the Group and the medium- to long-term improvement of corporate value by sharing with shareholders not only the benefits of share price increases but also the risk associated with share price decreases. The revisions to the System in this proposal are intended to further enhance such motivation by linking the number of shares granted to the degree of achievement of performance targets and by increasing the maximum number of shares to be granted.

Remuneration under the revised System is separate from the limit on remuneration for Directors (800 million yen or less per annum (of which 80 million yen or less per annum for Outside Directors)) that is proposed for approval in Proposal 4: Revision of Amount of Remuneration for Directors, and will be paid to Directors (excluding Non-executive Directors\* including Outside Directors and the same applies hereinafter) who hold office during the three-year period (hereinafter the "Applicable Period") from the fiscal year ending March 31, 2023 to the fiscal year ending March 31, 2025.

The purpose of the revised System is as described above. The details of the Company's policy for determining the content of individual remuneration, etc. for each Director are outlined in the Business Report and we intend to change its content so that it is linked to medium-term management strategies/plans, on the condition that Proposal 4 and Proposal 6 are approved (refer to the (For your reference) section on page 25-27 for the updated policy). The details in this proposal are necessary and reasonable to pay remuneration, etc. consistent with the proposed policy revisions. Based on the above, the Company has determined that the details in this proposal are appropriate.

If Proposal 2: Election of Nine Directors is approved as proposed, the number of Directors subject to the System will be five.

The System has also been introduced for the Executive Officers of the Company who are not Directors and for the Executive Officers of operating companies of the Asahi Kasei Group who hold a certain rank (hereinafter collectively, "Executive Officers, etc."), and the Company plans to make the same revisions and continue the System for Executive Officers, etc.

This proposal was resolved by the Board of Directors upon deliberation at the Company's Remuneration Advisory Committee consisting of a majority of Outside Directors, which is established as an advisory body to the Board of Directors, to ensure the appropriateness and transparency in determining Directors' remuneration, etc.

\* Non-executive Directors include Director and Chairman.

## 2. Overview of the amount and specific contents of remuneration, etc. under the System

### (1) Overview of the System

As stated above, the System is a stock-based remuneration system, in which a trust established using money contributed by the Company (the trust has already been established; hereinafter the “Trust”) acquires shares of the Company, and a number of shares of the Company corresponding to the number of points granted by the Company to each Director are granted to each Director through the Trust.

Such shares are in principle granted to each Director at the time of his/her retirement from office of Director (or at the time of his/her retirement from any other position as officer of the Asahi Kasei Group if appointed to or continuing in such a position at the time of retirement from office of Director).

(i) Persons eligible for the System	Directors of the Company (excluding Non-executive Directors* including Outside Directors)
(ii) Applicable period	Three-year period from the fiscal year ending March 31, 2023 to the fiscal year ending March 31, 2025
(iii) Maximum amount of money contributed by the Company as funds necessary to acquire shares of the Company to be granted to the persons eligible in (i) during the applicable three-year period (prior to revisions: three-year trust period) in (ii)	(Before revision) 300 million yen in total (After revision) 450 million yen in total
(iv) Method of acquisition of shares of the Company	Acquisition from the stock exchange market (including after-hours trading)
(v) Upper limit on total number of points to be granted to persons eligible in (i)	(Before revision) 100,000 points per fiscal year (After revision) 150,000 points per fiscal year
(vi) Criteria for granting points	(Before revision) Points granted according to individual rank, etc. (After revision) Points granted according to individual rank and degree of achievement of performance targets
(vii) Timing of delivery of shares of the Company to persons eligible in (i)	Shares are in principle granted at the time of retirement (or at the time of retirement from any other position as officer of the Asahi Kasei Group if appointed to or continuing in such a position at the time of retirement from office of Director)

\* Non-executive Directors include Director and Chairman

### (2) Maximum amount of money contributed by the Company

In addition to extending the trust period of the Trust already established, the Company shall make an additional contribution not exceeding 450 million yen in total as remuneration to the Directors in office during the Applicable Period, as funds for the acquisition of shares of the Company necessary to grant stock-based remuneration to Directors under the System (additional trust). The Trust shall acquire shares of the Company from the stock exchange market (including after-hours trading) using money entrusted by the Company (in addition to the money to be additionally entrusted by the Company, this includes money that has remained in the Trust since before the additional trust) as the source of funds.

Note: The monetary amount to be additionally entrusted to the Trust by the Company shall include the estimated necessary expenses such as trust fees and trust administrator compensation, etc., in addition to the (above-stated) funds required to acquire shares of the Company in order to deliver stock-based remuneration to Directors under the System. If the System shall be continued for Executive Officers, etc. as described in 1 above, funds for the acquisition of shares of the Company necessary for granting to Executive Officers, etc. under the System shall also be separately and additionally entrusted.

The Company may, based on the decision of the Board of Directors, set a new Applicable Period (period of up to three fiscal years) each time and further extend the trust period of the Trust (including the substantial extension of the trust period by transferring the trust assets of the Trust to another trust established by the Company for an identical purpose; the same applying hereinafter), and continue the System. If the trust period is thus extended, during the new Applicable Period, the Company shall contribute an additional amount not exceeding 150 million yen multiplied by the number of fiscal years during the new Applicable Period to the Trust as funds for additional acquisition of shares of the Company necessary for granting to Directors under the System, and continue the granting of points and shares of the Company as described in (3) below.

Even if the System is not continued by establishing a new Applicable Period as described above, if there are Directors who have not retired from office but who have been granted points at the end of the trust period, the Company may extend the trust period of the Trust until such Directors retire from office and the granting of shares of the Company is complete.

(3) Method for calculating the number of shares of the Company to be granted to Directors and the upper limit thereof

(i) Method, etc. for granting points to Directors

The Company grants to each Director a certain number of points in accordance with their individual rank and the degree of achievement of performance targets, etc., on a certain date for every fiscal year stipulated in the Share Grant Regulations during the trust period, in accordance with the Share Grant Regulations stipulated by the Board of Directors. The specific point calculation method shall be determined by a resolution of the Board of Directors. For the initial Applicable Period (fiscal year ending March 31, 2023 to fiscal year ending March 31, 2025), the following point calculation formula shall be used.

**(For your reference)**

The main details of the point calculation formula to be determined by the Board of Directors are as follows.

(Point calculation formula)

Standard points determined for each individual rank × 50% + standard points determined for each individual rank × 50% × performance-linked index

The “performance-linked index” in the above point calculation formula shall be a number (\*2) determined in the range of 0.0 to 1.5 according to the degree of target achievement (\*1) of non-financial and other indicators relating to sustainability set forth in the medium-term management strategies/plans. The number of points will be higher than the number of points granted based on the System before the revision when the performance-linked index is set at 1.0.

\*1. Targets are set for each fiscal year for the following indicators and the percentage of achievement for each indicator is calculated. The degree of target achievement is planned to be the total of the achievement percentage for each indicator multiplied by each of the following weights. The following details may be changed by a resolution of the Board of Directors during the initial Applicable Period.

Indicator	Weight	Indicator Calculation Method	FY2021 Result	FY2022 Target	FY2024 Target
Job satisfaction	1/3	Percentage of employees absent due to mental illness	0.99%	0.80%	0.64%
DX	1/3	Total number of digital professionals	230	1,000	2,500
Diversity	1/3	Percentage of female employees in line posts and highly specialized positions	3.4%	3.9%	5.0%

\*2. Values set forth in the table below shall be used as the performance-linked index according to the degree of achievement of the targets.

Degree of target achievement	Performance-linked index
120% or more	1.5
105% or more but less than 120%	1.2
95% or more but less than 105%	1.0
80% or more but less than 95%	0.5
Less than 80%	0.0

However, the total number of points granted by the Company to Directors shall not exceed 150,000 points per fiscal year.

(ii) Granting of shares of the Company in accordance with points granted

Directors receive grants of shares of the Company in accordance with the number of points granted as described in (i) above, following the procedures in (iii) below.

However, in the event that a Director retires due to personal reasons (except in cases where it is determined that the resignation is due to unavoidable circumstances), and in the event that a Director is dismissed or resigns due to causing loss or damage to the Company's group companies as defined in the Share Grant Regulations, etc., all or some of the points granted up to that point shall be forfeited and no shares of the Company corresponding to the forfeited points shall be granted, or no further points shall be granted, based on a resolution of the Board of Directors.

One point shall be equivalent to one share. However, if circumstances arise in which it is deemed reasonable to adjust the number of shares of the Company to be granted such as a share split or share consolidation, the number of shares per point shall be adjusted in accordance with such split ratio or consolidation ratio, etc.

(iii) Delivery of shares of the Company to Directors

Each Director shall, in principle, perform specified procedures at the time of retirement to acquire Trust beneficiary rights and receive delivery of shares in (ii) above from the Trust as a beneficiary of the Trust.

However, a certain proportion of shares of the Company may be sold and converted to money within the Trust for the Company to withhold money required for the payment of taxes, such as withholding income tax, and the Company may make a grant to Directors in the form of money instead of the Company's shares. In the event of conversion of shares of the Company in the Trust to money due to a settlement following circumstances such as subscription of a tender offer for shares of the Company held in the Trust, the Company make a grant to Directors in the form of money instead of the Company's shares.

The amount of shares of the Company to be received by Directors shall be based on the total number of points to be granted to Directors at the time the points are granted, multiplied by the book value per share of the Company held by the Trust (however, if circumstances arise in which it is deemed reasonable to adjust the number of shares of the Company to be granted such as a share split or share consolidation, the number of shares per point shall be adjusted in accordance with such split ratio or consolidation ratio, etc.).

(iv) Maximum number of shares of the Company to be granted to Directors

Since the maximum number of points to be granted to Directors is 150,000 points per fiscal year in total, as stated above, the maximum number of shares of the Company to be acquired by the Trust during the Applicable Period will be 450,000 shares, which is the number of shares equivalent to the maximum total number of points per fiscal year multiplied by three, the number of fiscal years during the Applicable Period. The maximum total number of such points and the maximum number of shares to be acquired are set based on the maximum amount of contribution to the Trust as stated above.

(4) Non-exercise of voting rights

In accordance with instructions from the trust administrator who is independent from the Company and the Company's officers, voting rights associated with the shares of the Company held in the Trust shall not be exercised altogether, in order to ensure neutrality towards the management of the Company with respect to the



shares of the Company held in the Trust.

#### (5) Handling of dividends

Dividends from the shares of the Company held in the Trust shall be received by the Trust to be used to acquire shares of the Company and for trust fees to be paid to the trustee with respect to the Trust.

#### **(For your reference)**

##### Policy to determine Directors' remuneration

The details of the Company's policy for determining the content of individual remuneration, etc. for each Director are outlined in the Business Report (page 51-54) and we intend to change its content as follows so that it is linked to medium-term management strategies/plans, on the condition that Proposal 4 and Proposal 6 are approved.

#### 1. Basic policy

The Directors' remuneration of the Company is one of the important components of corporate governance. The Company designs this system to provide appropriate incentives to both executives and supervisors for achieving sustainable growth and improving medium- to long-term corporate value.

Remuneration for Non-executive Directors\* including Outside Directors, who supervise the management of the Company, is comprised solely of fixed basic remuneration at a level determined in consideration of third-party survey data, in order to secure a high degree of independence unaffected by short-term earnings fluctuations.

The remuneration for Executive Directors combines performance-linked remuneration with stock-based remuneration as nonmonetary remuneration, in addition to fixed basic remuneration which serves a basic livelihood, in order to provide incentives tied to earnings and management strategy as senior management, with levels of remuneration amounts and proportions of types of remuneration adjusted as appropriate for each role according to management strategy and tasks, in consideration of third-party survey data.

To ensure the optimal way of remunerating Directors and design of the remuneration system, the Board of Directors and the Remuneration Advisory Committee regularly deliberate and continually confirm their appropriateness and make improvements.

#### 2. Policy for determining the timing for payment and conditions of remuneration

Considering the purpose of each type of remuneration, fixed basic remuneration is paid monthly as it serves as a basic livelihood, performance-linked remuneration is paid monthly as it serves as a constant incentive, and for stock-based remuneration, points described below are granted to eligible Directors on a certain date each fiscal year set forth in the Share Grant Regulations determined by the Board of Directors, and shares of the Company are provided to eligible Directors at the time they retire both as Director and as officer of the Group in light of the purpose of the stock-based remuneration to share the medium- to long-term perspectives of shareholders.

#### 3. Policy for determining each individual's basic remuneration (monetary remuneration)

Amounts of basic remuneration for Directors are determined through comprehensive consideration in accordance with rank and responsibility taking account of other companies' levels of remuneration and the Company's earnings.

#### 4. Policy for determining content of performance-linked remuneration and nonmonetary remuneration as well as method of calculating amounts and numbers thereof

Performance-linked remuneration, which comprises a part of remuneration for Executive Directors, combines both achievement of financial targets including invested capital efficiency with achievement of non-financial targets including individual targets such as progress on sustainability, so as to provide incentives tied to earnings and management strategy as senior management.

Performance-linked remuneration is calculated based on a comprehensive judgment on the basis of achievement of financial targets such as consolidated net sales, operating income, ROIC, etc., together with

achievement of individually set targets including progress on sustainability. Standards for financial incentives are selected as appropriate for clear and objective evaluation based on earnings results together with the perspective of awareness for improving invested capital efficiency.

The formula required to calculate individual performance-linked remuneration is outlined as follows.

[Formula required to calculate individual performance-linked remuneration]

Index calculated based on evaluation<sup>1</sup> × base amount by rank

= individual performance-linked remuneration amount

<sup>1</sup> Index comprehensively considering achievement of financial targets and non-financial targets

A portion of remuneration for Executive Directors is the provision of stock-based remuneration as non-monetary remuneration. To share with shareholders not only the benefits of share price increases but also the risk associated with share price decreases, a stock-based remuneration system was adopted, whereby a trust established by the Company acquires shares of the Company and grants them to eligible Directors. Based on the Share Grant Regulations adopted by the Board of Directors, eligible Directors are granted points linked to achievement of targets set by the medium-term management plan in accordance with their rank, etc. (maximum of 150,000 points per fiscal year) and the Company's shares are granted to eligible Directors corresponding to the accumulated number of points at the time of their retirement as Director and as officer of the Group (the number of shares to be granted is the number of points granted multiplied by 1.).

5. Policy for determining the proportion of basic remuneration, performance-linked remuneration, and nonmonetary remuneration for individual Executive Directors

The proportion of basic remuneration, performance-linked remuneration, and stock-based remuneration for each Executive Director is determined to provide an appropriate incentive in accordance with management strategy and management tasks, with consideration given to the level obtained from third-party survey data.

The proportion of basic remuneration, performance-linked remuneration, and stock-based remuneration for each Executive Director is generally 6:3:1, with performance-linked remuneration ranging between 0% to 200% of the base amount based on rank, according to evaluation. However, the Board of Directors and the Remuneration Advisory Committee regularly deliberate on its appropriateness, and improvement is made based on continual confirmation of appropriateness.

6. Policy for determining items to be entrusted regarding determination of content of remuneration of individual Directors and for determining content of remuneration of individual Directors

Among remuneration of each individual Director, determination of the amount of performance-linked remuneration is entrusted to the Remuneration Advisory Committee based on a resolution of the Board of Directors, with the Remuneration Advisory Committee being authorized to confirm the reasonableness and appropriateness of the evaluation of the achievement of targets by each Executive Director as proposed by the President and Director, and to determine remuneration amounts for individual Directors by applying this evaluation to the formula determined by the Board of Directors.

To ensure that such authority is properly exercised, the Remuneration Advisory Committee is comprised of a majority of Outside Directors, and it regularly reports to the Board of Directors on the process of the above confirmation and determination.

Regarding determination of basic remuneration and stock-based remuneration for individual Directors, the Board of Directors requests deliberation by the Remuneration Advisory Committee and makes a determination based on ample consideration of the result of deliberation by the Remuneration Advisory Committee.

Fixed basic remuneration by rank is paid upon determination of the amount by the Board of the Directors. Stock-based remuneration is granted to eligible Directors when certain conditions are met, corresponding to points granted to each Director based on the Share Grant Regulations adopted by the Board of Directors.

7. Important matters for determining the content of individual remuneration, etc. for Directors

In the event that a Director who is eligible for payment of stock-based remuneration, which is nonmonetary remuneration, as part of the above-stated remuneration for Executive Directors, retires due to personal reasons (except in cases where it is determined that the resignation is due to unavoidable circumstances), and in the event that a Director is dismissed or resigns due to causing loss or damage to the Company's group companies as defined in the Share Grant Regulations, etc., all or some of the points granted up to that point shall be forfeited and no shares of the Company corresponding to the forfeited points shall be granted, or no further

points shall be granted, based on a resolution of the Board of Directors.

\* Non-executive Directors include Director and Chairman.

(For your reference) Main changes to Directors' remuneration

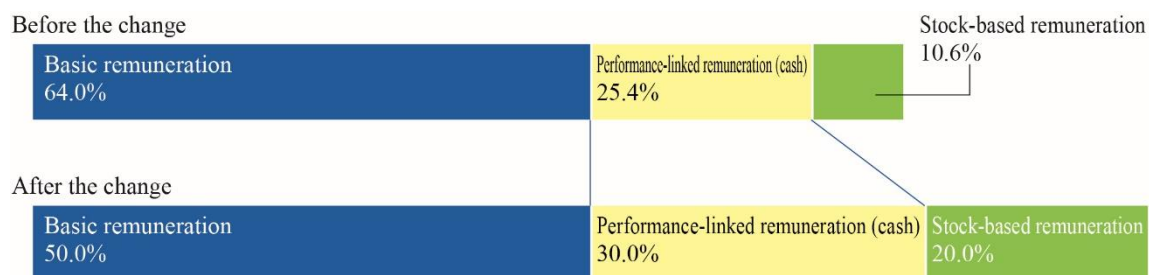
In line with the amendments to the policy for determining remuneration for Directors following the approval of Proposal 4 and Proposal 6, the remuneration for the Company's Directors shall be changed mainly as follows.

Key elements of changes to remuneration for Directors

	Before the change	After the change
Monetary remuneration	[Maximum total amount] <u>650 million yen/year</u>  [Performance-linked remuneration index] Achievement of net sales, operating income, <u>ROA</u> , and non-financial targets	[Maximum total amount] <u>800 million yen/year</u>  [Performance-linked remuneration index] Achievement of net sales, operating income, <u>ROIC</u> , and non-financial targets
Stock-based remuneration	[Maximum amount contributed by the Company] <u>300 million yen</u>  [Maximum points conferred] <u>100,000 points/year</u> (1 point = 1 share of the Company)  [Criteria for granting points] Rank	[Maximum amount contributed by the Company] <u>450 million yen</u>  [Maximum points conferred] <u>150,000 points/year</u> (1 point = 1 share of the Company)  [Criteria for granting points] <u>Rank × performance-based index*</u> <u>* Degree of achievement of non-financial indicators and other indicator targets</u>

Changes to breakdown and levels of remuneration

On the assumption that the basic amount is multiplied by an evaluation index of 100%, the breakdown and levels of remuneration for the President & Representative Director will be changed as follows.



The results of this resolution will be published on the following website.

[https://www.asahi-kasei.com/ir/stock\\_information/meeting/](https://www.asahi-kasei.com/ir/stock_information/meeting/)

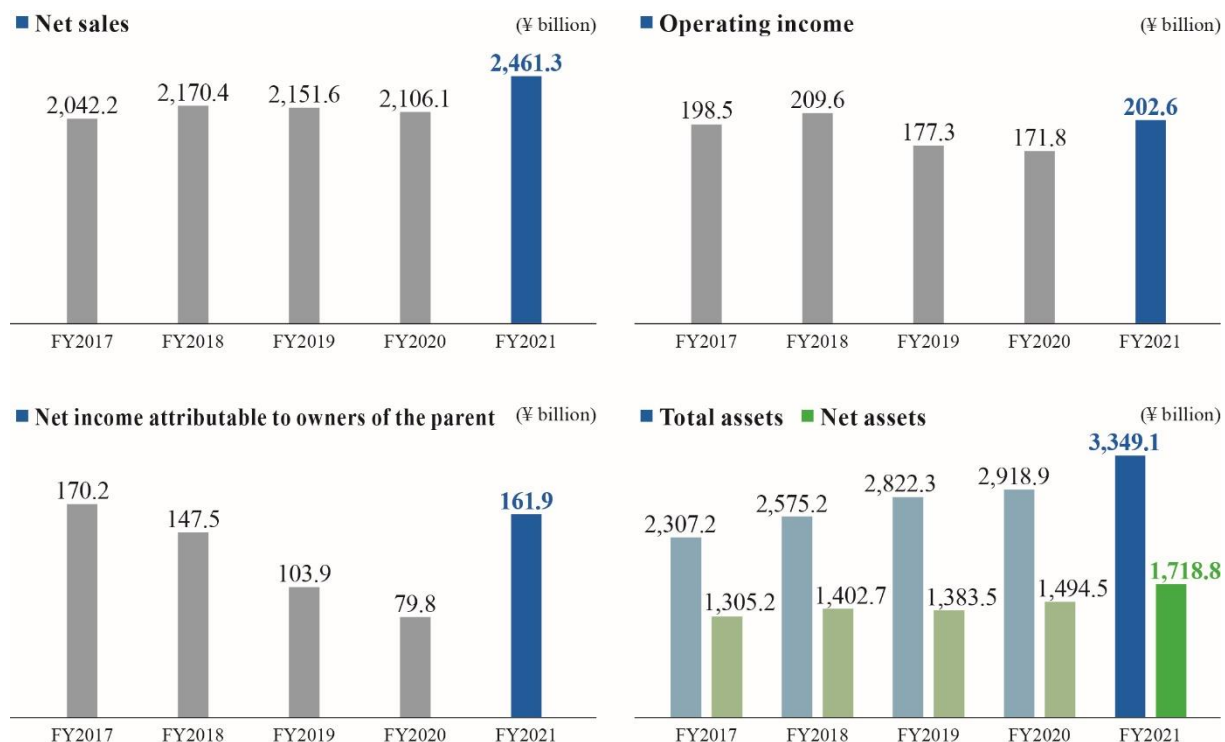
(Appendix)

## Business Report

(From April 1, 2021 to March 31, 2022)

### 1. The Group's Business Results

#### Consolidated results

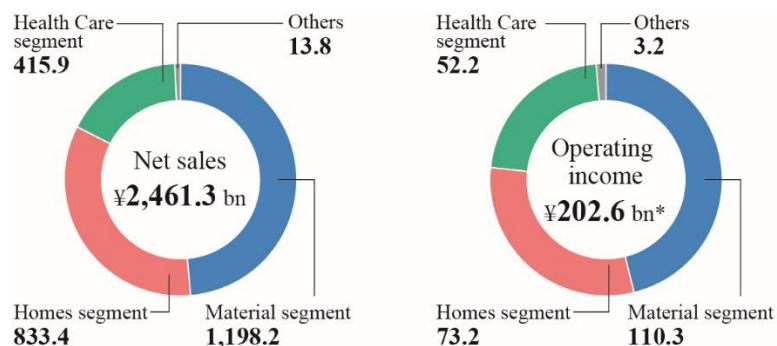


#### Primary factors for changes in net sales

Net sales rose significantly in the Material and the Homes segments in comparison to the previous fiscal year, in which the spread of COVID-19 had a major impact. In the Health Care segment, although it no longer experienced the positive impact which occurred last fiscal year in businesses that contribute to the treatment, etc., of COVID-19, other business performed solidly, which led to a slight increase in the segment's net sales.

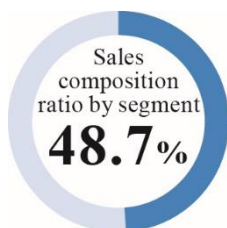
#### Primary factors for changes in net income

Net income rose significantly due to the recovery of operating income from the previous fiscal year, in which the spread of COVID-19 had a major impact on business, as well as reductions of expenses related to the fire that occurred at a semiconductor plant in the previous fiscal year and tax expense associated with the reconfiguration of organizations related to Veloxis Pharmaceuticals, Inc.



\* Includes "corporate expenses and eliminations" of [¥-36.2 billion]

## Material

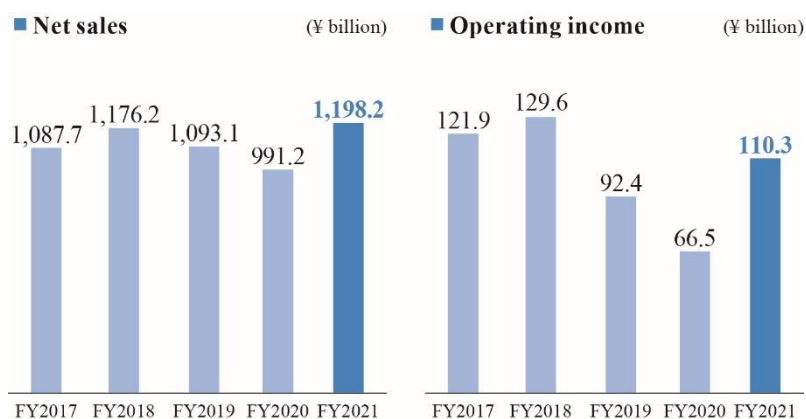


### [Main businesses]

With materials and technologies for creating a sustainable, carbon neutral society, resin and fiber products that contribute to next generation mobility, digital solutions using electronic materials, and consumables such as Saran Wrap® cling film, which helps make life more convenient, our high value-added product portfolio is expanding on a global scale, contributing to a better future through advanced technologies.

### [Supplementary explanations on business results per segment]

Primary factors for changes in operating income: Operating income increased significantly in comparison to the previous fiscal year, during which the spread of COVID-19 had a major impact, due to increased sales volume in conjunction with the recovery of the automotive market and improvements to terms of trade for petrochemical products.

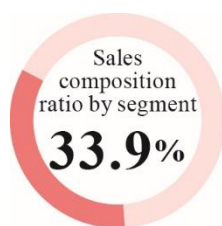


### Fiscal 2021 highlight

#### **Established joint venture in China engaged in Li-ion battery (LIB) dry separators**

Demand is rising rapidly in China for LIB dry-process separators used in energy storage systems and electric vehicles. To meet this burgeoning demand, we established a joint venture with Shanghai Energy New Materials Technology Co., Ltd. in Jiangxi, China.

## Homes



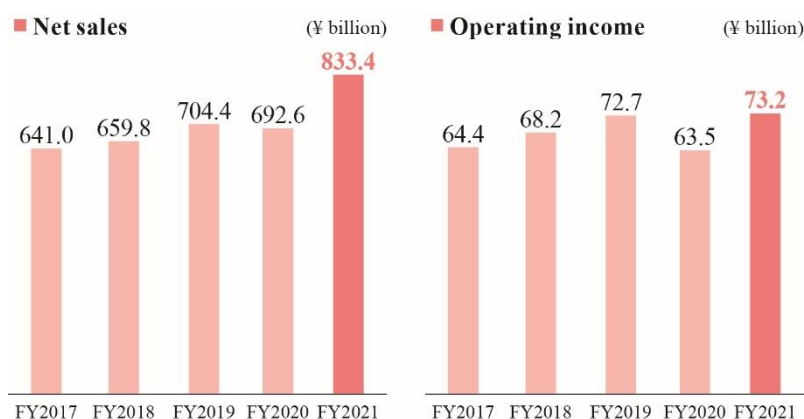
[Main businesses]

We set the stage for a rich and fulfilling lifestyle with our Homes business that provides high-quality products and services centered around the Long Life Home, which earns high customer satisfaction that lasts for more than half a century, and with our construction materials business that provides high value-added products and services. We are also accelerating our overseas development in this segment.

[Supplementary explanations on business results per segment]

Primary factors for changes in operating income:

Due to the recovery of the order-built homes operation and strong performance of overseas business, operating income increased in comparison to the previous fiscal year, during which the COVID-19 pandemic had a major impact.

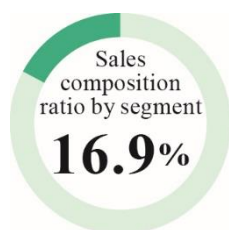


Fiscal 2021 highlight

### **Consolidation of Australia's McDonald Jones Homes Pty Ltd.**

We acquired additional shares of McDonald Jones Homes (currently NXT Building Group due to a name change), an Australian detached home company, consolidating it as an Asahi Kasei Homes Corp. subsidiary. In order to expand our share of Australia's homes market, which is expected to continue to grow steadily, we will take actions to develop our overseas homes business.

## Health Care



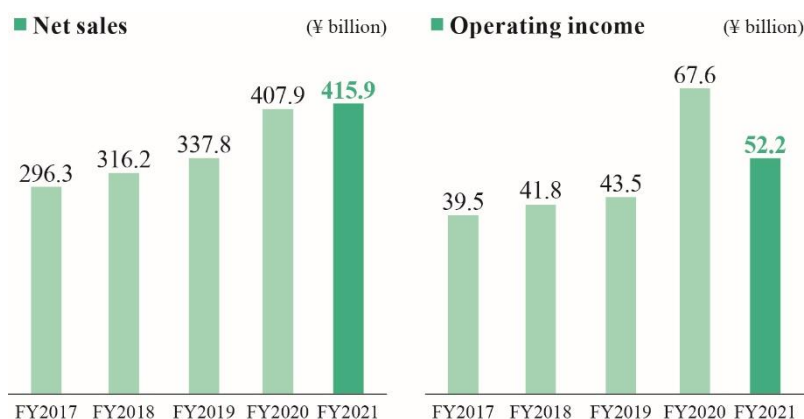
[Main businesses]

We contribute to the advance of medical care around the world with world-class drugs in the fields of orthopedics, critical/intensive care, and the immune system; blood purification devices for chronic and acute renal failure, and various intractable diseases; and products for the manufacturing process of biopharmaceuticals, etc. In addition, our products in the field of acute critical care including AEDs, professional defibrillators, and temperature management systems help to save people's lives.

[Supplementary explanations on business results per segment]

Primary factors for changes in operating income:

Although performance of main businesses in critical care operation including defibrillators were strong, and pharmaceutical and medical care operations also performed solidly, operating income for the segment fell due to the significant decline in sales volume for ventilators, for which demand surged in the previous fiscal year due to the spread of the COVID-19, as the global supply-demand balance normalized, and an increase in SG&A expenses.



Fiscal 2021 highlight

### Decision to build new plant for Planova™ virus removal filters

In response to the growth of the market for antibody drugs and similar products, which was accelerated by the COVID-19 pandemic and other factors, and the rise in need for new drug development and commercial production by pharmaceutical companies, we decided to build a new assembly plant for Planova™ filters, which are used in biotherapeutics production. The new plant is scheduled to be completed in fiscal 2023.

## **2. Medium-term Management Strategies / Plans and Progress**

### **1. Management environment and management issues**

The Group has set “contributing to life and living for people around the world” as its Group Mission, and 100 years since its founding, the Group has met the needs of times such as establishment of livelihood base, abundance of goods, comfort and convenience, and demand in emerging countries.

There has been rising global awareness of social issues, as symbolized by the sustainable development goals (SDGs) adopted by the UN. In particular, the changes in the world caused by COVID-19, which has been spreading since 2020, have brought about a “seismic shift,” a major change we have never experienced before. People’s values have undergone tremendous changes, and this is causing social and environmental issues to become apparent at an accelerating rate. People are focusing more on their life, health, and hygiene, and people’s work styles and lifestyles are also changing dramatically through the adoption of remote work, and the importance of individual fulfillment of life and work has become increasingly emphasized. As stated in the SDG principle of “leave no one behind,” respect for human rights is a prerequisite for corporate activities, not only for the Company itself, but also for its entire supply chain, including suppliers and others.

Furthermore, interest in environmental issues is also growing rapidly and reducing emissions of greenhouse gasses, the primary cause of climate change risk, is a pressing issue for mankind. With regard to plastic, from the perspectives of preventing environmental pollution resulting from improper disposal and effectively utilizing resources, there is a rising demand for actions such as marine plastic pollution countermeasures and activities toward circular economy, and countries are enacting increasingly strict regulations.

We recognize that these social issues are interrelated across a variety of industries as the barriers between industries become lower, and therefore, because the Group is involved in diverse businesses, we will be able to contribute from various perspectives, which also represent a great business opportunity for our Group. The Group considers “realization of a sustainable society” to be a current societal need that must be solved, and will tackle this challenge as a management issue. To do so, it is crucial that it achieves high profitability and realize “sustainable growth of corporate value” based on the trust of all stakeholders. The Group will pursue achieving both “contributing to sustainable society” and “sustainable growth of corporate value,” through transparent and fair management practices, as challenges toward sustainability.



## 2. Looking back on the medium-term management plan “Cs+ for Tomorrow 2021”

We implemented our medium-term management plan “Cs+ for Tomorrow 2021,” which covered the three-year period beginning in fiscal 2019. In fiscal 2021, our net income doubled year-on-year due to recovery from the spread of COVID-19, despite the effects of major changes in the business environment, such as changes in international affairs resulting from the decoupling of the United States and China, the spread of COVID-19, and soaring fuel prices.

Furthermore, we steadily conducted various measures such as M&As in the Health Care and Homes segments, which are expected to see medium- to long-term growth, as well as sustainability and digital transformation (DX) initiatives.

(¥ billion, unless otherwise specified)		FY2018	FY2019	FY2020	FY2021	'18 →'21 CAGR	FY2021 initial plan (as of May 2019)
	Net sales	2,170.4	2,151.6	2,106.1	2,461.3	4.3%	2,400.0
Profitability	Operating income	209.6	177.3	171.8	202.6	-1.1%	240.0
	Operating margin	9.7%	8.2%	8.2%	8.2%		10.0%
	EBITDA* <sup>1</sup>	313.6	295.6	305.1	350.8	3.8%	370.0
	EBITDA margin	14.5%	13.7%	14.5%	14.3%		15.4%
	Net income attributable to owners of the parent	147.5	103.9	79.8	161.9		180.0
	EPS (¥)	106	75	57	117	3.4%	130
Capital efficiency	ROIC* <sup>2</sup>	8.8%	6.6%	4.9%	6.6%		9.0%
	ROE	11.1%	7.6%	5.6%	10.3%		11.1%
Financial health	D/E ratio	0.31	0.52	0.45	0.45		Approx. 0.5
	Net D/E ratio	0.17	0.36	0.30	0.31		
	Capital ratio	53.6%	48.2%	50.3%	50.4%		

\*1 Operating income, depreciation, and amortization (tangible, intangible, and goodwill)

\*2 ROIC = (operating income – income taxes) / average annual invested capital

### 3. Measures and progress

April 2021, December 2021

Health Care

#### **Entered into the sleep apnea segment through ZOLL Medical Corporation**

Our subsidiary ZOLL Medical Corporation acquired Respicardia, Inc., a U.S. medical equipment company, which manufactures and sells remedē<sup>®</sup> System, an implantable neurostimulator device for the treatment of central sleep apnea, in April 2021, and Itamar Medical Ltd., a medical device and digital health company that focuses on the diagnosis of sleep apnea, in December 2021.

May 2021, November 2021

General

#### **Established policy for carbon neutrality and Asahi Kasei Group Sustainability Policy**

In order to more clearly encapsulate our approach in pursuing the two mutually reinforcing aspects of sustainability of “contributing to sustainable society” and “the sustainable growth of corporate value,” and to promote a higher level of activity in these areas, we formulated a policy for carbon neutrality in May 2021 and the Asahi Kasei Group Sustainability Policy in November 2021.

##### **Policy for carbon neutrality**

The Group has set forth the following objectives with regard to absolute GHG emissions\*:

By 2050, carbon neutral

By 2030, emissions reduction of 30% or more (from fiscal 2013)

\* Scope 1 (direct emissions from our own operations) and Scope 2 (indirect emissions from the use of electricity, heat and steam supplied by other companies)

##### **Main contents of the Asahi Kasei Group Sustainability Policy**

- Striving for two mutually reinforcing aspects of sustainability: “contributing to sustainable society” and “sustainable growth of corporate value”
- Pursuing the optimal corporate governance to achieve sustainability
- Value creation through contribution to sustainable society
- Responsible business activities
- Empowerment of personnel

June 2021, December 2021

General

#### **Selected as a DX Stock 2021 and listed in the 2021 DX White Paper**

In the Group’s medium-term management plan, the promotion of DX has been positioned as a key theme in the advancement of business, and we have been active in our efforts. In recognition of these efforts, in June 2021 we were selected as a Digital Transformation Stock (DX Stock) 2021, an initiative conducted jointly by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange.

Our DX efforts were also profiled in the DX White Paper 2021 issued by the Information-technology Promotion Agency in December 2021.

August 2021

Environment & Energy

#### **Started green chemical plant demonstration project utilizing large-scale hydrogen production system**

The Company and JGC Holdings Corporation jointly applied for a project entitled “Large-scale Alkaline Water Electrolysis System Development and Green Chemical Plant Demonstration” (“the Project”) under the “Green Innovation Fund/Hydrogen Production by Water Electrolysis Using Renewable Energy” envisioned for fiscal 2021-2030 by Japan’s New Energy and Industrial Technology Development Organization (“NEDO”), and the Project was accepted.

November 2021

Home & Living

#### **Acquired U.S.-based Brewer Companies to strengthen overseas homes business**

Asahi Kasei Homes Corp. acquired Brewer Companies, LLC, Brewer Enterprises, Inc., Brewer Commercial Services, LLC, JBKB LLC (dba Benjamin Franklin Plumbing), and T-Plug LLC, a premier residential plumbing group, through a U.S. subsidiary.

February 2022, March 2022

Environment & Energy, Mobility

**Accelerated GHG reduction initiatives from the perspective of lifecycle assessment (LCA)**

The Company began production of acrylonitrile from biomass-derived raw material in February 2022, and production of S-SBR using butadiene derived from waste plastic and biomass in March 2022. The former has acquired ISCC PLUS\*. We also entered a partnership with U.S.-based Genomatica, Inc. in March 2022 for hexamethylenediamine (HMD) derived from biomass material. Together, we have accelerated studies aimed at HMD commercialization and initiatives for reducing GHG emissions from an LCA perspective.

- \* ISCC (International Sustainability and Carbon Certification) is an international certification system that offers solutions for the implementation and certification of waste and residue raw materials, non-bio renewables and recycled carbon materials and fuels. ISCC PLUS is a certification system that covers mainly bio-based carbon materials which are produced outside the EU and supplied globally, and to manage and ensure sustainable raw materials in the supply chain.

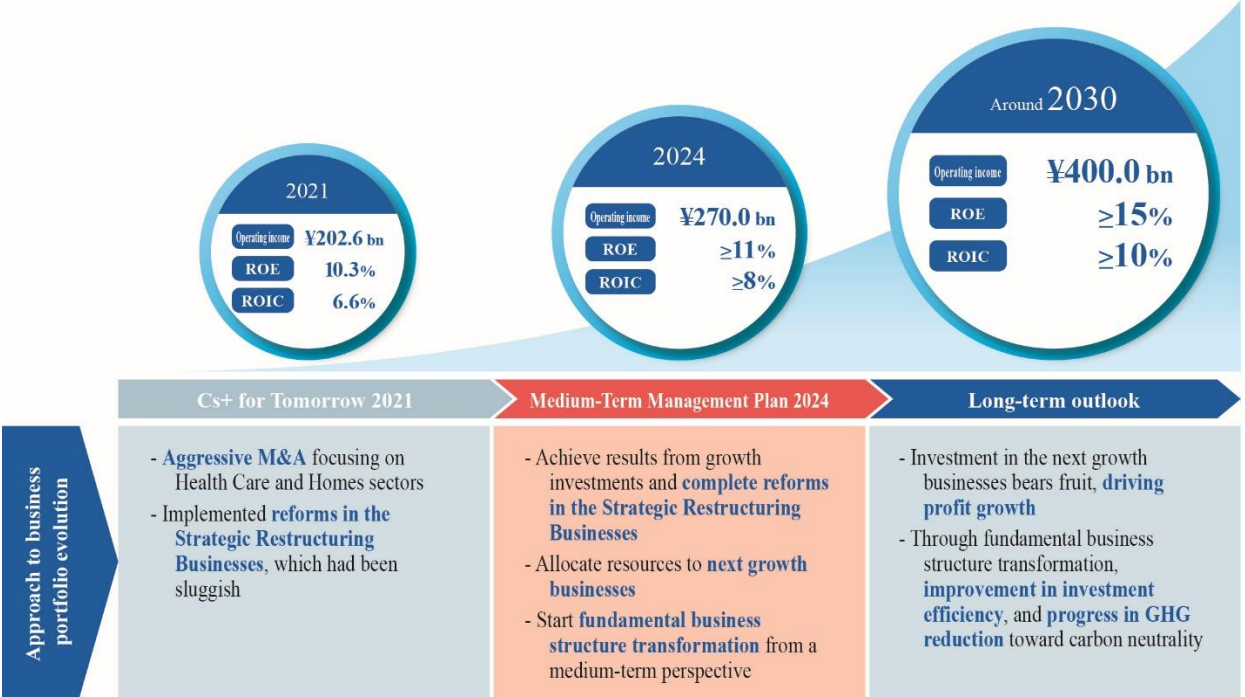
(Note) The Group made capital investments totaling ¥186.6 billion in fiscal 2021.

#### 4. New medium-term management plan

■ Overview

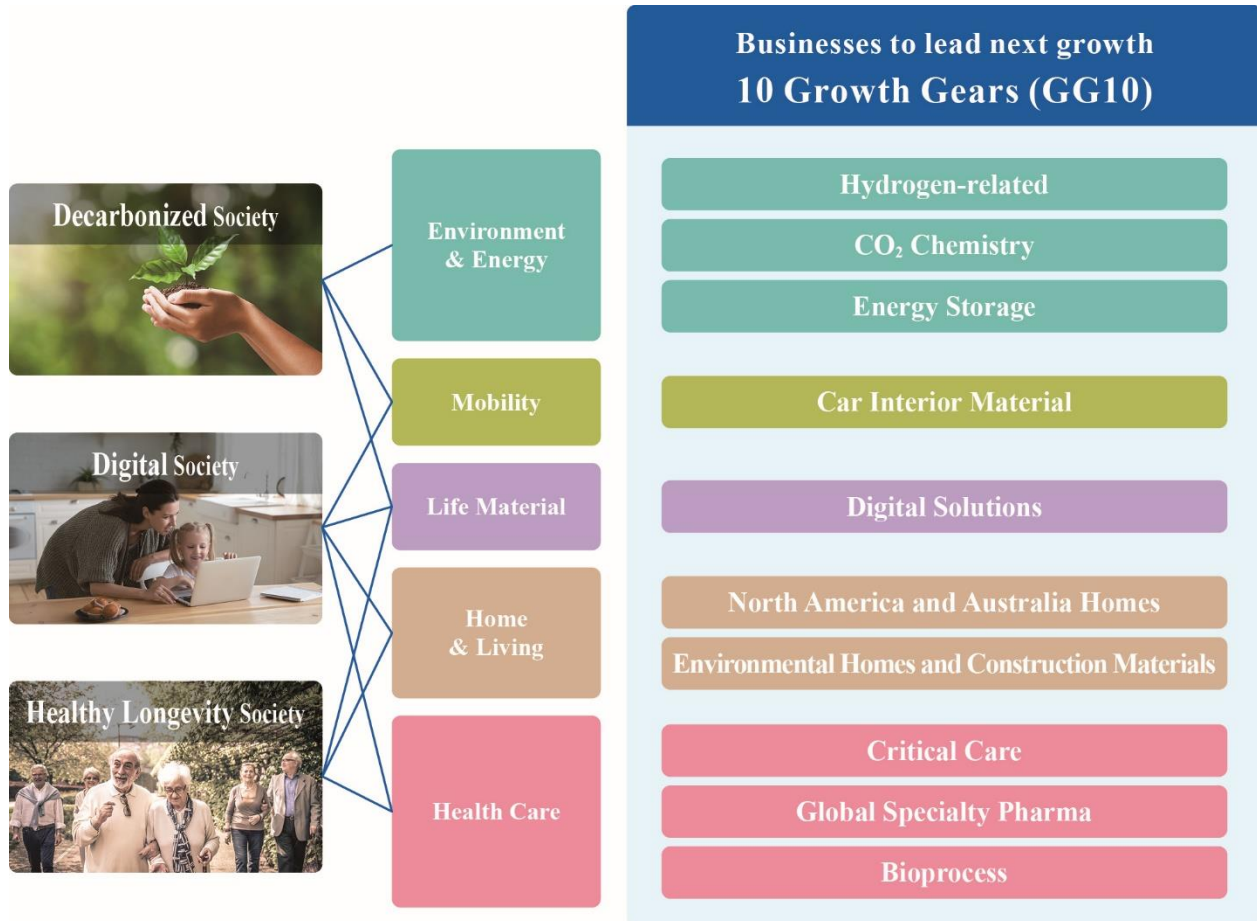
The Group has formulated a new medium-term management plan (MTP) for the three-year period beginning in fiscal 2022. Positioning this new initiative as the first step toward achieving the vision for 2030, we will pursue business portfolio evolution by investing priority resources in the next growth businesses and embarking on fundamental business structure transformation from a medium-term perspective.

In business portfolio evolution, with strong awareness of the three aspects of “speed,” “asset light,” and “high value-added,” we will implement both challenging investment for growth and cash generation from structural transformation and strengthening existing businesses.



■ Growth strategy

In order to contribute to sustainable society, which the Group pursues, we will create value for society in five value provision fields: “Environment & Energy,” “Mobility,” “Life Material,” “Home & Living,” and “Health Care.” We focus our investment in the following 10 business that will lead the growth in these fields, and we will aim to achieve further growth by boldly taking on new challenges.

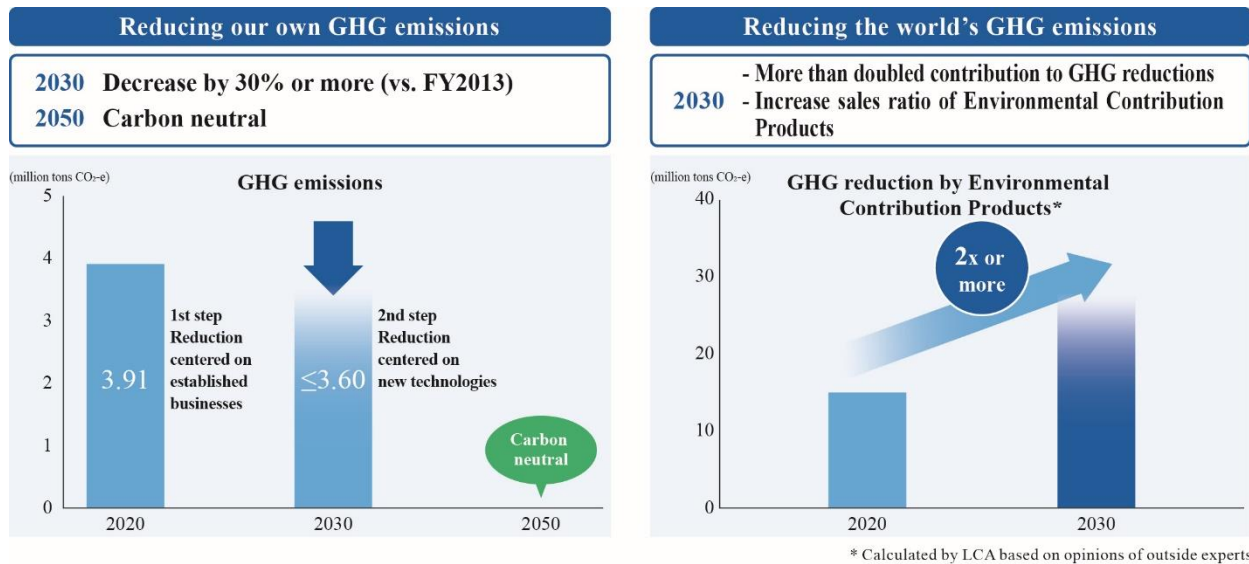


■ Strengthening our business foundation by “GDP” and maximizing the use of intangible assets  
 In order to contribute to sustainable society, it is important that we strengthen our business foundation from four perspectives: G (Green Transformation), D (Digital Transformation), P (Transformation of HR), and maximizing the use of intangible assets. We will accelerate these efforts through our new MTP.



### Green Transformation

In addition to reducing our GHG emissions, we will also contribute to the reduction of GHG emissions for society as a whole by increasing net sales of Group products that contribute to the environment.

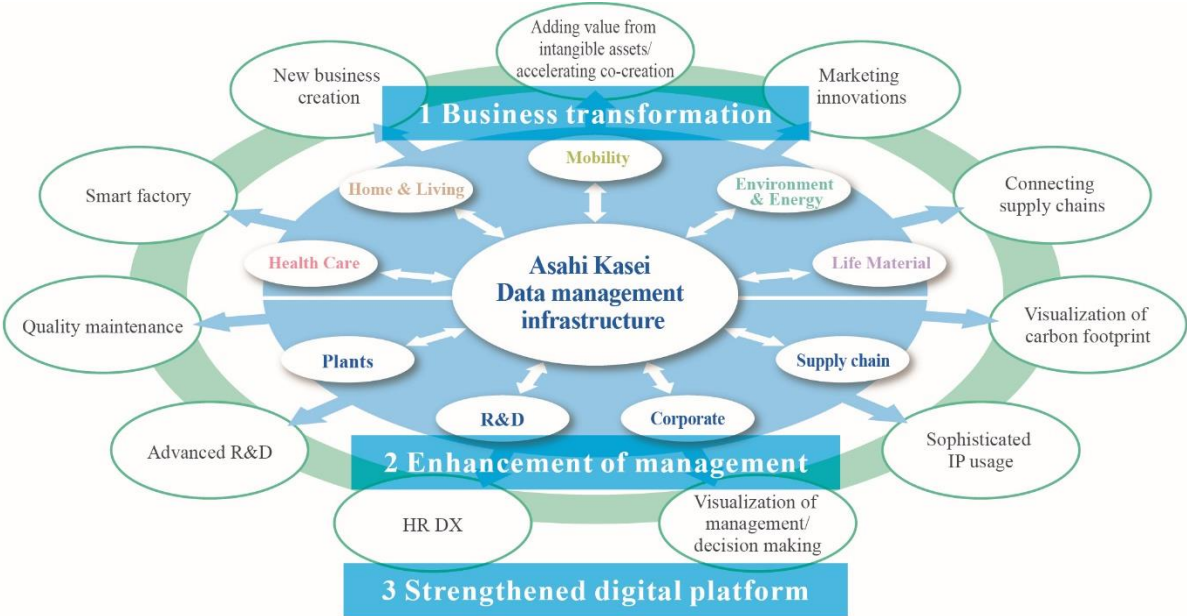


- Initiatives to promote GHG emission reductions  
 Company-wide projects, carbon footprint of products, participation in rule formulation, internal carbon pricing, internal awards, etc.
- Investment for decarbonization: ≈¥60 billion (3-year total)
- Examples of GHG reductions from the LCA perspective
  - Producing acrylonitrile using biomass propylene (ISCC PLUS certification acquired)
  - Producing S-SBR using butadiene derived from plastic waste and biomass
  - Accelerating commercialization of polyamide 66 using biomass-derived intermediate

**Digital Transformation**

From 2022, we are positioning our DX initiatives as part of our “Digital Creation Period.” We will use the Group’s diverse data to accelerate our DX activities.

- 3 main pillars of Digital Creation Period (from FY2022)  
Making full use of diverse assets to change our business models at the fastest speed with DX



Digital HR development and hiring, further introduction of agile development, promotion of digital data usage

■ KPI DX-Challenge 10-10-10 (FY2024 Target)

Digital professionals <b>10 times</b>	Volume of digital data usage <b>10 times</b>	Profit contribution from main projects <b>¥10 billion</b>
Approximately 2,500 employees worldwide to be digital professionals (10 times vs. FY2021)	Ten times increase in digital data usage throughout the Asahi Kasei Group (vs. FY2021)	In addition to normal activities, contribution to profit increase of ¥10 billion from main projects (3-year total)

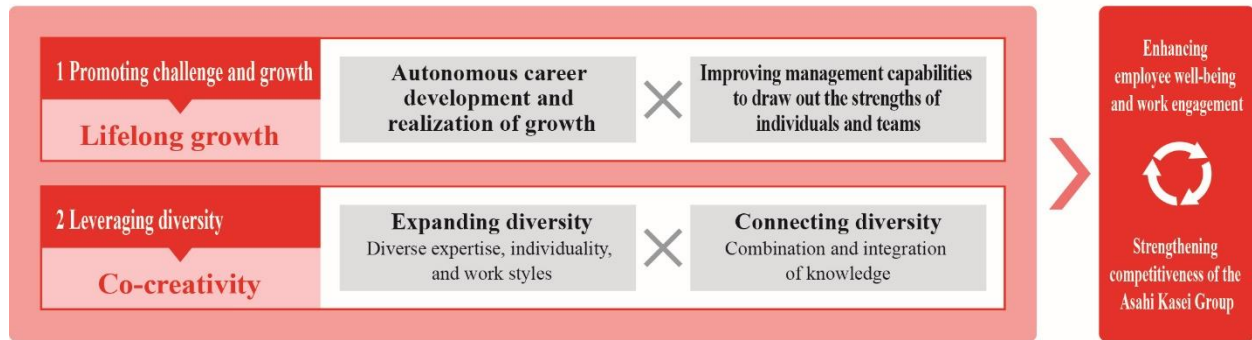
- DX related investment\*  
¥30 billion planned (3-year total)
- \* IT investments and cloud usage fees for digital transformation



**People (transformation of HR)**

Based on its fundamental philosophy that “everything starts from people,” the Group is creating foundations that support the autonomous growth of employees and enable diverse individuals to thrive.

**People are our most valuable assets, everything starts from people**  
**Discovering the future with lifelong growth and co-creativity of diverse individuals**



Main KPIs	Number of Group Masters	Growth behavior index	Diversified HR index
	<b>FY24: 300</b> (FY21: 259 in 64 fields)	Continuous actions to monitor and maintain/improve Engagement survey results on 5-point scale FY20: 3.65, FY21: 3.69	Proportion of women working as managers and Group Masters <b>FY30: 10%</b> (FY18: 2.2%, FY21: 3.4%) Proportion of women and non-Japanese executive officers FY18: 8%, FY22: 22%

**Maximum use of intangible assets**

One of the Group’s strengths is that we possess and can leverage diverse intangible assets such as human resources, core technologies, and marketing channels in three business segments. We are building strategies and creating new businesses by using digital technology to maximize the connections between these intangible assets.



**Connecting intangible assets with digital technology**



## 5. Business risks

### **Main risks recognized by the Company**

The Company recognizes the following risks as the main risks of the Group, and is taking appropriate actions for each risk.

- Risks related to climate change
- Risks related to the COVID-19 pandemic
- Risks related to global supply chains
- Risks related to trade, economic sanctions and other regulations
- Risks related to business competitiveness
- Risks related to M&A
- Risks related to market fluctuations
- Large-scale natural disasters
- Industrial accidents
- Accidents caused by defective products
- Risks related to intellectual property rights
- Business risks stemming from new laws and regulations

### 3. Finance

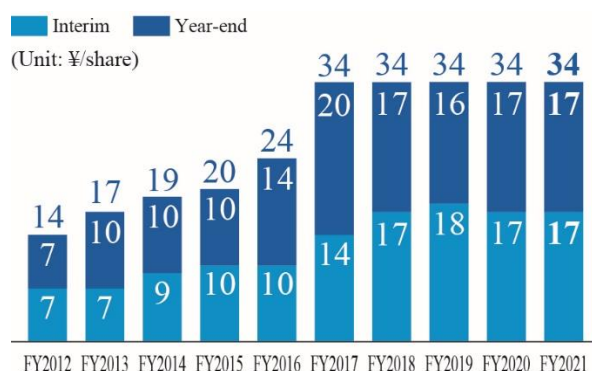
#### 1. The Company's views on shareholder returns and year-end dividends

The Company determines the level of shareholder returns based on the medium-term free cashflow outlook.

Our basic policy is to return profits to shareholders through dividends, and we are aiming to maintain or increase dividends per share. We are targeting a dividend payout ratio of around 30–40% (cumulative total for three years of the new MTP), and plan to steadily increase the level of shareholder returns. In addition to optimizing our capital structure, share buybacks are to be considered and implemented based on comprehensive consideration of investment projects and share prices.

Based on this policy, the year-end dividend for fiscal 2021 shall be 17 yen per share, which, together with the interim dividend of 17 yen per share already paid, will bring the annual dividend to 34 yen per share.

For fiscal 2022, based on the business results forecasts, the Company plans to pay out an annual dividend of 36 yen per share.

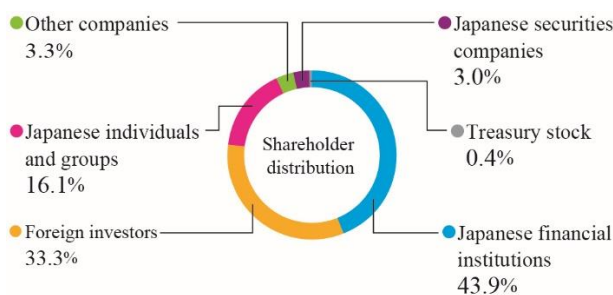


#### 2. Status of shares

Total number of authorized shares: 4,000,000,000 shares

Total number of outstanding shares: 1,393,932,032 shares (including 6,079,401 shares of treasury stock)

Number of shareholders: 166,437 persons (increased by 25,300 persons compared to the previous fiscal year)



#### Largest shareholders (top 10)

Name of shareholder	Number of shares owned (thousand shares)	Percentage of equity* (%)
The Master Trust Bank of Japan, Ltd. (trust account)	244,550	17.62
Custody Bank of Japan, Ltd. (trust account)	73,814	5.32
JP Morgan Chase Bank 385632	46,063	3.32
Nippon Life Insurance Company	40,880	2.95
Asahi Kasei Group Employee Stockholding Assn.	36,009	2.59
Sumitomo Mitsui Banking Corp.	25,404	1.83
State Street Bank West Client — Treaty 505234	22,173	1.60

Mizuho Trust & Banking Co., Ltd. retirement benefit trust (Mizuho Bank account) Trustee of sub-trust: Custody Bank of Japan, Ltd.	19,800	1.43
Sumitomo Life Insurance Company	19,778	1.43
Custody Bank of Japan, Ltd. (trust account 4)	18,731	1.35

\* The ratio of shares owned is calculated excluding treasury stock.

### 3. Status of funds raised

In fiscal 2021, the Group raised low-interest funds such as by issuing the sixteenth, seventeenth, and eighteenth series unsecured straight bonds as well as bank loans and issuing commercial paper to meet the funding needs for the acquisition of Itamar Medical Ltd. and other projects. As a result, outstanding interest-bearing debt (excluding lease obligations) at the fiscal year-end increased by ¥107.3 billion from a year ago to ¥766.3 billion.

### 4. Main lenders and loans

(In millions of yen)

Lender	Loan
Mizuho Bank, Ltd. (Note)	132,041
Sumitomo Mitsui Banking Corporation (Note)	122,736
MUFG Bank, Ltd. (Note)	57,511
The Norinchukin Bank	49,330
Development Bank of Japan Inc.	35,000
Shinkin Central Bank	32,500
Sumitomo Mitsui Trust Bank, Limited	30,448
Bank Mendes Gans N.V.	10,283
The Miyazaki Bank, Ltd.	7,105
Nippon Life Insurance Company	4,000

(Note) The loan amounts of the lender include loans from lenders' overseas affiliates.

### (For your reference) Message from the CFO

Toshiyasu Horie, Senior Executive Officer

The annual dividend for fiscal 2021 was set at 34 yen per share. The total dividend payout for the three years from fiscal 2019, the period covered by the previous MTP, was approximately 41%. We will continue to improve the Group's profitability and achieve stable increase in dividend level through challenging investments for the next stage of growth, structural transformation of our business portfolio, and cash generation from existing businesses, while maintaining a sound financial position.

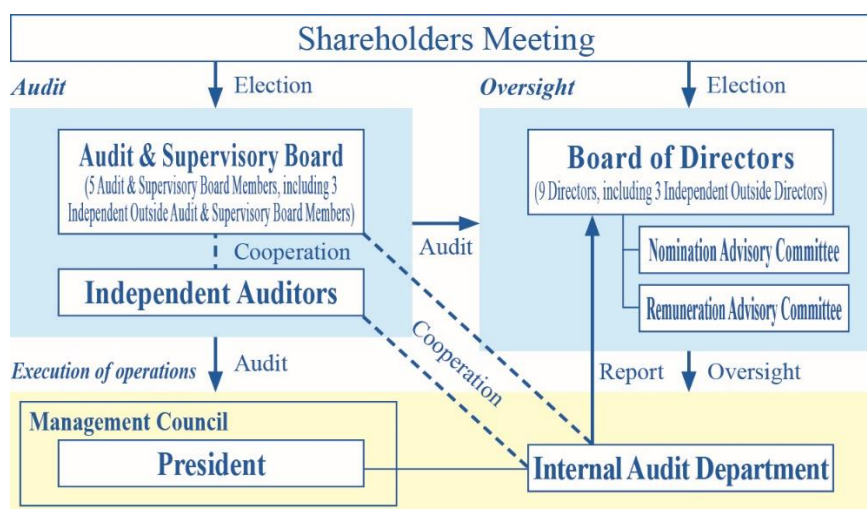
## 4. Corporate Governance

### 1. Basic views on corporate governance

The Group Vision of the Company is to provide new value to society and solve social issues by enabling “Living in health and comfort” and “Harmony with the natural environment” under the Group Mission of “Contributing to life and living for people around the world.” With this as a base, the Company aims to contribute to society, achieve sustainable growth, and enhance corporate value over the medium- to long-term by promoting innovation and creating synergy through the connection of various businesses.

The Company continues to pursue optimal corporate governance as a framework to achieve transparent, fair, timely, and resolute decision-making in accordance with changes in the business environment.

### 2. The Company’s corporate governance system and key points



#### Key points

- One-third of Directors are Independent Outside Directors
- One Director is female
- Directors have diverse backgrounds
- Three-fifths of Audit & Supervisory Board Members are Independent Outside Audit & Supervisory Board Members
- Audit & Supervisory Board Members are supported by Audit & Supervisory Board Members Office
- Internal Audit Department reports to both the President and the Board of Directors

### 3. Meetings of Board of Directors, Advisory Committees, and Audit & Supervisory Board (FY2021)

	No. of meetings held	Average attendance	Main subjects of agenda
Board of Directors	15	99% (Directors and Audit & Supervisory Board Members)	<ul style="list-style-type: none"> <li>● Business investment</li> <li>● Medium-term management plan</li> <li>● Risk management and compliance</li> </ul>
Nomination Advisory Committee	3	100% (all members)	<ul style="list-style-type: none"> <li>● Optimum composition and size of Board of Directors</li> <li>● Policy for nomination of candidates to be Directors and Audit &amp; Supervisory Board Members</li> <li>● Standards for judging independence of Outside Directors and Audit &amp; Supervisory Board Members</li> </ul>
Remuneration Advisory Committee	6	100% (all members)	<ul style="list-style-type: none"> <li>● Policy and system for remuneration of Directors</li> <li>● Deciding on performance-linked remuneration of individual Directors</li> </ul>
Audit & Supervisory Board	18	99% (Audit & Supervisory Board Members)	<ul style="list-style-type: none"> <li>● Auditing state of performance of Directors' duties</li> <li>● Auditing state of operations and financial affairs</li> <li>● Evaluation of Independent Auditors</li> </ul>

#### 4. Major activities of Outside Officers

Classification	Name	Situation of attendance to the Board of Directors (attendance rate)	Situation of attendance to the Audit & Supervisory Board (attendance rate)	Situation of attendance to the Nomination Advisory Committee (attendance rate)	Situation of attendance to the Remuneration Advisory Committee (attendance rate)
Directors	Tsuneyoshi Tatsuoka	14 out of 15 meetings (93%)	–	3 out of 3 meetings (100%)	6 out of 6 meetings (100%)
	Tsuyoshi Okamoto	15 out of 15 meetings (100%)	–	3 out of 3 meetings (100%)	6 out of 6 meetings (100%)
	Yuko Maeda	11 out of 11 meetings (100%)	–	3 out of 3 meetings (100%)	5 out of 5 meetings (100%)
Audit & Supervisory Board Members	Akio Makabe	15 out of 15 meetings (100%)	18 out of 18 meetings (100%)	–	–
	Tetsuo Ito	14 out of 15 meetings (93%)	18 out of 18 meetings (100%)	–	–
	Akemi Mochizuki	10 out of 11 meetings (91%)	12 out of 13 meetings (92%)	–	–

Classification	Name	Remarks
Directors	Tsuneyoshi Tatsuoka	He attended each meeting stated above and made necessary statements on proposals and deliberations, etc. as appropriate. In particular, based on his experience in industrial policy, he fulfilled the role expected of him in realizing multifaceted deliberations of the Board of Directors and supervising management through the Advisory Committees, by making comments and asking questions, etc. from a broad perspective beyond specific industries.
	Tsuyoshi Okamoto	He attended each meeting stated above and made necessary statements on proposals and deliberations, etc. as appropriate. In particular, based on his experience as a business manager, he fulfilled the role expected of him in realizing multifaceted deliberations of the Board of Directors and supervising management through the Advisory Committees, by making comments and asking questions, etc. concerning financial discipline and the impact of measures on employees, etc., from a shareholder perspective.
	Yuko Maeda	She attended each meeting stated above and made necessary statements on proposals and deliberations, etc. as appropriate. In particular, based on her experience in technical fields at other companies, she fulfilled the role expected of her in realizing multifaceted deliberations of the Board of Directors and supervising management through the Advisory Committees, by making practical comments and asking questions, etc. concerning research and development, quality assurance, environmental safety, intellectual property, and human resource development, etc.
Audit & Supervisory Board Members	Akio Makabe	He attended each meeting stated above and made necessary statements on proposals and deliberations, etc. as appropriate. In particular, he fulfilled the role expected of him in realizing multifaceted deliberations of the Board of Directors and auditing management, by making suggestions from the perspective of capital market trends as an economist and making comments and asking questions, etc. from a broad perspective beyond specific industries.
	Tetsuo Ito	He attended each meeting stated above and made necessary statements on proposals and deliberations, etc. as appropriate. In particular, based on his experience as a prosecutor and an attorney, he fulfilled the role expected of him in realizing multifaceted deliberations of the Board of Directors and auditing management, by making comments and asking questions, etc. concerning the implementation of measures and analysis of matters relating to compliance and risk management.
	Akemi Mochizuki	She attended each meeting stated above and made necessary statements on proposals and deliberations, etc. as appropriate. In particular, based on her experience as a certified public accountant, she fulfilled the role expected of her in realizing multifaceted deliberations of the Board of Directors and auditing management, by making comments and asking questions, etc. concerning the implementation of measures and analysis of matters relating to compliance and risk management.

## 5. Directors and Audit & Supervisory Board Members (As of March 31, 2022)

Position	Name	Responsibilities	Concurrent holding of important posts
President and Representative Director	Hideki Kobori	<ul style="list-style-type: none"> <li>• Presidential Executive Officer</li> <li>• Convener and chairman of the General Meetings of Shareholders, the Board of Directors and meetings of the Management Council</li> <li>• Executive Officer for Sustainability Strategy Planning</li> <li>• Nomination Advisory Committee Member</li> <li>• Remuneration Advisory Committee Member</li> </ul>	
Representative Director	Shigeki Takayama	<ul style="list-style-type: none"> <li>• Vice-Presidential Executive Officer</li> <li>• Oversight of Technology Functions (ESH, QA, Regional Offices, Production Technology, Manufacturing, R&amp;D, Energy Policy)</li> <li>• Health and productivity management</li> <li>• Nomination Advisory Committee Member</li> <li>• Remuneration Advisory Committee Member</li> </ul>	
Director	Hiroshi Yoshida	<ul style="list-style-type: none"> <li>• Vice-Presidential Executive Officer</li> <li>• Executive Officer for Material</li> <li>• Asahi Kasei Europe GmbH</li> </ul>	
Director	Shuichi Sakamoto	<ul style="list-style-type: none"> <li>• Primary Executive Officer</li> <li>• Executive Officer for Health Care</li> </ul>	
Director	Fumitoshi Kawabata	<ul style="list-style-type: none"> <li>• Primary Executive Officer</li> <li>• Executive Officer for Homes</li> </ul>	
Director	Koshiro Kudo	<ul style="list-style-type: none"> <li>• Senior Executive Officer</li> <li>• Executive Officer for Strategy, Accounting &amp; Finance, IR</li> <li>• Deputy for Asahi Kasei Europe GmbH</li> <li>• Oversight of Asahi Kasei America, Inc., Asahi Kasei (China) Co., Ltd.</li> </ul>	
Outside Director	Tsuneyoshi Tatsuoka	<ul style="list-style-type: none"> <li>• Nomination Advisory Committee Member</li> <li>• Remuneration Advisory Committee Member</li> </ul>	<ul style="list-style-type: none"> <li>• Outside Director of Nitori Holdings Co., Ltd. (member of audit committee)</li> <li>• Outside Director of Mitsubishi Corporation</li> </ul>
Outside Director	Tsuyoshi Okamoto	<ul style="list-style-type: none"> <li>• Chairperson of the Nomination Advisory Committee Member</li> <li>• Chairperson of the Remuneration Advisory Committee Member</li> </ul>	<ul style="list-style-type: none"> <li>• Senior Corporate Advisor of Tokyo Gas Co., Ltd.</li> <li>• Outside Director of Japan Post Holdings Co., Ltd.</li> <li>• Outside Director of Mitsubishi Estate Co., Ltd.</li> </ul>
Outside Director	Yuko Maeda	<ul style="list-style-type: none"> <li>• Nomination Advisory Committee Member</li> <li>• Remuneration Advisory Committee Member</li> </ul>	<ul style="list-style-type: none"> <li>• Director, CellBank Corp.</li> <li>• Outside Audit &amp; Supervisory Board Member, Chugai Pharmaceutical Co., Ltd.</li> <li>• Outside Director, KOSÉ Corporation</li> </ul>
Audit & Supervisory Board Member	Masafumi Nakao		
Audit & Supervisory Board Member	Yutaka Shibata		
Outside Audit & Supervisory Board Member	Akio Makabe		<ul style="list-style-type: none"> <li>• Professor, Hosei Graduate School of Regional Policy Design</li> </ul>

Position	Name	Responsibilities	Concurrent holding of important posts
Outside Audit & Supervisory Board Member	Tetsuo Ito		<ul style="list-style-type: none"> <li>• Attorney-at-Law, (Of Counsel, Nishimura &amp; Asahi)</li> <li>• Outside Corporate Auditor of Takasago Thermal Engineering Co., Ltd.</li> <li>• Outside Director of Japan Petroleum Exploration Co., Ltd.</li> </ul>
Outside Audit & Supervisory Board Member	Akemi Mochizuki		<ul style="list-style-type: none"> <li>• Certified Public Accountant, (Partner, Akahoshi Audit Corporation)</li> <li>• Outside Director, Member of the Audit Committee, NSK Ltd.</li> <li>• Outside Director, Audit and Supervisory Committee Member, TSUMURA &amp; CO.</li> </ul>

- (Notes) 1. No special relationship exists between the above important posts held concurrently and the Company.
2. Directors Tsuneyoshi Tatsuoka, Tsuyoshi Okamoto, and Yuko Maeda are Outside Directors as stipulated in Article 2, Item 15 of the Companies Act and are registered as Independent Officers as specified by the Tokyo Stock Exchange.
  3. Audit & Supervisory Board Members Akio Makabe, Tetsuo Ito, and Akemi Mochizuki are Outside Audit & Supervisory Board Members as stipulated in Article 2, Item 16 of the Companies Act and are registered as Independent Officers as specified by the Tokyo Stock Exchange.
  4. Audit & Supervisory Board Member Akio Makabe has instructed and conducted research on economics and finance at universities, etc., while Audit & Supervisory Board Member Akemi Mochizuki has extensive experience in corporate auditing as a certified public accountant. Both persons have considerable insight into finance and accounting.
  5. The Company has executed contracts with three Directors: Tsuneyoshi Tatsuoka, Tsuyoshi Okamoto, and Yuko Maeda as well as five Audit & Supervisory Board Members: Masafumi Nakao, Yutaka Shibata, Akio Makabe, Tetsuo Ito, and Akemi Mochizuki to limit liability for damages as stipulated in Article 423, Paragraph 1 of the Companies Act, to the higher of either ¥10 million or the minimum liability limit amount for damages stipulated in laws and regulations.
  6. The Company has entered into an indemnification agreement with all Directors and Audit & Supervisory Board Members stated above as stipulated in Article 430-2, Paragraph 1 of the Companies Act, under which the Company will indemnify them for the expenses stipulated in Item 1, Paragraph 1 and losses stipulated in Item 2, Paragraph 1 of the same Act to the extent provided by laws and regulations.
  7. The Company has concluded a directors and officers liability insurance agreement with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act, with Directors, Audit & Supervisory Board Members, Executive Officers, and Directors, Corporate Auditors, Executive Officers at major subsidiary companies, as the insured parties. The insurance agreement shall cover compensation for damage, settlements, attorney's fees, etc. to be borne by the insured parties, and premiums are fully covered by the Company. However, measures are taken so that the properness of the execution of duties by the insured parties is not impaired by excluding from coverage criminal acts of the insured or damage incurred by the insured in connection with acts committed by the insured with knowledge that the act violates laws and regulations.



## 6. Independent Auditors

- (1) Name of Independent Auditors  
PricewaterhouseCoopers Aarata LLC
- (2) The rationale for the Audit & Supervisory Board having agreed on the amount of remuneration, etc. to be paid to Independent Auditors pertaining to fiscal 2021
  - 1) Remuneration for audit services as stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Act  
PricewaterhouseCoopers Aarata: ¥209 million
  - 2) Total amount of money and other financial profit to be paid by the Company and its subsidiaries  
PricewaterhouseCoopers Aarata: ¥349 million

(Notes) 1. In the audit contract between the Company and Independent Auditors, it is not practically possible to distinguish between the remuneration for the audit based on the Companies Act as Independent Auditors and that for the audit based on the Financial Instrument and Exchange Act. Therefore, the above amounts include both of these.

2. In addition to audit services as stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Act, the Company pays Independent Auditors expenses such as for preparation of comfort letters in relation to issuance of bonds.
3. The Company's significant overseas subsidiaries are audited (only to the extent the provisions of overseas statutory laws and regulations equivalent to the Companies Act and the Financial Instruments and Exchange Act are applicable) by parties other than the Company's Independent Auditors (such as a chartered accountant or an entity that has the equivalent qualification to a chartered accountant overseas).

- 3) The rationale for the Audit & Supervisory Board having agreed on the remuneration, etc. of Independent Auditors

The Audit & Supervisory Board, after conducting necessary verification to ascertain the appropriateness of descriptions in the audit plan prepared by the Independent Auditors, the status of execution of accounting audit duties, the basis for the calculation of the estimated amount of remuneration estimation, etc., determined that the amount of the remuneration, etc. of the Independent Auditors was appropriate and agreed on the amount.

- (3) Policies of dismissal or denial of reappointment of Independent Auditors  
The Audit & Supervisory Board shall dismiss Independent Auditors subject to the agreement of all Audit & Supervisory Board Members when it concludes that any item of Article 340, Paragraph 1 of the Companies Act is applicable to Independent Auditors.

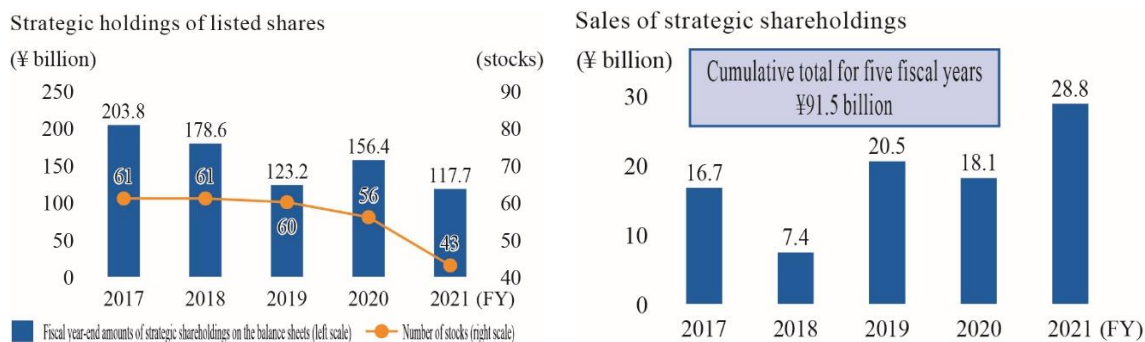
In addition to the above case, if it is deemed difficult for Independent Auditors to perform their duties adequately, the Audit & Supervisory Board shall decide a proposal concerning dismissal or denial of reappointment of Independent Auditors, and the Board of Directors shall submit the relevant proposal to the General Meeting of Shareholders based on the relevant decision.

**(For your reference)**  
**Strategic Shareholdings**

The Company is continuing to reduce its holdings of shares held for purposes other than pure investment (strategic shareholdings), taking into consideration factors such as the risk of share price fluctuations, costs associated with such holdings, and capital efficiency.

The purpose, effectiveness and economic rationale of individual strategic shareholdings are regularly evaluated from qualitative and quantitative aspects each year, and are reviewed by the Board of Directors.

As a result of the verification, the Company reduces, through sales or other means, holdings of shares judged to be no longer compatible with the purpose of holding them or deemed to have costs and risks that outweigh the benefits of holding them, taking into consideration the conditions of the company concerned.



(Note) During fiscal 2021, the Company sold all of its holdings in 13 stocks including Bridgestone Corporation and Lion Corporation. As a result, at the end of fiscal 2021, strategic shareholdings (including unlisted companies) amounted to 7% of consolidated net assets.

## 7. Remuneration for Officers

The amount of remuneration, etc. of Directors and Audit & Supervisory Board Members in fiscal 2021

Classification	Amount Paid (In millions of yen)	Breakdown by remuneration type (In millions of yen)			Number of Directors and Audit & Supervisory Board Members Paid
		Basic remuneration	Performance- linked remuneration	Stock-based remuneration	
Directors	470	297	127	46	11
(of which Outside Directors)	49	49	–	–	4
Audit & Supervisory Board Members	140	140	–	–	6
(of which Outside Audit & Supervisory Board Members)	45	45	–	–	3

Status of shares granted to officers as remuneration for execution of duties in fiscal 2021

Classification	Number of shares	Number of eligible officers
Directors (excluding Outside Officers)	22,600 shares (common stock)	1

(Note) The above indicates the status of shares granted to those who retired from the position of Director based on the Company's stock-based remuneration system (share grant trust).

Resolutions by the General Meeting of Shareholders on remuneration, etc. of Directors and Audit & Supervisory Board Members

Date of resolution by the General Meeting of Shareholders	Outline of resolution	Number of persons pertaining to resolution
June 29, 2006	The cash remuneration limit to be paid to Audit & Supervisory Board Members (¥150 million per year or less)	4
June 27, 2014	The cash remuneration limit to be paid to Directors (¥650 million per year or less, of which annual remuneration for Outside Directors is ¥50 million or less)	9 (including 3 Outside Directors)
June 28, 2017	The stock-based remuneration limit (up to ¥300 million over three fiscal years)	6

Remuneration for Directors

### (1) Decision-making policy

As one of the corporate governance mechanisms to ensure that the Group can achieve sustainable growth and enhance corporate value over the medium to long term, the Company has sought advice of the Remuneration Advisory Committee on the decision-making policy pertaining to the contents of remuneration, etc. for individual Directors (hereinafter, the "Decision-making Policy"). Respecting the contents of the reports thereof, the Board of Directors has made a resolution on the Decision-making Policy, which includes the following basic policy. (An outline of the Decision-making Policy is as stated in (2) Basic design and (3) Decision-making process below.)

Basic policy:

Remuneration of Outside Directors, who have a position of independence with respect to management of the Company, is comprised solely of fixed basic remuneration at a level determined in consideration of third-party survey data, in order to secure a high degree of independence unaffected by short-term earnings fluctuations.

The remuneration system for Executive Directors, who are the Senior Management, combines performance-linked remuneration together with stock-based remuneration as nonmonetary remuneration, in addition to fixed basic remuneration which serves a basic livelihood, in order to provide incentives tied to earnings and management strategy, with levels of remuneration amounts and proportions of types of remuneration adjusted as appropriate for each role according to management strategy and tasks, in consideration of third-party survey data.

To ensure the optimal way of remunerating Directors and design of the remuneration system, the Board of Directors and the Remuneration Advisory Committee regularly deliberate and continually confirm appropriateness and make improvements.

The Company intends to change the details of the above-stated decision-making policy on the condition that Proposal 4 and Proposal 6 (page 20-25) proposed at the 131st Ordinary General Meetings of Shareholders are approved (refer to the (Reference) section on page 25-27 for the updated policy).

(2) Basic design

1) Performance-linked remuneration

- Designed by combining both achievement of financial targets including asset efficiency to provide incentives tied to earnings and management strategy as management leaders together with achievement of nonfinancial targets including individual targets including progress on sustainability
- Calculated by making a comprehensive judgment based on achievement of financial targets such as consolidated net sales, operating income, ROA, etc., together with achievement of individually set targets including progress on sustainability
- Standards for financial incentives are selected from the perspectives of appropriateness as clear and objective evaluation criteria based on earnings results as well as awareness for increased asset efficiency
- The formula required to calculate individual performance-linked remuneration is outlined as follows:

$$\boxed{\text{Index calculated by evaluation*}} \times \boxed{\text{basic amount by rank}} = \boxed{\text{individual performance-linked remuneration amount}}$$

\* Coefficient comprehensively considering achievement of financial targets and nonfinancial targets

- Target figures / standard figures and actual figures of management indicators to be used for the calculation of performance-linked remuneration in the most recent fiscal year

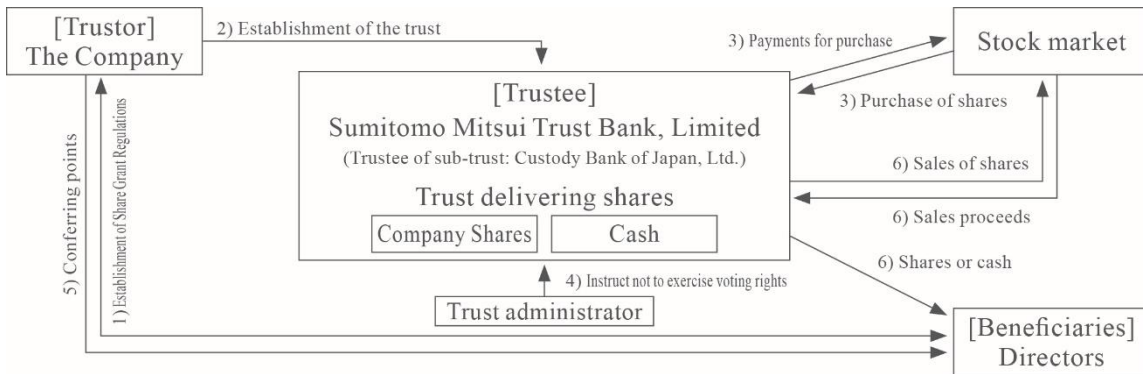
	Fiscal 2021 target figure / standard figure	Fiscal 2021 actual figure
Consolidated net sales	¥2,375.0 billion	¥2,461.3 billion
Consolidated operating income	¥190.0 billion	¥202.6 billion
Consolidated ROA*	5.5%	6.1%

\* Consolidated operating income / consolidated total assets as of the fiscal year-end

2) Stock-based remuneration

- To reinforce a common perspective with shareholders including both the benefits of share price increases and the risk of share price decreases, a stock-based remuneration system was adopted at the 126th Ordinary General Meeting of Shareholders held on June 28, 2017
- A trust established by the Company acquires shares of the Company and grants them to eligible Directors. Based on the Share Grant Regulations adopted by the Board of Directors, eligible Directors are conferred points in accordance with their rank (maximum of 100,000 points per fiscal year) and the Company's shares are granted to eligible Directors corresponding to the accumulated number of points at the time of their retirement as Director and as officer of the Group (one share of stock per point)

(For your reference) Outline of stock-based remuneration system (share grant trust)



(3) Decision-making process

- Entrusted to the Remuneration Advisory Committee based on a resolution of the Board of Directors
  - The Remuneration Advisory Committee is authorized to confirm the reasonableness and appropriateness of the evaluation of the achievement of targets by Executive Directors as proposed by the President & Director, and to determine remuneration amounts for individual Directors by applying this evaluation to the framework formula determined by the Board of Directors
- Fixed basic remuneration by rank is paid upon determination of the amount by the Board of Directors
- Stock-based remuneration is granted when certain conditions are met, corresponding to points conferred based on the Share Grant Regulations adopted by the Board of Directors
- The reason for entrusting the authority is because entrusting to the Remuneration Advisory Committee is the most appropriate in order to determine the remuneration for individual Directors from a highly independent, objective, and transparent standpoint while overseeing the business results of the entire Group
  - To ensure the appropriate use of this authorization to the Remuneration Advisory Committee, the Remuneration Advisory Committee is comprised of a majority of Outside Directors, and it regularly reports to the Board of Directors on the process of the above confirmation and determination

Composition of the members of the Remuneration Advisory Committee (as of March 31, 2022)

Name	Position and responsibilities
Tsuyoshi Okamoto	Outside Director Chairperson of the Remuneration Advisory Committee
Tsuneyoshi Tatsuoka	Outside Director
Yuko Maeda	Outside Director
Hideki Kobori	President and Representative Director Presidential Executive Officer
Shigeki Takayama	Representative Director Vice-Presidential Executive Officer

(4) Reason for the Board of Directors to have judged the contents of remuneration, etc. for individual Directors pertaining to fiscal 2021 are in line with the Decision-making Policy

- The contents of basic remuneration and stock-based remuneration are determined upon taking into account the results of deliberations by the Remuneration Advisory Committee comprised of a majority of Outside Directors, with objectivity and transparency of the decision ensured.
- The decision on performance-linked remuneration has been made through a highly independent, objective, and transparent process of the Remuneration Advisory Committee.



- Performance-linked remuneration = commitment to results
  - Stock-based remuneration = sharing the perspective with shareholders
- \* Remuneration for Outside Directors is comprised solely of fixed base remuneration

#### Remuneration for Audit & Supervisory Board Members

- The performance-linked remuneration system is not applied in the remuneration for Audit & Supervisory Board Members, and their remuneration consists of fixed remuneration. Individual remuneration amounts are determined through discussions with Audit & Supervisory Board Members

## 8. Results of evaluation of effectiveness of the Board of Directors

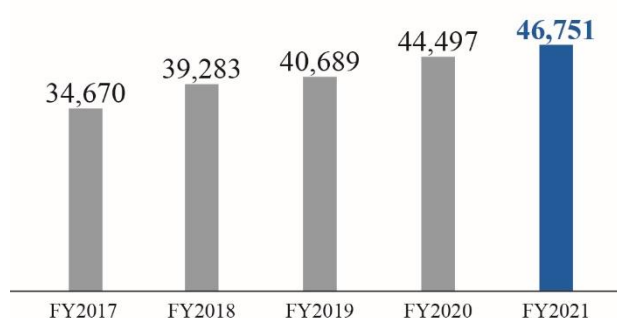
The Board of Directors of the Company conducts regular evaluations of its own effectiveness through deliberations by the Board of Directors after the end of each fiscal year. The main measures implemented in fiscal 2021 and issues recognized for the future are as follows:

<p>Main measures implemented in fiscal 2021</p>	<p>The Board of Directors of the Company implemented the following measures in fiscal 2021 based on evaluation of the previous fiscal year.</p> <p>1) Considered the role of the Board of Directors throughout the year, including enhanced agenda items relating to medium- to long-term management issues and holding meetings of independent officers</p> <p>The Board of Directors actively took up and deliberated agenda items relating to sustainability, business portfolio management, risk management promotion, and the new MTP that starts in fiscal 2022. Furthermore, in addition to the regular meeting opportunities between Outside Directors and Audit &amp; Supervisory Board Members that were held in the past, in October 2021, an opportunity was created for only Outside Directors and Outside Audit &amp; Supervisory Board Members to hold a discussion on the role of the Board of Directors, the nature of explanations and deliberations at meetings of the Board of Directors, and how to evaluate the effectiveness of the Board of Directors, from an independent and objective standpoint, as an interim review of effectiveness evaluations of the Board of Directors. Based on this meeting, multiple deliberations at meetings of the Board of Directors led to the 2) Introduction of “matters to be discussed” and narrowing down agenda items, and 3) Improvements to enhance deliberations at meetings of the Board of Directors, below.</p> <p>2) Introduction of “matters to be discussed” and narrowing down agenda items</p> <p>In addition to “matters for resolution” and “matters for reporting,” “matters to be discussed” was established as an agenda item to further deepen deliberations on important management matters, such as, for example, financial and capital policies, establishment of optimum governance, MTP and other management plans, business portfolio strategies, and large-scale M&amp;A and investments. At the same time, the Board of Directors expanded the scope of sustainability and diversity-related matters to be discussed by the Board of Directors, while promoting the entrustment of decision-making authority for certain business operations, such as capital investment and personnel affairs, to ensure prompt management decision-making and effective deliberations by the Board of Directors.</p> <p>3) Improvements to enhance deliberations at meetings of the Board of Directors</p> <p>The Board of Directors further enhanced deliberations at meetings of the Board of Directors by increasing the time for questions and answers on the day of meetings of the Board of Directors based on prior explanations to Outside Directors and by clarifying issues and improving executive summaries for large-scale M&amp;A and investment projects, etc.</p>
<p>Issues recognized for the future</p>	<p>Based on measures implemented in fiscal 2021, the Board of Directors has confirmed a common awareness of the following issues for the future.</p> <p>1) Review and improve results of efforts during the current fiscal year</p> <p>Based on the improvement efforts made during the current fiscal year, conduct an interim review and make improvements in a timely and appropriate manner.</p> <p>2) Deepen deliberations on the makeup of the Board of Directors</p> <p>Continuously scrutinize the size and makeup of the Board of Directors, including its independence and diversity.</p>

## 5. Other Data

### 1. Number of employees at the Group (as of the end of each fiscal year)

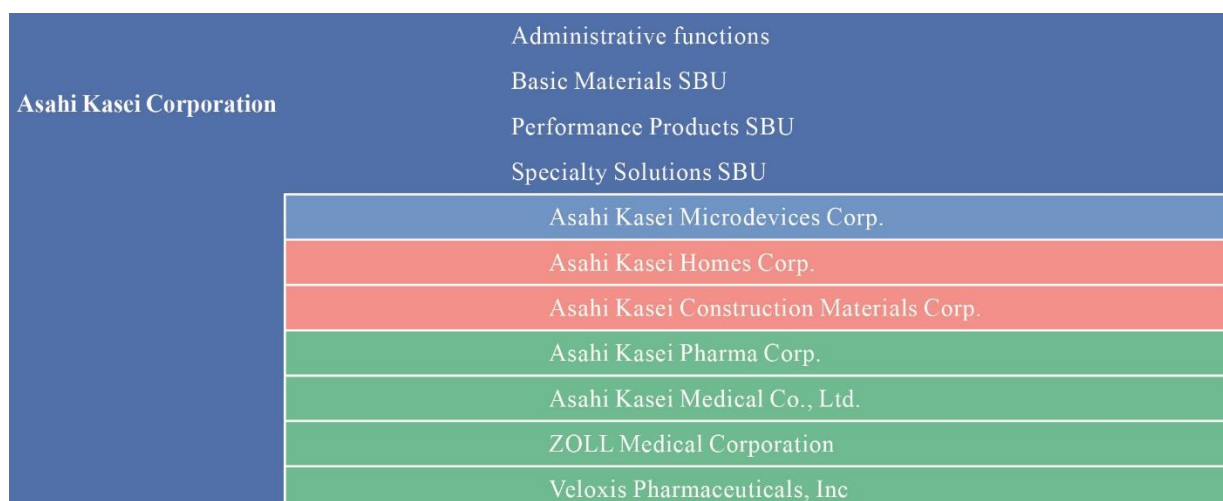
(Unit: persons)



The ratio of overseas employees for FY2021 is approximately 40%.

### 2. Status of the Asahi Kasei Group (Group structure, primary sites, and Group companies)

Since April 2016, the Company has adopted an Operating Holding Company structure as follows and conducted businesses in order to heighten and integrate the knowledge, technologies, and human resources as well as to enhance its competitiveness, with the aim of enhancing its corporate value.

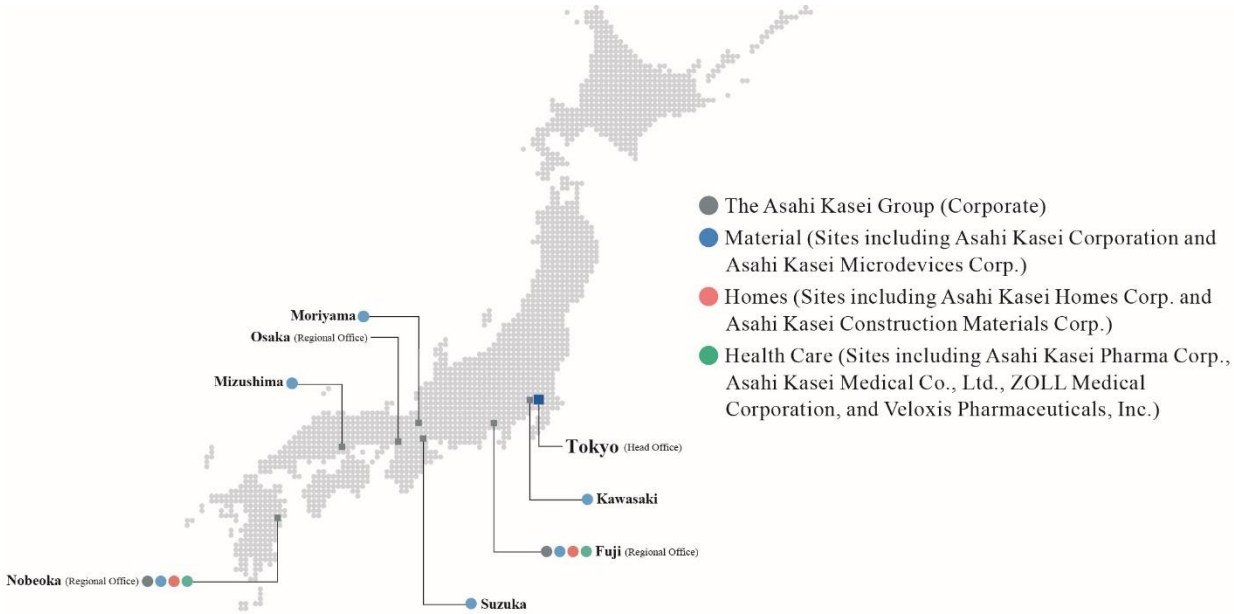


- (Notes) 1. The above structure is the structure as of March 31, 2022. On April 1, 2022, the Material sector was reorganized from a structure made up of the Basic Materials SBU, Performance Products SBU, and Specialty Solutions SBU to a structure made up of the Environmental Solutions SBU, Mobility & Industrial SBU, and Life Innovation SBU, and Asahi Kasei Microdevices was transferred to the Life Innovation SBU.
2. There are 273 subsidiaries included in the scope of consolidation and 45 affiliates accounted for using equity method (as of March 31, 2022).



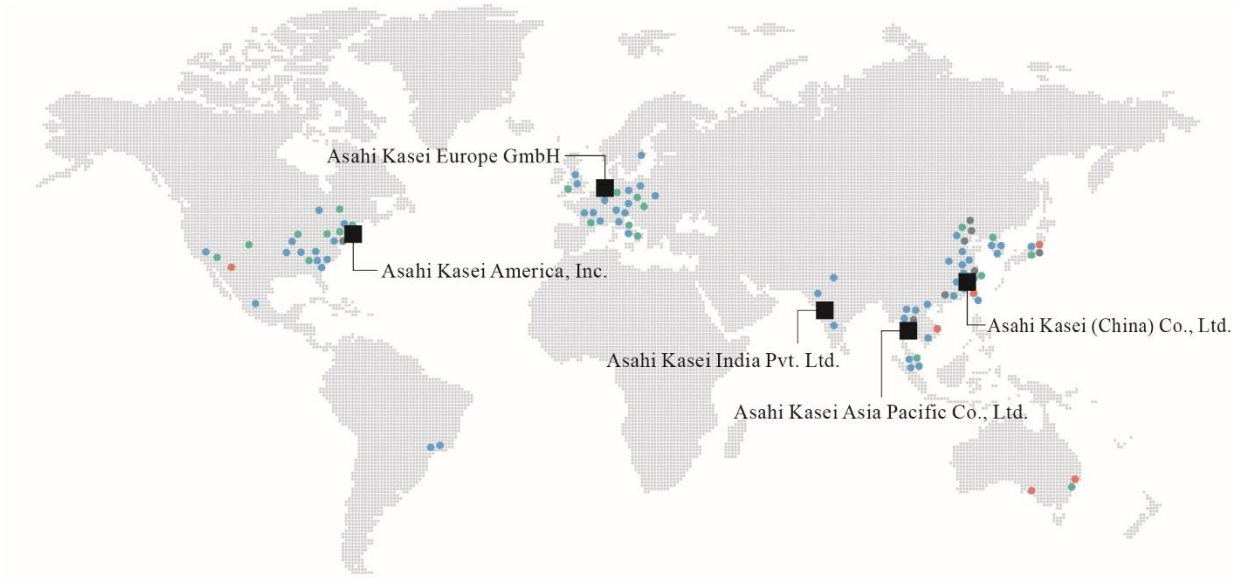
Primary domestic sites

Across Japan, the Company aims to further develop its business with local communities.



Primary overseas sites

The Asahi Kasei Group has manufacturing, sales, and R&D sites in more than 20 countries across the world, establishing infrastructure to meet a wide range of needs in the global market.



**Consolidated Balance Sheets**  
(As of March 31, 2022)

(In millions of yen)

Accounts	Previous Consolidated Fiscal Year (As of March 31, 2021)	Consolidated Fiscal Year (As of March 31, 2022)
<b>(Assets)</b>		
<b>Current assets</b>	<b>1,136,776</b>	<b>1,334,209</b>
Cash and deposits	221,779	244,641
Notes and accounts receivable–trade	338,640	—
Notes, accounts receivable–trade, and contract assets	—	434,595
Merchandise and finished goods	203,159	252,521
Work in process	166,494	146,120
Raw materials and supplies	111,798	141,608
Other	97,131	117,195
Allowance for doubtful accounts	(2,225)	(2,471)
<b>Noncurrent assets</b>	<b>1,782,165</b>	<b>2,014,866</b>
<b>Property, plant and equipment</b>	<b>717,262</b>	<b>805,215</b>
Buildings and structures	279,531	312,344
Machinery, equipment and vehicles	249,269	281,320
Land	70,577	69,567
Lease assets	928	1,865
Construction in progress	84,463	102,284
Other	32,495	37,834
<b>Intangible assets</b>	<b>694,374</b>	<b>836,843</b>
Goodwill	351,921	431,335
Other	342,454	405,508
<b>Investments and other assets</b>	<b>370,529</b>	<b>372,808</b>
Investment securities	286,517	246,701
Long-term loans receivable	1,241	6,227
Long-term advance payments–trade	29,390	30,432
Net defined benefit asset	—	1,193
Deferred tax assets	21,116	54,276
Other	32,709	34,404
Allowance for doubtful accounts	(445)	(426)
<b>Total assets</b>	<b>2,918,941</b>	<b>3,349,075</b>

Note: Amounts are rounded to the nearest million yen.

(In millions of yen)

Accounts	Previous Consolidated Fiscal Year (As of March 31, 2021)	Consolidated Fiscal Year (As of March 31, 2022)
<b>(Liabilities)</b>	<b>1,424,406</b>	<b>1,630,260</b>
<b>Current liabilities</b>	<b>703,163</b>	<b>923,850</b>
Notes and accounts payable–trade	142,087	178,092
Short-term loans payable	144,571	239,491
Commercial paper	84,000	113,000
Lease obligations	880	2,224
Accrued expenses	126,705	146,275
Income taxes payable	21,268	58,115
Advances received	78,601	62,476
Provision for grant of shares	124	208
Provision for periodic repairs	7,222	4,738
Provision for product warranties	3,522	4,007
Provision for removal cost of property, plant and equipment	5,651	4,445
Other	88,533	110,778
<b>Noncurrent liabilities</b>	<b>721,243</b>	<b>706,410</b>
Bonds payable	110,000	160,000
Long-term loans payable	320,404	253,785
Lease obligations	3,921	8,715
Deferred tax liabilities	58,669	52,017
Provision for grant of shares	513	490
Provision for periodic repairs	3,415	5,396
Provision for removal cost of property, plant and equipment	12,652	12,298
Net defined benefit liability	158,832	152,081
Long-term guarantee deposits	21,939	22,490
Other	30,899	39,139
<b>Net assets</b>	<b>1,494,535</b>	<b>1,718,815</b>
<b>Shareholders' equity</b>	<b>1,335,890</b>	<b>1,459,381</b>
Capital stock	103,389	103,389
Capital surplus	79,641	79,887
Retained earnings	1,158,792	1,282,325
Treasury stock	(5,932)	(6,219)
<b>Accumulated other comprehensive income</b>	<b>131,586</b>	<b>228,029</b>
Net unrealized gain on other securities	91,887	66,287
Deferred gains or losses on hedges	(347)	(341)
Foreign currency translation adjustment	50,462	167,225
Remeasurements of defined benefit plans	(10,416)	(5,142)
<b>Non-controlling interests</b>	<b>27,058</b>	<b>31,405</b>
<b>Total liabilities and net assets</b>	<b>2,918,941</b>	<b>3,349,075</b>

Note: Amounts are rounded to the nearest million yen.

**Consolidated Statements of Income**  
(April 1, 2021 – March 31, 2022)

(In millions of yen)

Accounts	Previous Consolidated Fiscal Year (April 1, 2020 – March 31, 2021)	Consolidated Fiscal Year (April 1, 2021 – March 31, 2022)
Net sales	2,106,051	2,461,317
Cost of sales	1,425,342	1,691,549
<b>Gross profit</b>	<b>680,709</b>	<b>769,769</b>
Selling, general and administrative expenses	508,901	567,122
<b>Operating income</b>	<b>171,808</b>	<b>202,647</b>
Non-operating income	17,331	21,663
Interest income	1,895	1,364
Dividends income	4,308	4,332
Equity in earnings of affiliates	3,451	8,878
Other	7,677	7,088
Non-operating expenses	11,102	12,257
Interest expense	3,209	3,643
Other	7,893	8,614
<b>Ordinary income</b>	<b>178,036</b>	<b>212,052</b>
Extraordinary income	17,665	32,934
Gain on sales of investment securities	17,312	26,545
Gain on sales of noncurrent assets	353	912
Insurance income	—	3,777
Gain on step acquisitions	—	1,700
Extraordinary loss	44,795	29,866
Loss on valuation of investment securities	66	511
Loss on disposal of noncurrent assets	10,637	7,526
Impairment losses	1,937	6,811
Loss on fire at plant facilities	22,287	—
Loss on product compensation	2,118	—
Business structure improvement expenses	7,750	15,017
<b>Income before income taxes</b>	<b>150,906</b>	<b>215,121</b>
Income taxes—current	73,273	93,046
Income taxes—deferred	(4,465)	(41,759)
<b>Net income</b>	<b>82,098</b>	<b>163,834</b>
Net income attributable to non-controlling interests	2,330	1,954
<b>Net income attributable to owners of the parent</b>	<b>79,768</b>	<b>161,880</b>

Note: Amounts are rounded to the nearest million yen.

**(Reference)**  
**Summary of Consolidated Statements of Cash Flows**  
(April 1, 2021 – March 31, 2022)

(In millions of yen)

Description	Consolidated Fiscal Year (April 1, 2021 – March 31, 2022)
<b>Cash flows from operating activities</b>	<b>183,271</b>
Income before income taxes	215,121
Depreciation and amortization	119,738
Amortization of goodwill	28,391
Increase in notes, accounts receivable–trade, and contract assets	(45,911)
Increase in inventories	(73,257)
Increase in notes and accounts payable–trade	21,392
Increase in accrued expenses	10,184
Increase in advances received	10,546
Income taxes paid	(59,137)
Other	(43,796)
<b>Cash flows from investing activities</b>	<b>(221,019)</b>
Purchase of property, plant and equipment	(142,256)
Proceeds from sales of property, plant and equipment	1,280
Purchase of intangible assets	(27,452)
Purchase of investment securities	(5,805)
Proceeds from sales of investment securities	33,437
Purchase of shares in subsidiaries resulting in change in scope of consolidation	(80,912)
Other	689
<b>Cash flows from financing activities</b>	<b>42,321</b>
Net increase in loans payable, commercial papers and bonds payable	94,435
Cash dividends paid	(47,187)
Other	(4,927)
<b>Effect of exchange rate change on cash and cash equivalents</b>	<b>21,027</b>
<b>Net increase in cash and cash equivalents</b>	<b>25,600</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>216,235</b>
<b>Increase in cash and cash equivalents resulting from changes in scope of consolidation</b>	<b>1,112</b>
<b>Cash and cash equivalents at end of period</b>	<b>242,948</b>

Note: Amounts are rounded to the nearest million yen.

**Non-Consolidated Balance Sheets**  
(As of March 31, 2022)

(In millions of yen)

Accounts	Previous Non-Consolidated Fiscal Year (As of March 31, 2021)	Non-Consolidated Fiscal Year (As of March 31, 2022)
<b>(Assets)</b>		
<b>Current assets</b>	<b>426,790</b>	<b>505,771</b>
Cash and deposits	41,156	37,220
Notes receivable–trade	804	743
Electronically recorded monetary claims–operating	3,859	4,358
Accounts receivable–trade	139,990	159,207
Merchandise and finished goods	79,052	97,174
Work in process	25,943	32,634
Raw materials and supplies	43,399	53,903
Prepaid expenses	5,109	6,884
Accounts receivable–other	28,481	40,072
Short-term loans receivable	2	2
Short-term loans receivable from subsidiaries and affiliates	28,389	40,656
Advances paid	25,442	19,778
Other	7,571	15,547
Allowance for doubtful accounts	(2,407)	(2,407)
<b>Noncurrent assets</b>	<b>1,862,451</b>	<b>1,643,567</b>
<b>Property, plant and equipment</b>	<b>364,064</b>	<b>418,300</b>
Buildings	116,247	127,739
Structures	35,224	41,273
Machinery and equipment	111,180	134,214
Vehicles	363	466
Tools, furniture and fixtures	10,773	9,133
Land	47,204	47,447
Lease assets	13	7
Construction in progress	43,059	58,022
<b>Intangible assets</b>	<b>18,629</b>	<b>30,945</b>
Software	17,332	29,833
Other	1,297	1,112
<b>Investments and other assets</b>	<b>1,479,759</b>	<b>1,194,322</b>
Investment securities	163,218	126,644
Stocks of subsidiaries and affiliates	1,232,062	998,800
Investments in capital	4	2
Long-term loans receivable	5	3
Long-term loans receivable from subsidiaries and affiliates	56,689	38,435
Long-term advance payments–trade	20,514	20,397
Long-term prepaid expenses	1,188	1,898
Deferred tax assets	—	2,055
Other	6,078	6,088
<b>Total assets</b>	<b>2,289,241</b>	<b>2,149,337</b>

(In millions of yen)

Accounts	Previous Non-Consolidated Fiscal Year (As of March 31, 2021)	Non-Consolidated Fiscal Year (As of March 31, 2022)
<b>(Liabilities)</b>	<b>1,498,930</b>	<b>1,377,528</b>
<b>Current liabilities</b>	<b>988,651</b>	<b>898,037</b>
Notes payable–trade	723	510
Accounts payable–trade	48,881	65,594
Short-term loans payable	77,500	131,500
Commercial paper	84,000	113,000
Current portion of long-term loans payable	50,640	71,129
Short-term loans payable to subsidiaries and affiliates	311,269	330,173
Lease obligations	6	3
Accounts payable–other	312,902	40,167
Accrued expenses	40,937	39,418
Income taxes payable	7,510	41,457
Advances received	1,602	3,261
Deposits received	4,707	4,818
Provision for grant of shares	82	166
Provision for periodic repairs	7,222	4,738
Provision for removal costs of property, plant and equipment	5,172	3,751
Provision for loss on guarantees	1,931	3,209
Notes payable–alternative payment	830	421
Other	32,736	44,723
<b>Noncurrent liabilities</b>	<b>510,279</b>	<b>479,491</b>
Bonds payable	110,000	160,000
Long-term loans payable	314,573	248,441
Lease obligations	9	4
Deferred tax liabilities	14,996	—
Provision for retirement benefits	60,466	59,401
Provision for grant of shares	334	274
Provision for periodic repairs	244	1,978
Provision for removal costs of property, plant and equipment	5,675	5,328
Long-term guarantee deposits	3,441	3,429
Other	542	636

Accounts	Previous Non-Consolidated Fiscal Year (As of March 31, 2021)	Non-Consolidated Fiscal Year (As of March 31, 2022)
<b>(Net assets)</b>	<b>790,312</b>	<b>771,809</b>
<b>Shareholders' equity</b>	<b>702,423</b>	<b>707,711</b>
<b>Capital stock</b>	<b>103,389</b>	<b>103,389</b>
<b>Capital surplus</b>	<b>79,396</b>	<b>79,396</b>
Legal capital surplus	79,396	79,396
Other capital surplus	—	0
<b>Retained earnings</b>	<b>525,569</b>	<b>531,145</b>
Legal retained earnings	25,847	25,847
Other retained earnings	499,722	505,298
Reserve for advanced depreciation of noncurrent assets	12,624	12,602
Reserve for special disaster	20	21
Reserve for dividend equalization	7,000	7,000
General reserve	82,000	82,000
Retained earnings brought forward	398,079	403,675
<b>Treasury stock</b>	<b>(5,931)</b>	<b>(6,218)</b>
<b>Valuation and translation adjustments</b>	<b>87,889</b>	<b>64,098</b>
<b>Net unrealized gain on other securities</b>	<b>88,133</b>	<b>64,465</b>
<b>Deferred gains or losses on hedges</b>	<b>(244)</b>	<b>(367)</b>
<b>Total liabilities and net assets</b>	<b>2,289,241</b>	<b>2,149,337</b>

Note: Amounts are rounded to the nearest million yen.



**Non-Consolidated Statements of Income**  
(April 1, 2021 – March 31, 2022)

(In millions of yen)

Accounts	Previous Non-Consolidated Fiscal Year (April 1, 2020 – March 31, 2021)	Non-Consolidated Fiscal Year (April 1, 2021 – March 31, 2022)
Net Sales	548,149	652,631
Cost of sales	445,752	509,609
<b>Gross profit</b>	<b>102,398</b>	<b>143,021</b>
Selling, general and administrative expenses	96,023	107,962
<b>Operating income</b>	<b>6,374</b>	<b>35,059</b>
Non-operating income	69,774	55,635
Interest and dividends income	64,909	53,751
Other income	4,865	1,884
Non-operating expenses	11,603	8,754
Interest expenses	2,578	2,808
Foreign exchange loss	4,326	1,145
Provision for loss on guarantees	173	1,278
Other	4,527	3,523
<b>Ordinary income</b>	<b>64,546</b>	<b>81,940</b>
Extraordinary income	16,449	24,731
Gain on sales of investment securities	16,161	24,466
Gain on liquidation of subsidiaries and affiliates	149	—
Gain on sales of noncurrent assets	139	265
Extraordinary loss	11,598	29,743
Loss on valuation of investment securities	41	490
Loss on valuation of shares of subsidiaries and affiliates	604	5,984
Loss on disposal of noncurrent assets	7,358	6,050
Impairment loss	382	3,652
Business structure improvement expense	3,213	1,808
Loss on exchange from property dividend	—	11,759
<b>Income before income taxes</b>	<b>69,397</b>	<b>76,928</b>
Income taxes—current	3,120	31,151
Income taxes—deferred	(1,440)	(6,706)
<b>Net income</b>	<b>67,717</b>	<b>52,484</b>

Note: Amounts are rounded to the nearest million yen.

## Independent Auditors' Report (consolidated)

May 12, 2022

The Board of Directors  
Asahi Kasei Corporation

### **PricewaterhouseCoopers Aarata LLC**

Tokyo Office

Designated Limited Liability Partner  
Engagement Partner

Certified Public Accountant Isao Ohno

Designated Limited Liability Partner  
Engagement Partner

Certified Public Accountant Yuichiro Amano

Designated Limited Liability Partner  
Engagement Partner

Certified Public Accountant Satoshi Murata

### Opinion

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheets, the consolidated statements of income, the consolidated statements of changes in net assets, and the notes to the consolidated financial statements of Asahi Kasei Corporation (the "Company") for the fiscal year from April 1, 2021, through March 31, 2022.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of Asahi Kasei Corporation, which consists of the Company and its consolidated subsidiaries, for the period covered by the consolidated financial statements in conformity with accounting principles generally accepted in Japan.

### Basis for the Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in "Auditor's Responsibility for the Audit of the Consolidated Financial Statements." We are independent of the Company and its consolidated subsidiaries in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

### Other Statements

Other statements are the business report and the supplementary schedules. Management is responsible for the preparation and disclosure of other statements. The Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for monitoring the execution of Directors' duties related to designing and operating the process of reporting the other statements.

The other statements are not included within the scope of our audit findings regarding the consolidated financial statements, and we do not indicate our opinions on the contents of the other statements.

Our responsibility with regard to the auditing of the consolidated financial statements is to read through the contents of other statements and consider if there are any material differences between its contents and those of the consolidated financial statements or the knowledge we have obtained through our auditing activities. Furthermore, it is our responsibility to pay attention to whether or not there are signs of material errors in other statements, in addition to such material differences.

When we determine that there are material errors in the contents of other statements through our auditing activities, we are required to report such fact.

We have found no matters to report regarding the contents of other statements.

## Responsibilities of Management, Audit & Supervisory Board Members, and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the presentation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

## Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the consolidated financial statements from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the consolidated financial statements.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by us. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.
- In making those risk assessments, we consider internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control.
- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Determine whether it is appropriate for management to prepare the consolidated financial statements on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, we are required to call attention to the notes to the consolidated financial statements in the audit report, or if the notes to the consolidated financial statements pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the consolidated financial statements. While our conclusions are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.
- Besides assessing whether the presentation of and notes to the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure, and content of the consolidated financial statements including related notes, and whether the consolidated financial statements fairly present the transactions and accounting events on which they are based.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries in order to express an opinion on the consolidated financial statements. We are responsible for instructing, supervising, and implementing the audit of the consolidated financial statements, and are solely responsible for the audit opinion.

We report to Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

We report to Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on our independence and any safeguards that are in place to reduce or eliminate obstacles.

#### Interest

Our firm and engagement partners have no interests in the Company or its consolidated subsidiaries requiring disclosure under the provisions of the Certified Public Accountants Act of Japan.

Independent Auditors' Report (non-consolidated)

May 12, 2022

The Board of Directors  
Asahi Kasei Corporation

**PricewaterhouseCoopers Aarata LLC**

Tokyo Office Designated Limited Liability Partner Engagement Partner	Certified Public Accountant	Isao Ohno
Designated Limited Liability Partner Engagement Partner	Certified Public Accountant	Yuichiro Amano
Designated Limited Liability Partner Engagement Partner	Certified Public Accountant	Satoshi Murata

**Opinion**

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the accompanying financial statements, which comprise the balance sheets, the statements of income, the statements of changes in net assets, and the related notes, and the accompanying supplementary schedules of Asahi Kasei Corporation (the "Company") for the 131st fiscal period from April 1, 2021 through March 31, 2022.

In our opinion, the financial statements and the accompanying supplementary schedules referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2021, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in Japan.

**Basis for the Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in "Auditor's Responsibility for the Audit of the Financial Statements and the Accompanying Supplementary Schedules." We are independent of the Company in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

**Other Statements**

Other statements are the business report and the supplementary schedules. Management is responsible for the preparation and disclosure of other statements. The Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for monitoring the execution of Directors' duties related to designing and operating the process of reporting the other statements.

The other statements are not included within the scope of our audit findings regarding the financial statements and the accompanying supplementary schedules, and we do not indicate our opinions on the contents of the other statements.

Our responsibility with regard to the auditing of the financial statements and the accompanying supplementary schedules is to read through the contents of other statements and consider if there are any material differences between its contents and those of the financial statements and the accompanying supplementary schedules or the knowledge we have obtained through our auditing activities. Furthermore, it is our responsibility to pay attention to whether or not there are signs of material errors in other statements, in addition to such material differences.

When we determine that there are material errors in the contents of other statements through our auditing activities, we are required to report such fact.

We have found no matters to report regarding the contents of other statements.

## Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Financial Statements and the Accompanying Supplementary Schedules

Management is responsible for the preparation and fair presentation of the financial statements and the accompanying supplementary schedules in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the financial statements and the accompanying supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the accompanying supplementary schedules, management is responsible for assessing whether it is appropriate to prepare the financial statements and the accompanying supplementary schedules in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

## Auditor's Responsibility for the Audit of the Financial Statements and the Accompanying Supplementary Schedules

Our responsibility is to obtain reasonable assurance about whether the financial statements and the accompanying supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the financial statements and the accompanying supplementary schedules from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the financial statements and the accompanying supplementary schedules.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by us. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.
- In making those risk assessments, we consider internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the financial statements and the accompanying supplementary schedules is not to express an opinion on the effectiveness of the entity's internal control.
- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Determine whether it is appropriate for management to prepare the financial statements and the accompanying supplementary schedules on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, we are required to call attention to the notes to the financial statements and the accompanying supplementary schedules in the audit report, or if the notes to the financial statements and the accompanying supplementary schedules pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the financial statements and the accompanying supplementary schedules. While our conclusions are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.
- Besides assessing whether the presentation of and notes to the financial statements and the accompanying supplementary schedules are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure, and content of the financial statements and the accompanying supplementary

schedules including related notes, and whether the financial statements and the accompanying supplementary schedules fairly present the transactions and accounting events on which they are based.

We report to Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

We report to Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on our independence and any safeguards that are in place to reduce or eliminate obstacles.

#### Interest

Our firm and engagement partners have no interests in the Company requiring disclosure under the provisions of the Certified Public Accountants Act of Japan.

## Audit Report

With respect to the directors' performance of their duties during the 131st financial period from April 1, 2021, to March 31, 2022, the Audit & Supervisory Board has prepared this audit report upon deliberations based on the audit reports prepared by each of the Audit & Supervisory Board Members, and hereby reports as follows:

### 1. Method and Content of Audit Conducted by Audit & Supervisory Board Members and the Audit & Supervisory Board

- (1) The Audit & Supervisory Board formulated audit policies, audit plans, etc. and received reports from each of the Audit & Supervisory Board Members regarding the status of implementation of their audits and results thereof. The Audit & Supervisory Board also received reports from the Directors, etc. and the Independent Auditors regarding the status of performance of their duties and requested explanations when deemed necessary.
- (2) In conformity with standards of audit by Audit & Supervisory Board Members set down by the Audit & Supervisory Board and in accordance with the audit policy and audit plans, we, Audit & Supervisory Board Members, sought to facilitate mutual understanding with Directors, the internal audit division and other employees endeavored to collect information and maintain and improve the audit environment, and conducted audits as follows:
  - 1) We attended Board of Directors meetings and other important meetings, received reports from Directors and other employees concerning the performance of their duties, requested explanations as necessary, examined important approval documents and inspected operations and financial affairs at the head office and other major business locations including overseas. With respect to subsidiaries, we facilitated a mutual understanding and exchanged information with Directors, Corporate Auditors, etc. of subsidiaries, and received from subsidiaries reports on their operations as necessary, including visits to major overseas sites.
  - 2) We periodically received reports from Directors and other employees, sought explanations as necessary, and expressed our opinions regarding the contents of resolutions by the Board of Directors concerning the development of systems stipulated in Article 100, Paragraphs 1 and 3, of the Ordinance for Enforcement of the Companies Act, which are necessary to ensure that Directors' performance of their duties is in conformity with laws and regulations and the Articles of Incorporation of the Company, and to ensure the appropriateness of operations of the Company and its subsidiaries, as described in the business report, as well as the status of the building and management of the systems developed pursuant to such resolutions (internal control systems).

We also periodically received reports from Directors, other employees and PricewaterhouseCoopers Aarata LLC, sought explanations as necessary and expressed our opinions regarding assessment of internal control over financial reporting as well as the status of audit thereof.
  - 3) We confirmed the contents of the basic policy on control of the Company presented in the business report.
  - 4) We monitored and examined whether the Independent Auditors maintained their independence and properly conducted audit, received reports from the Independent Auditors concerning the status of the performance of its duties, and requested explanations when deemed necessary. We were also notified by the Independent Auditors that they had in place "systems for ensuring proper execution of duties" (matters listed in each item of Article 131 of the Corporate Accounting Rules) in accordance with the "Standards on Quality Control for Audits" (Business Accounting Council, October 28, 2005), etc. and requested explanations as necessary.

Based on the above-described methods, the Audit & Supervisory Board Members conducted examinations of the Company's business report and the supplementary schedules, the non-consolidated financial statements (non-consolidated balance sheets, non-consolidated statements of income, non-consolidated statements of changes in net assets and related notes) and the supplementary schedules, and the consolidated financial statements (consolidated balance sheets, consolidated statements of income, consolidated statements of changes in net assets and related notes) for the business year under review.

### 2. Results of Audit

- (1) Results of audit of the business report, etc.
  - 1) We acknowledge that the business report and the supplementary schedules fairly present the status of the Company pursuant to laws and regulations and the Articles of Incorporation of the Company.
  - 2) We acknowledge that no misconduct or material fact constituting a violation of any laws or regulations



or the Articles of Incorporation of the Company was found with respect to the Directors' performance of their duties.

- 3) We acknowledge that the details of resolutions approved by the Board of Directors concerning the internal control systems are appropriate. No matters that necessitate comment were found regarding the details described in the business report and the Directors' performance of their duties both with respect to the internal control systems including internal control over financial reporting.
  - 4) No matters that necessitate comment were found regarding the basic policy on control of the Company presented in the business report.
  - 5) Regarding the damage compensation suit concerning piling work filed by Mitsui Fudosan Residential Co., Ltd. and two other companies against Asahi Kasei Construction Materials Corporation, a subsidiary of the Company, we will continue to keep close watch on any new developments as well as the effectiveness of activities including environmental conservation, quality assurance and occupational safety and health.
- (2) Results of audit of the non-consolidated financial statements and the supplementary schedules  
We acknowledge that the methods of the audit used and results of audit reached by the Independent Auditors, PricewaterhouseCoopers Aarata LLC, are appropriate.
- (3) Results of audit of the consolidated financial statements  
We acknowledge that the methods of the audit used and results of audit reached by the Independent Auditors, PricewaterhouseCoopers Aarata LLC, are appropriate.

May 12, 2022

The Audit & Supervisory Board  
Asahi Kasei Corporation

Audit & Supervisory Board Member	Masafumi Nakao
Audit & Supervisory Board Member	Yutaka Shibata
Outside Audit & Supervisory Board Member	Akio Makabe
Outside Audit & Supervisory Board Member	Tetsuo Ito
Outside Audit & Supervisory Board Member	Akemi Mochizuki