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(Securities Code: 3407)  
June 9, 2020

**To Shareholders with Voting Rights:**

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

**NOTICE OF  
THE 129TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

Please be kindly informed that the 129th 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 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 5:45 p.m. JST, Tuesday, June 23, 2020.

- 1. Date and Time:** Wednesday, June 24, 2020, 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, the meeting venue and starting time may change. In that case, details will be posted on the Company’s website on the next page (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 129th Fiscal Period (April 1, 2019 - March 31, 2020)
  2. Results of Audits of the Consolidated Financial Statements by the Independent Auditors and the Board of Corporate Auditors
- Proposals to be resolved:**
- Proposal:** Election of Nine Directors

**Disclosure on the Internet**

- Out of the documents to be provided at the time of the convocation of 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 or the Board of Corporate Auditors 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 Shareholders’ General Meeting, the Company will notify the change on the website below.

The Company’s website: <https://www.asahi-kasei.co.jp/asahi/jp/shoushu/129.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:** Wednesday, June 24, 2020, 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 Tuesday, June 23, 2020, 5:45 p.m. (JST)

#### 3. Exercise by the Internet

**Deadline of Exercise:** Must be entered no later than Tuesday, June 23, 2020, 5:45 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: 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, Shigeki Takayama, Yutaka Shibata, Hiroshi Yoshida, Shuichi Sakamoto, Fumitoshi Kawabata, Tsuneyoshi Tatsuoka, and Tsuyoshi Okamoto, and Ms. Masumi Shiraishi.

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

Meanwhile, candidates Messrs. Tsuneyoshi Tatsuoka and Tsuyoshi Okamoto and Ms. Masumi Shiraishi 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 director stipulated by the Tokyo Stock Exchange, we have registered them with the Tokyo Stock Exchange as independent directors.

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>• President &amp; Representative Director</li> <li>• Presidential Executive Officer</li> <li>• Shareholders Meeting, Board of Directors Meeting &amp; Management Council convener &amp; chairman</li> <li>• Executive Officer for Sustainability Strategy Planning</li> <li>• Nomination Advisory Committee member</li> <li>• Remuneration Advisory Committee member</li> </ul>	Re-appointed
2	Shigeki Takayama	January 14, 1956	<ul style="list-style-type: none"> <li>• Representative Director &amp; Vice-Presidential Executive Officer</li> <li>• Oversight of Technology Functions (ESH, QA, Regional Offices, Production Technology, Manufacturing, R&amp;D, Energy Policy)</li> <li>• In charge of health and productivity management</li> <li>• Nomination Advisory Committee member</li> <li>• Remuneration Advisory Committee member</li> </ul>	Re-appointed
3	Yutaka Shibata	December 4, 1955	<ul style="list-style-type: none"> <li>• Director, Vice-Presidential Executive Officer</li> <li>• Oversight of Business Management Functions (Strategy, Accounting/Finance, IT, General Affairs, Legal, HR, Risk Management &amp; Compliance)</li> <li>• Deputy for Asahi Kasei Europe GmbH</li> <li>• Oversight of Asahi Kasei America, Inc., Asahi Kasei (China) Co., Ltd.</li> </ul>	Re-appointed
4	Hiroshi Yoshida	July 24, 1955	<ul style="list-style-type: none"> <li>• Director, Vice-Presidential Executive Officer</li> <li>• Executive Officer for Material</li> <li>• Oversight of Asahi Kasei Europe GmbH</li> </ul>	Re-appointed
5	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
6	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
7	Masumi Shiraishi	November 6, 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	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

Candidate No.	Name	Date of birth	Position and responsibilities at the Company	Candidate attribute
9	Tsuyoshi Okamoto	September 23, 1947	<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 <b>Outside Director</b> 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>51,100 16/16 8 years (at the close of the 129th 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 (position held at present)            April 2016: Presidential Executive Officer (position held at present)</p> <ul style="list-style-type: none"> <li>● Shareholders Meeting, Board of Directors Meeting, and Management Council convener &amp; chairman</li> <li>● Executive Officer for Sustainability Strategy Planning</li> <li>● Nomination Advisory Committee member</li> <li>● Remuneration Advisory Committee member</li> </ul>
<p>[Reasons for us to propose him as a director candidate]            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. Since April 2016, he is President and Representative Director of the Company. His rich experience and wide knowledge on the operations and management of the Group's businesses will allow him to fulfil the functions of deciding on key matters and supervising business execution for the Group as a Director.</p>			
<p>[Message from the candidate]            We are facing an uncertain business climate with no clear outlook foreseen. Even under such circumstances, I will do my utmost to earn the trust of shareholders and other stakeholders by contributing to sustainable society while enhancing the sustainable growth of corporate value through our strengths of "diversity" and "capability to change."</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	 Shigeki Takayama January 14, 1956	74,700 11/11 1 year (at the close of the 129th Ordinary General Meeting of Shareholders)	<p>April 1980: Joined the Company</p> <p>April 2009: Asahi Kasei E-materials Executive Officer</p> <p>April 2010: Asahi Kasei E-materials Director</p> <p>April 2012: Asahi Kasei E-materials Senior Executive Officer</p> <p>April 2013: Asahi Kasei E-materials President &amp; Representative Director</p> <p>April 2013: Asahi Kasei E-materials Presidential Executive Officer</p> <p>August 2015: Polypore International, LP, President &amp; CEO</p> <p>April 2016: Senior Executive Officer</p> <p>April 2016: President of Separators SBU</p> <p>April 2018: Primary Executive Officer</p> <p>April 2019: Vice-Presidential Executive Officer (position held at present)</p> <p>June 2019: Director (position held at present) Representative Director (position held at present)</p> <ul style="list-style-type: none"> <li>● Oversight of Technology Functions (ESH, QA, Regional Offices, Production Technology, Manufacturing, R&amp;D, Energy Policy)</li> <li>● In charge of health and productivity management</li> <li>● Nomination Advisory Committee member</li> <li>● Remuneration Advisory Committee member</li> </ul>
<p>[Reasons for us to appoint him as a director candidate]</p> <p>After many years of experience in R&amp;D for chemical products and the plastics business and the business of performance materials for electronics, including as President and Representative Director of Asahi Kasei E-materials and President of Separators SBU, in April 2019 he assumed oversight of overall Technology Functions, including ESH, QA, Regional Offices, Production Technology, Manufacturing, R&amp;D, and Energy Policy. His rich experience and wide knowledge on the operations and management of the Group's businesses will allow him to fulfill the functions of deciding on key matters and supervising business execution for the Group as a Director.</p>			
<p>[Message from the candidate]</p> <p>As we target the sustainable growth of society and of the Company, technology functions that contribute to R&amp;D, production, quality, safety, the environment, and health are becoming increasingly important. Their policies and achievements are important intangible assets of the Company, and digital technologies are essential to all of their development. I will contribute to the achievement of sustainable growth through the expansion of these technological assets.</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="308 824 475 913">Yutaka Shibata December 4, 1955</p>	<p data-bbox="555 584 635 618">12,000</p> <p data-bbox="555 645 635 678">16/16</p> <p data-bbox="515 705 683 891">2 years (at the close of the 129th Ordinary General Meeting of Shareholders)</p>	<p data-bbox="707 309 1385 952"> April 1979: Joined the Company  April 2008: Executive Officer  April 2009: Lead Executive Officer  April 2011: Asahi Kasei Kuraray Medical President &amp; Representative Director  April 2011: Asahi Kasei Kuraray Medical Presidential Executive Officer  April 2011: Asahi Kasei Medical President &amp; Representative Director  April 2011: Asahi Kasei Medical Presidential Executive Officer  April 2011: Asahi Kasei Pharma Director  April 2016: Primary Executive Officer  April 2017: Asahi Kasei Pharma President &amp; Representative Director  April 2017: Asahi Kasei Pharma Presidential Executive Officer  April 2017: Asahi Kasei Medical Director  June 2018: Director (position held at present)  April 2019: Vice-Presidential Executive Officer (position held at present) </p> <ul data-bbox="707 981 1345 1167" style="list-style-type: none"> <li>● Oversight of Business Management Functions (Strategy, Accounting/Finance, IT, General Affairs, Legal, HR, Risk Management &amp; Compliance)</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 data-bbox="296 1173 882 1207">[Reasons for us to appoint him as a director candidate]</p> <p data-bbox="296 1207 1412 1451">After many years of experience in legal affairs and corporate planning roles, including as General Manager of Corporate Strategy, Asahi Kasei Medical President &amp; Representative Director, and Asahi Kasei Pharma President &amp; Representative Director, he became responsible for strategy, accounting, finance, and IT in April 2018, and in April 2019 he assumed oversight of Business Management Functions, additionally including General Affairs, Legal, HR, and Risk Management &amp; Compliance. His rich experience and wide knowledge on the operations and management of the Group's businesses will allow him to fulfill the functions of deciding on key matters and supervising business execution for the Group as a Director.</p>			
<p data-bbox="296 1458 619 1491">[Message from the candidate]</p> <p data-bbox="296 1491 1412 1610">The Asahi Kasei Group has always taken on new challenges for sustainable growth. I believe the Asahi Kasei Group's experience in developing new fields, along with technological advancement, social conditions, and changes in the living environment, can be utilized more than ever. I will contribute through the implementation of strategies and financial strategies that support them.</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	 Hiroshi Yoshida July 24, 1955	30,746  11/11  1 year (at the close of the 129th Ordinary General Meeting of Shareholders)	April 1979: Joined the Company April 2012: Asahi Kasei Chemicals Executive Officer April 2014: Asahi Kasei Chemicals Director April 2014: Asahi Kasei Chemicals Senior Executive Officer  April 2016: Lead Executive Officer April 2016: President of Performance Polymers SBU April 2017: Senior Executive Officer April 2018: Primary Executive Officer April 2019: Vice-Presidential Executive Officer (position held at present) June 2019: Director (position held at present)
			<ul style="list-style-type: none"> <li>● Executive officer for Material</li> <li>● Oversight of Asahi Kasei Europe GmbH</li> </ul>
			<p>[Reasons for us to appoint him as a director candidate]</p> <p>After many years of experience in synthetic rubber business, including as President of Performance Polymers SBU, he became responsible for the entire Material sector in April 2019. His rich experience and wide knowledge on the operations and management of the Group's businesses will allow him to fulfil the functions of deciding on key matters and supervising business execution for the Group as a Director.</p> <p>[Message from the candidate]</p> <p>As we enter a period of major change in the world, I am determined to put forth my best efforts in both execution and oversight for swift and transparent management, so that the Company can support the sustainable prosperity of society. I will strive to heighten the Company's corporate value through discussions to formulate a vision for Asahi Kasei in 10 years' time.</p>
5	 Shuichi Sakamoto October 13, 1957	39,748  16/16  4 years (at the close of the 129th Ordinary General Meeting of Shareholders)	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  November 2014: Lead Executive Officer November 2014: Corporate Strategy General Manager April 2016: Senior Executive Officer June 2016: Director (position held at present) April 2018: Asahi Kasei Pharma Director and Chairman (position held at present) April 2018: Asahi Kasei Medical Director and Chairman (position held at present) April 2019: Primary Executive Officer (position held at present)
			<ul style="list-style-type: none"> <li>● Executive officer for Health Care</li> </ul>
			<p>[Reasons for us to propose him as a director candidate]</p> <p>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 in April 2016. Since April 2018, he has overseen the Health Care sector. His rich experience and wide knowledge on the operations and management of the Group's businesses will allow him to fulfil the functions of deciding on key matters and supervising business execution for the Group as a Director.</p> <p>[Message from the candidate]</p> <p>The Health Care sector aims to become the third major pillar that supports Asahi Kasei, with strong growth to achieve sales of ¥600 billion by fiscal 2025. I will drive the growth of Asahi Kasei through "saving patients' lives, improving patients' quality of life, and offering optimal services and solutions for medical professionals," as the focus of the Health Care sector.</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]
6	 Fumitoshi Kawabata June 3, 1958	21,719 11/11 1 year (at the close of the 129th 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 2017: Asahi Kasei Construction Materials Director (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 appoint him as a director candidate] After many years of experience in the housing business, including Asahi Kasei Homes President & Representative Director, he became responsible for the entire Homes sector in April 2017. His rich experience and wide knowledge on risk management and compliance will allow him to fulfill the function of deciding on key matters and supervising business execution for the Group as a Director.			
[Message from the candidate] Leading the Homes sector, I aim to achieve net sales of ¥1 trillion in fiscal 2025 while contributing to sustainable society by offering “LONG LIFE” products and services that continue to support the overall “lives and living” of people through all business activities, including both existing businesses and new businesses.			

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]
	[Outside Director Candidate]   Masumi Shiraishi November 6, 1958	24,200 16/16 7 years (at the close of the 129th Ordinary General Meeting of Shareholders)	May 1989: Joined NLI Research Institute April 2001: Head Researcher, NLI Research Institute April 2002: Assistant Professor, Department of Economics, Toyo University April 2006: Professor, Department of Economics, Toyo University April 2007: Professor, Faculty of Policy Studies, Kansai University (position held at present) June 2013: Director, the Company (position held at present) ● Nomination Advisory Committee member ● Remuneration Advisory Committee member [Notable Concurrent Offices] Professor, Faculty of Policy Studies, Kansai University Outside Director, Ryoyo Electro Corporation
7	[Reasons for us to nominate her as an outside director candidate] Although she has never been involved in corporate management other than through the positions of Outside Director or Outside Corporate Auditor in the past, we can expect her to play a full role as Outside Director in deciding important matters and the supervision of management execution of the Group making full use of her rich experience and wide knowledge regarding the economy and society as a university professor.		
[Supplementary explanations on independence] The Group has transactions with Kansai University for which she currently works, mainly concerning R&D consignment. They are, however, transactions mainly concerning R&D programs concerning scientific technology and the transaction amount is very small, not more than ¥5 million. Such situation does not have any influence on her independence as Professor, Faculty of Policy Studies. Under these circumstances, we have designated her as an Independent Director.			
[Message from the candidate] Diversity will provide competitive advantages in business, leading to the creation of innovations and corporate growth. As an Outside Director, in addition to my supervisory role on the Board of Directors, I will also contribute to the growth and development of Asahi Kasei by emphasizing diversity, based on my experience at universities and other corporations.			

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>Tsuneyoshi Tatsuoka January 29, 1958</p>	<p>6,400</p> <p>15/16</p> <p>4 years (at the close of the 129th Ordinary General Meeting of Shareholders)</p>	<p>April 1980: Joined Ministry of International Trade and Industry</p> <p>January 2010: Councilor, Cabinet Secretariat</p> <p>August 2011: Deputy Vice-Minister of Economy, Trade and Industry</p> <p>June 2013: Vice-Minister of Economy, Trade and Industry</p> <p>July 2015: Retired from Ministry of Economy, Trade and Industry</p> <p>June 2016: 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>Outside Director (Audit and Supervisory Committee Member), Nitori Holdings Co., Ltd.</p> <p>Outside Director, Mitsubishi Corporation</p>
	<p>[Reasons for us to nominate him as an outside director candidate]</p> <p>Although he has never been involved in business other than through the positions of Outside Director or Outside Corporate Auditor in the past, we can expect him to play a full role as Outside Director in deciding important matters and the supervision of management execution of the Group making full use of his rich experience and wide knowledge regarding industry and economic policy.</p>		
	<p>[Supplementary explanations on independence]</p> <p>The Group has transactions with the Ministry of Economy, Trade and Industry for which he has worked in the past. They are, however, transactions mainly concerning research consignment and subsidies, etc. The transaction amount is very small, not more than 0.1% of the consolidated sales of the Group. He has already retired from said Ministry and such situation does not have any influence on his independence. Under these circumstances, we have designated him as an Independent Director.</p>		
	<p>[Message from the candidate]</p> <p>Uncertainty in the world economy has significantly increased due to the recent global COVID-19 pandemic in addition to the higher geopolitical risks between superpower nations. Major structural changes, surpassing the global financial crisis of 2008, may occur socially and economically. Asahi Kasei has advanced business development including proactive M&amp;A, aiming to create a portfolio of high value-added businesses. As we face many possible changes, I will work to heighten corporate value over the medium to long term based on my experience, while remaining attentive to both the avoidance of risks and the pursuit of new business opportunities.</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]
9	<p>[Outside Director Candidate]</p>  <p>R O I Tsuyoshi Okamoto September 23, 1947</p>	<p>3,000</p> <p>16/16</p> <p>2 years (at the close of the 129th Ordinary General Meeting of Shareholders)</p>	<p>April 1970: Joined Tokyo Gas Co., Ltd.</p> <p>June 2002: Tokyo Gas Co., Ltd. Executive Officer</p> <p>April 2004: Tokyo Gas Co., Ltd. Senior Executive Officer</p> <p>June 2004: Tokyo Gas Co., Ltd. Director</p> <p>April 2007: Tokyo Gas Co., Ltd. Representative Director</p> <p>April 2007: Tokyo Gas Co., Ltd. Executive Vice President</p> <p>April 2010: Tokyo Gas Co., Ltd. Representative Director, President</p> <p>April 2014: Tokyo Gas Co., Ltd. Director, Chairman</p> <p>April 2018: Tokyo Gas Co., Ltd. Director, Senior Corporate Advisor</p> <p>June 2018: Director, the Company (position held at present)</p> <p>June 2018: Tokyo Gas Co., Ltd. Senior Corporate Advisor (position held at present)</p> <p>● Nomination Advisory Committee member</p> <p>● Remuneration Advisory Committee member</p> <p>[Notable Concurrent Offices]</p> <p>Tokyo Gas Co., Ltd. Senior Corporate Advisor</p> <p>Outside Director of Japan Post Holdings Co., Ltd.</p> <p>Outside Director of MITSUBISHI ESTATE CO., LTD.</p>
<p>[Reasons for us to nominate him as an outside director candidate]</p> <p>We can expect him to play a full role as Outside Director in deciding important matters and the supervision of management execution of the Group making full use of his rich experience and wide knowledge regarding management.</p>			
<p>[Supplementary explanations on independence]</p> <p>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 0.1% of the consolidated sales of the Group, which does not have many main plants in the Kanto Area, and not more than 0.1% 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. Under these circumstances, we have designated him as an Independent Director.</p>			
<p>[Message from the candidate]</p> <p>The Asahi Kasei Group must continuously develop while providing superior value to society. The most important management issue is to always deploy the best business portfolio. I will provide necessary advice and oversight on management in order to fulfill these purposes, based on my long experience in the management of corporations with a strong public mission.</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 Masumi Shiraishi, Tsuneyoshi Tatsuoka, and Tsuyoshi Okamoto which limits 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. Tokyo Gas Co., Ltd., a company where Mr. Tsuyoshi Okamoto served as a Director, received an order for action from the Consumer Affairs Agency in July 2017, for violation of the Act against Unjustifiable Premiums and Misleading Representations on the advertisement presentation for an event "Gas Fair" held in November 2016, during his term of office.

End

**(For your reference)**

**Independence Standards and Qualification for Outside Directors/Corporate Auditors**

In determining that Outside Directors and Outside Corporate Auditors 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 (an entity 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/Corporate Auditor 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/Corporate Auditors/employees of the Group as Directors/Corporate Auditors
- (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.)"

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

<https://www.asahi-kasei.co.jp/shoushu/129.html>

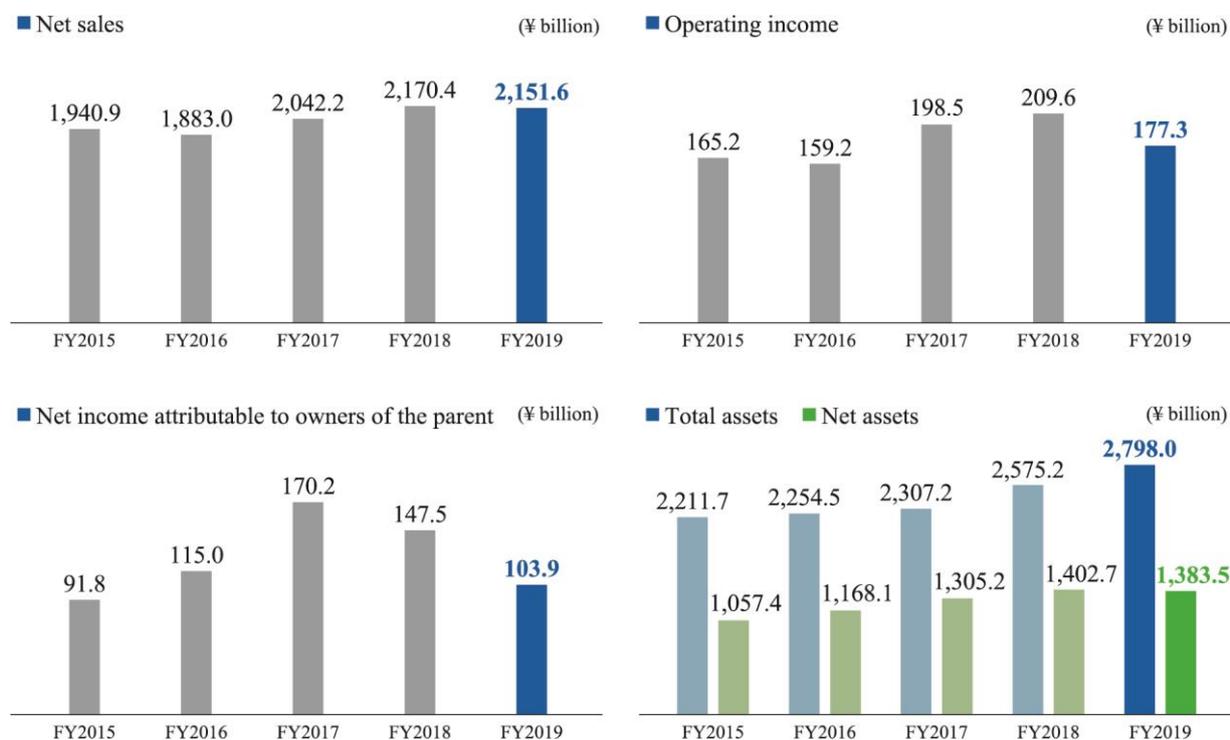
(Appendix)

## Business Report

(From April 1, 2019 to March 31, 2020)

### 1. The Group's Business Results

#### Consolidated results

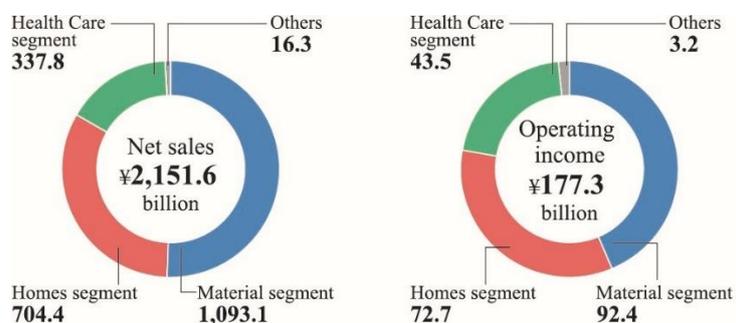


#### Primary factors for changes in net sales

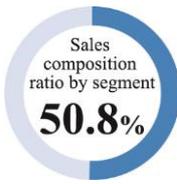
Net sales decreased due to the impact of global economic slowdown in the Material segment, despite firm performance in the Homes and Health Care segments.

#### Primary factors for changes in net income

Net income decreased due to decreases in operating income and ordinary income as well as the recording of impairment loss on noncurrent assets and business structure improvement expenses.



## Material



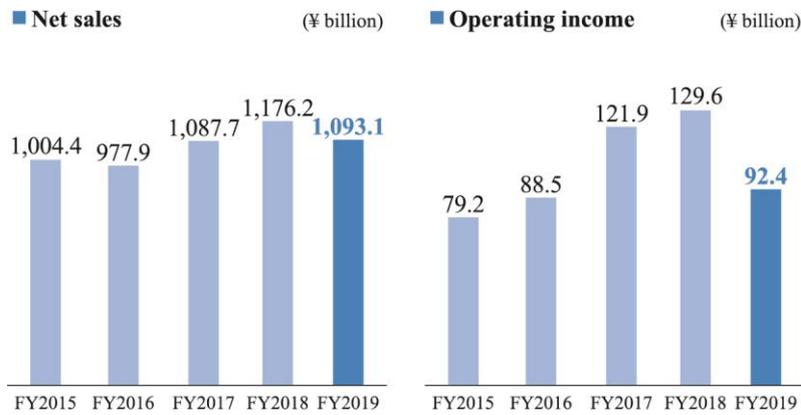
[Main businesses]

With unique fibers and resins, basic chemicals as petrochemical feedstocks, environmentally friendly performance materials, consumables such as Saran Wrap™ cling film, battery separators, and electronic devices such as LSIs and sensors, 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 decreased due to the impact of lower market prices for petrochemical products, sluggish growth of the Chinese market, slowdown in the automotive market, and worsening of the world economy caused by the impact of COVID-19.



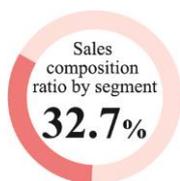
Fiscal 2019 topics

### Large order for membrane process chlor-alkali plant in China

A large order was received from a major corporate group in Shaanxi, China, for a membrane-process chlor-alkali electrolysis plant with the capacity of 0.6 million tons per year (at 100% caustic soda\*). China is the world's largest market in production volume of caustic soda. This is one of the largest orders received among the more than 70 companies using electrolysis plants from Asahi Kasei.

\* Sodium hydroxide. Used for a wide range of purposes including chemicals, food industry, soap, chemical fibers, paper, pulp, etc.

## Homes



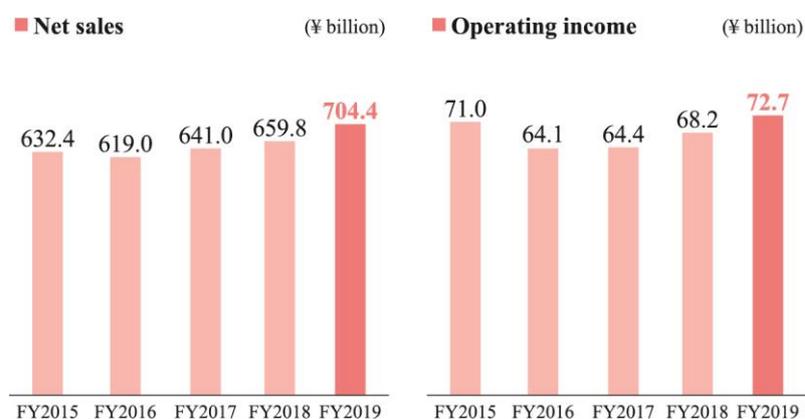
[Main businesses]

We set the stage for a rich and fulfilling lifestyle with our homes business that provides high-quality products and services for Long Life Homes which earn high customer satisfaction that lasts for more than half a century, and with our construction materials business that provides innovative and original high value-added products and services.

[Supplementary explanations on business results per segment]

Primary factors for changes in operating income:

Although the number of order-built homes delivered decreased with the impact of COVID-19, operating income increased with higher average unit prices due to increased deliveries of larger homes as well as firm performance of real estate and remodeling operations.

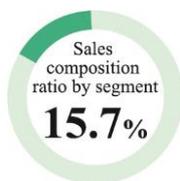


Fiscal 2019 topics

**Opening of Village Riche™ Kami-shakujii, the first in a series of apartments for seniors with services for periods when long-term care is needed**

To expand the Hebel Village™ apartments business for seniors who are healthy or frail, new business development was initiated.

## Health Care



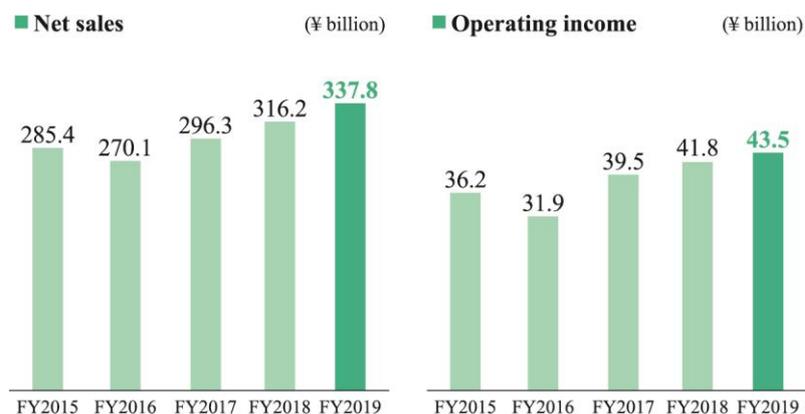
[Main businesses]

We contribute to advanced 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 and other new drugs. In addition, our products in the field of acute critical care including AEDs, defibrillators for professional use, and intravascular temperature management systems help to save people's lives.

[Supplementary explanations on business results per segment]

Primary factors for changes in operating income:

Operating income increased mainly due to strong performance in critical care operations and lower fixed costs in pharmaceutical operations.



Fiscal 2019 topics

### **Listing of the NHI drug price standard and marketing of Teribone™ 28.2 µg subcutaneous autoinjector**

As a new formulation option for Teribone™, a treatment for osteoporosis with a high risk of fracture, an autoinjector formulation, which can be used for self-injections at home, was newly added in addition to the conventional vial formulation.

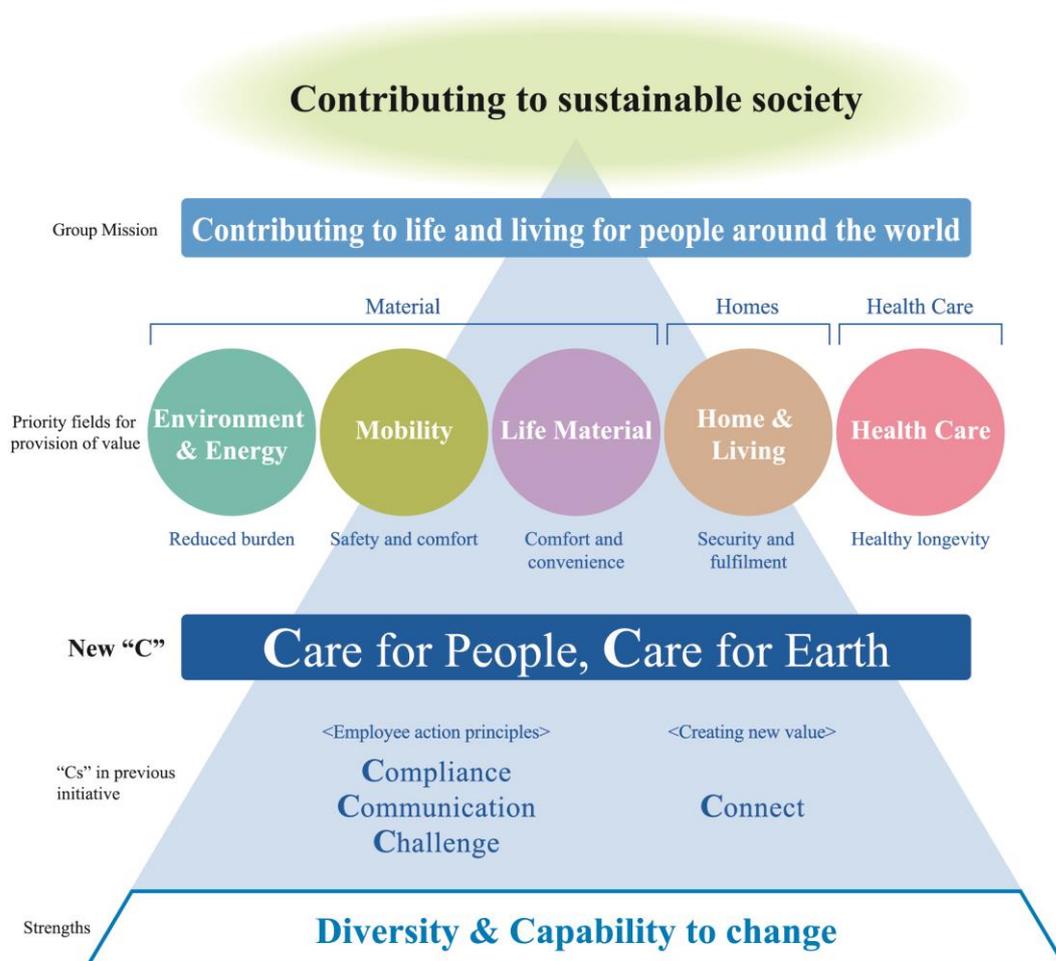
## 2. Medium-term Management Strategies / Plans and Progress

### 1. Medium-term management strategies (medium-term management initiative “Cs+ for Tomorrow 2021”)

In the medium-term management initiative “Cs+ for Tomorrow 2021,” the Company identified five priority fields for provision of value to provide solutions to the world’s challenges. While enhancing sustainable growth of corporate value, the Company will contribute to sustainable society by focusing on these priority fields to develop a portfolio of high-profitability and high value-added businesses.

Summary of medium-term management initiatives

- Enhancing value provision in “Environment & Energy,” “Mobility,” “Life Material,” “Home & Living,” and “Health Care”
- Business portfolio transformation by allocating management resources based on “five priority fields for provision of value,” “high profitability,” “high market growth,” and “sustainability”
- Heightening businesses by enhancing global operations, creating new businesses, and advancing digital transformation, with new business creation leveraging various core technologies, marketing functions, and internal and external connections to create value
- Further strengthening the platform including the aspects of human resources, environmental safety, workplace safety, quality, risk management, and thorough compliance
- Maintaining sound corporate governance through continuous planning and implementation for the growth of corporate value



## 2. Measures and progress

The Company worked on the following measures to achieve the medium-term management initiative.

<M&A>

August 2019

### **Acquisition of Cardiac Science Corporation in the U.S. by ZOLL**

This company was acquired to expand the AED product lineup and obtain a broader sales network.

March 2020

### **Acquisition of Veloxis Pharmaceuticals Inc. in the U.S.**

This company was acquired to obtain a business platform in the U.S. pharmaceutical market and maximize the value of pharmaceutical operations.

March 2020

### **Sage Automotive Interiors' acquisition of Adient plc's automotive fabrics business**

An agreement to acquire this company was concluded for the purposes of expanding business and reinforcing foundations in the European automotive market.

<Capital investments>

July 2019

### **Decision to increase production capacity for Lamous™ artificial suede**

Lamous is enjoying particularly strong demand growth in automotive interiors and IT accessories. As further demand growth is forecasted to continue, the decision was made to expand capacity.

<R&D>

October 2019

### **Commenced development of revolutionary plastic recycling technology**

The Company is developing material recycling technologies to recycle used plastic as resources, jointly with Lion Corporation, as part of a project of the New Energy and Industrial Technology Development Organization. The efforts aim to supply highly convenient products while considering the environment.

<Structural improvement>

March 2020

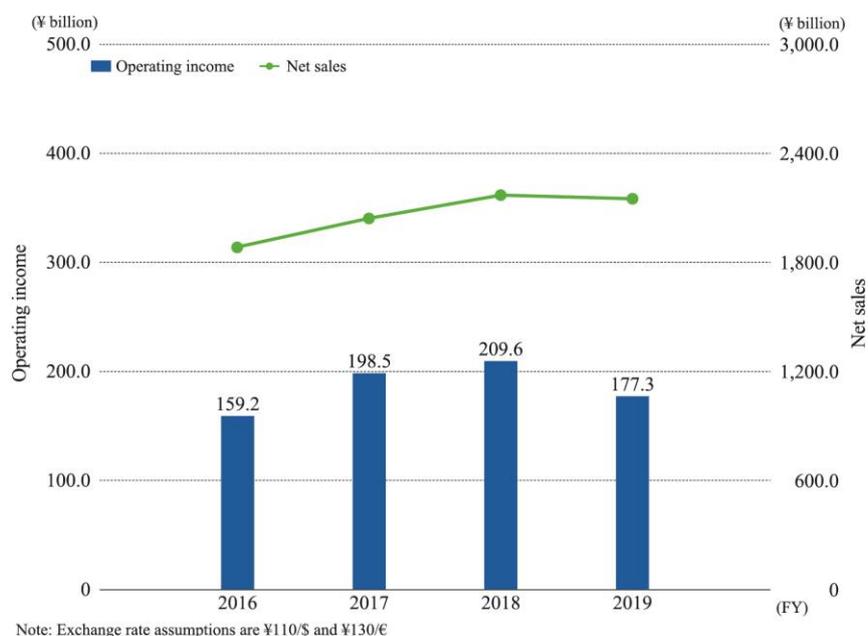
### **Discontinuation of SAN, ABS, and ACS resin\* business**

The decision for business discontinuation was made based on a judgment that it was difficult to establish the superiority of the Company's products in the global market and formulate a future expansion strategy. The Company will execute the transformation of its business portfolio by prioritizing and reallocating management resources.

(Plant: Scheduled for closure on March 31, 2021. Sales: Scheduled for cessation on March 31, 2021.)

\* A type of styrenic resin primarily used in the frames of home electrical appliances and office equipment.

### 3. Financial objective indicators



(\$ billion, unless otherwise specified)		FY2016	FY2019
	Net sales	1,883.0	2,151.6
Profitability	Operating income	159.2	177.3
	Operating margin	8.5%	8.2%
	EBITDA* <sup>1</sup>	268.4	295.6
	EBITDA margin	14.3%	13.7%
	Net income attributable to owners of the parent	115.0	103.9
	EPS (¥)	82	75
Capital efficiency	ROIC* <sup>2</sup>	7.8%	6.6%
	Net income per shareholders' equity (ROE)	10.5%	7.6%
Financial health	D/E ratio	0.35	0.52
Exchange rate (¥/\$)		108	109

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

\*2 (Operating income – income taxes) / average annual invested capital

The future financial objective indicators, announced at the time of formulating the current medium-term management initiative “Cs+ for Tomorrow 2021,” will be revised upon identifying the impact of the spread of COVID-19 and other factors. The latest information will be published on the Company’s website.

## 4. Issues and risks

### Main issues and risks

#### Responding to the spread of COVID-19

The spread of COVID-19 brings risks of global supply chain disruption and slowdown in consumption, thereby causing a significant impact on business activities and the management performance of corporations. Going forward, the Company may revise its business plans and investment plans, based on the perspectives of BCP and sustainability.

#### Investments

##### Implementation of PMI (post-merger integration) at Veloxis Pharmaceuticals Inc., the U.S.

PMI will be implemented as planned at Veloxis, the acquisition of which was completed in March 2020. The Company will advance integration based on the formulated integration plan to realize synergies at the earliest stage and enhance corporate value for both companies.

##### Increasing production capacity for LIB separator

LIBs are expected to help contribute to the spread of electric vehicles and to solve energy issues around the world. The Company aims to maintain stable supply by increasing production capacity for high quality separator which is a key component of LIBs.

#### Responding to climate change

The rise in average temperatures across the world is a great risk to the human society and ecosystems, as it causes a variety of changes in the environment. Accordingly, the Company's management issues include reducing greenhouse gas (GHG) emissions in business activities and contributing to the reduction of GHG emissions in the world through products and services. The Company has announced its support for the recommendations of TCFD\*, based on the belief that disclosing risks and opportunities from climate change will increase trust from stakeholders and lead to the sustainable improvement of its corporate value.

\* Task Force on Climate-related Financial Disclosures

#### Other issues and risks

- Market fluctuations in crude oil and naphtha
- Fluctuations in currency rates
- Global business activities
- Trends in housing-related taxation and interest rates
- Environment for pharmaceuticals, medical care, and critical care operations
- Industrial accidents and natural disasters
- Intellectual property, product liability (PL), and legal regulations
- Risks from business partners, etc.

### 3. Finance

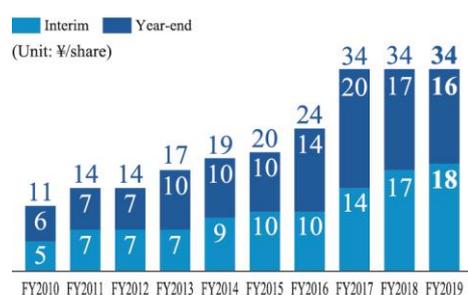
#### 1. The Company's views on shareholder returns and year-end dividends

The Company's basic policy is to aim for stable dividends and increased dividends based on continuous expansion of earnings, while maintaining an appropriate internal reserve for a good balance between growth investments and shareholder returns.

The internal reserves will be used not only as investments resources to raise corporate value such as strategic investments and R&D expenses for new business creation, but also as a financial foundation to withstand the economic effects of the coronavirus.

Based on this policy, the year-end dividend for fiscal 2019 shall be 16 yen per share, totaling 34 yen along with an interim dividend of 18 yen.

With regard to dividends for fiscal 2020, although business results forecasts are indeterminate due to the impact of COVID-19, the above-stated policy remains unchanged.

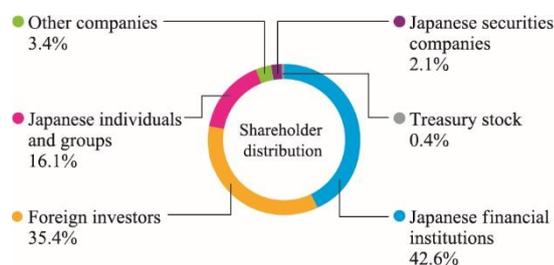


#### 2. Status of shares

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

Total number of outstanding shares: 1,393,932,032 shares (including 6,060,244 shares of treasury stock)

Number of shareholders: 125,793 persons (increased by 37,025 persons compared to the end of previous fiscal year)



#### Largest shareholders (top 10)

Name of shareholder	Number of shares owned (thousand shares)	Percentage of equity* (%)
JP Morgan Chase Bank 385632	109,798	7.91
The Master Trust Bank of Japan, Ltd. (trust account)	106,560	7.68
Japan Trustee Services Bank, Ltd. (trust account)	64,802	4.67
Nippon Life Insurance Company	58,400	4.21
Japan Trustee Services Bank, Ltd. (trust account 7)	33,482	2.41
Asahi Kasei Group Employee Stockholding Assn.	33,342	2.40
SSBTC Client Omnibus Account	30,336	2.19
Japan Trustee Services Bank, Ltd. (trust account 5)	26,445	1.91
Sumitomo Mitsui Banking Corp.	25,404	1.83
JP Morgan Chase Bank 385151	21,822	1.57

\* Percentage of equity ownership after exclusion of treasury stock

### 3. Status of funds raised

In FY2019, the Group raised low-interest funds by issuing the eleventh and twelfth series unsecured straight bonds, in addition to bank loans and issuing commercial paper, in order to accommodate the acquisition of Veloxis and other needs for funds. As a result, outstanding interest-bearing debt (excluding lease obligations) at the year-end increased by ¥279.4 billion from a year ago to ¥703.8 billion.

### 4. Main lenders and loans

(In millions of yen)	
Lender	Loan
Mizuho Bank, Ltd. (Note)	157,911
Sumitomo Mitsui Banking Corporation (Note)	142,323
MUFG Bank, Ltd. (Note)	84,015
The Norinchukin Bank	37,124
Sumitomo Mitsui Trust Bank, Limited	24,950
Shinkin Central Bank	22,500
Development Bank of Japan Inc.	20,000
Nippon Life Insurance Company	4,000
Mizuho Trust & Banking Co., Ltd.	2,500
The Miyazaki Bank, Ltd.	1,355

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

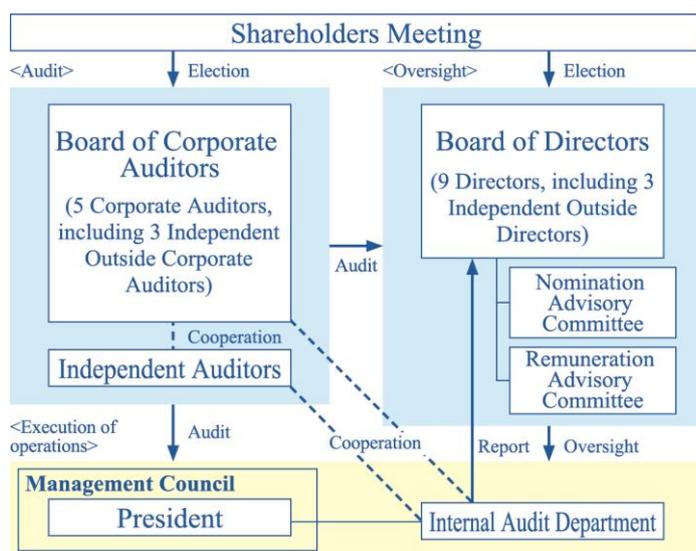
## 4. Corporate Governance

### 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 integration of various businesses.

The Company continues to pursue optimal corporate governance as a framework to achieve transparent, fair, timely, and decisive 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 the Board of Directors are Independent Directors
- One Director is female
- Directors have diverse backgrounds
- Three-fifths of Corporate Auditors are Independent Corporate Auditors
- Corporate Auditors are supported by Corporate Auditors Office
- Internal Audit Department reports to both the President and the Board of Directors

### 3. Meetings of Board of Directors, Advisory Committees, and Board of Corporate Auditors (FY2019)

	No. of meetings held	Average attendance	Main subjects of agenda
Board of Directors	16	98.2% (Directors and Corporate Auditors)	<ul style="list-style-type: none"> <li>● Business investment</li> <li>● Medium-term management initiative</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 Corporate Auditors</li> <li>● Standards for judging independence of Outside Directors and Corporate Auditors</li> </ul>
Remuneration Advisory Committee*	4	100% (all members)	<ul style="list-style-type: none"> <li>● Policy and system for remuneration of Directors</li> <li>● Studying remuneration of Directors based on individual performance</li> </ul>

			evaluation
Board of Corporate Auditors	16	97.5% (Corporate Auditors)	<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>

\* Beginning in June 2019, the Nomination Advisory Committee and Remuneration Advisory Committee are comprised of the 3 Outside Directors and Representative Directors Hideki Kobori and Shigeki Takayama as members, with the Nomination Advisory Committee chaired by Hideki Kobori and the Remuneration Advisory Committee chaired by Outside Director Tsuyoshi Okamoto.

#### 4. Major activities of Outside Officers

Classification	Name	Situation of attendance to the Board of Directors (attendance rate)	Situation of attendance to the Board of Corporate Auditors (attendance rate)	Remarks
Directors	Masumi Shiraishi	16 out of 16 meetings (100%)	–	She appropriately made statements that were necessary to the Board’s deliberation of agenda based on her high personal insight as a university professor.
	Tsuneyoshi Tatsuoka	15 out of 16 meetings (94%)	–	He appropriately made statements that were necessary to the Board’s deliberation of agenda based on his broad knowledge of industry.
	Tsuyoshi Okamoto	16 out of 16 meetings (100%)	–	He appropriately made statements that were necessary to the Board’s deliberation of agenda based on his high personal insight as a management executive.
Corporate Auditors	Akio Makabe	16 out of 16 meetings (100%)	16 out of 16 meetings (100%)	He appropriately made statements that were necessary to the Board’s deliberation of agenda based on his high personal insight as a university professor.
	Tetsuo Ito	14 out of 16 meetings (88%)	15 out of 16 meetings (94%)	He appropriately made statements that were necessary to the Board’s deliberation of agenda based on his high personal insight as a prosecutor and attorney-at-law.
	Hikoe Konishi	16 out of 16 meetings (100%)	15 out of 16 meetings (94%)	He appropriately made statements that were necessary to the Board’s deliberation of agenda based on his high personal insight as a certified public accountant.

(Note) No special relation exists between important posts held concurrently as stated in the “Situation of Directors and Corporate Auditors,” and the Company.

#### 5. Directors and Corporate Auditors (As of March 31, 2020)

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	Shigeaki 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>• Nomination Advisory Committee Member</li> <li>• Remuneration Advisory Committee Member</li> </ul>	
Director	Yutaka Shibata	<ul style="list-style-type: none"> <li>• Vice-Presidential Executive Officer</li> <li>• Oversight of Business Management Functions (Strategy, Accounting/Finance, IT, General Affairs, Legal, HR, Risk Management &amp; Compliance)</li> <li>• Deputy for Asahi Kasei Europe GmbH</li> <li>• Asahi Kasei America, Inc.</li> <li>• Asahi Kasei (China) Co., Ltd.</li> </ul>	

Position	Name	Responsibilities	Concurrent holding of important posts
Director	Hiroshi Yoshida	<ul style="list-style-type: none"> <li>• Vice-Presidential Executive Officer</li> <li>• Executive Officer for Material</li> <li>• Asahi Kasei Advance</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>	
Outside Director	Masumi Shiraishi	<ul style="list-style-type: none"> <li>• Nomination Advisory Committee Member</li> <li>• Remuneration Advisory Committee Member</li> </ul>	Professor of Faculty of Policy Studies, Kansai University Outside Director, Ryoyo Electro Corporation
Outside Director	Tsuneyoshi Tatsuoka	<ul style="list-style-type: none"> <li>• Nomination Advisory Committee Member</li> <li>• Remuneration Advisory Committee Member</li> </ul>	Outside Director of Nitori Holdings Co., Ltd. (member of audit committee) Outside Director of Mitsubishi Corporation
Outside Director	Tsuyoshi Okamoto	<ul style="list-style-type: none"> <li>• Nomination Advisory Committee Member</li> <li>• Remuneration Advisory Committee Member</li> </ul>	Senior Corporate Advisor of Tokyo Gas Co., Ltd. Outside Director of Japan Post Holdings Co., Ltd. Outside Director of MITSUBISHI ESTATE CO., LTD.
Corporate Auditor	Yuji Kobayashi		
Corporate Auditor	Masafumi Nakao		
Outside Corporate Auditor	Akio Makabe		Professor, Hosei Graduate School of Regional Policy Design
Outside Corporate Auditor	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 Corporate Auditor of UNIZO Holdings Co., Ltd.</li> <li>• Outside Director of Japan Petroleum Exploration Co., Ltd.</li> </ul>
Outside Corporate Auditor	Hikoe Konishi		<ul style="list-style-type: none"> <li>• Certified Public Accountant, Certified Tax Accountant</li> <li>• Full-Time Corporate Auditor, Smart Resource Co., Ltd.</li> </ul>

- (Notes) 1. Directors Shigeki Takayama, Hiroshi Yoshida, and Fumitoshi Kawabata were newly elected as Director at the 128th Ordinary General Meeting of Shareholders held on June 25, 2019 and assumed office as of the same date.  
Corporate Auditor Masafumi Nakao was newly elected as Corporate Auditor at the 128th Ordinary General Meeting of Shareholders held on June 25, 2019 and assumed office as of the same date.
2. Directors Masumi Shiraishi, Tsuneyoshi Tatsuoka, and Tsuyoshi Okamoto are Outside Directors as stipulated in Article 2, Item 15 of the Companies Act and are registered as Independent Directors as specified by the Tokyo Stock Exchange.
3. Corporate Auditors Akio Makabe, Tetsuo Ito, and Hikoe Konishi are Outside Corporate Auditors as stipulated in Article 2, Item 16 of the Companies Act and are registered as Independent Corporate Auditors as specified by the Tokyo Stock Exchange.
4. Corporate Auditor Akio Makabe has instructed and conducted research on economics and finance at universities, etc., while Corporate Auditor Hikoe Konishi is licensed as a certified public accountant and has vast experience of corporate auditing over the years. Both persons have considerable insight into finance and accounting.
5. The Company has executed contracts with three Directors: Masumi Shiraishi, Tsuneyoshi Tatsuoka, and Tsuyoshi Okamoto, as well as five Corporate Auditors: Yuji Kobayashi, Masafumi Nakao, Akio Makabe, Tetsuo Ito, and Hikoe Konishi 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. Independent Auditors

- (1) Name of Independent Auditors  
PricewaterhouseCoopers Aarata LLC
- (2) The rationale for the Board of Corporate Auditors having agreed on the amount of remuneration, etc. to be paid to Independent Auditors pertaining to FY2019
  - 1) Remuneration for audit services as stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Act  
PricewaterhouseCoopers Aarata: ¥201 million
  - 2) Total amount of remuneration to be paid by the Company and its subsidiaries and other financial profit  
PricewaterhouseCoopers Aarata: ¥313 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 for support in the standardization and optimization of IT controls for the ERP system.
  3. The Company's significant overseas subsidiaries are audited 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) - (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).

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

The Board of Corporate Auditors agreed on the amount of the remuneration, etc. of the Independent Auditors 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.

- (3) Policies of dismissal or denial of reappointment of Independent Auditors  
The Board of Corporate Auditors shall dismiss Independent Auditors subject to the agreement of all Corporate Auditors 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 Board of Corporate Auditors 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.

## 7. Remuneration for Officers

The amount of remuneration, etc. of Directors and Corporate Auditors in FY2019

Classification	Amount Paid (In millions of yen)	Breakdown by remuneration type (In millions of yen)			Number of Directors and Corporate Auditors Paid
		Basic remuneration	Performance-linked remuneration	Stock-based remuneration	
Directors	459	253	154	51	12
(of which Outside Directors)	45	45	–	–	3
Corporate Auditors	132	132	–	–	6
(of which Outside Corporate Auditors)	45	45	–	–	3

- (Notes) 1. The cash remuneration limit to be paid to Directors is set at ¥650 million per year, of which annual remuneration for Outside Directors is ¥50 million or less (the resolution was made on the 123rd Ordinary General Meeting of Shareholders held on June 27, 2014).
2. The cash remuneration limit to be paid to Corporate Auditors is set at ¥150 million per year (the resolution was made on the 115th Ordinary General Meeting of Shareholders held on June 29, 2006).
3. The above total remuneration includes in sums recorded as expenses for the period under review based on the stock-based remuneration system approved at the 126th Ordinary General Meeting of Shareholders held on June 28, 2017. The stock-based remuneration is intended only for Directors, excluding Outside Directors. An upper limit of ¥300 million applies for the three fiscal years from FY2017 to FY2019.
4. The number of Officers as of March 31, 2020 is nine Directors (of which three are Outside Directors) and five Corporate Auditors (of which three are Outside Corporate Auditors).

### Remuneration for Directors

- Directors' remuneration is composed of fixed base remuneration, variable performance-linked remuneration reflecting financial results, and stock-based remuneration
- Set within the limits for remuneration and granting of stock approved by a General Meeting of Shareholders, and determined based on a remuneration system approved in advance by the Board of Directors.
- Fixed base remuneration is determined by the rank of each Director
- Performance-linked remuneration determined based on consolidated financial results of the Group and individual performance evaluation. Performance is comprehensively evaluated in consideration of the degree of achievement of individually-established objectives, achievements, contributions to financial performance, and the degree of contributions, in addition to management benchmarks including, but not limited to, net sales, operating income, and ROA
- Stock-based remuneration is granted to executives of the Group upon their retirement based on a number of shares granted according to the rank of each Director, creating a framework wherein current management efforts are reflected in future stock prices and received as consideration
- Remuneration for Outside Directors is comprised solely of fixed base remuneration
- The Company determines the level of remuneration based on research data provided by external specialized agencies, etc.

The composition of remuneration for Directors with executive responsibilities



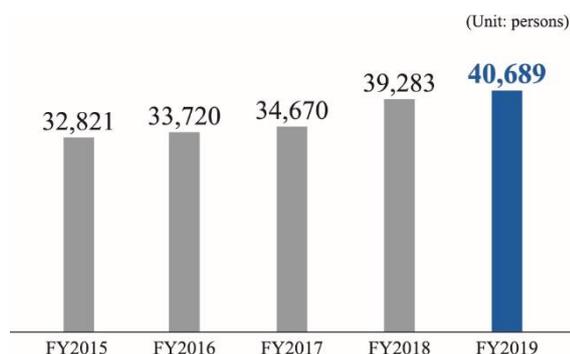
- Performance-linked remuneration = commitment to results
  - Stock-based remuneration = sharing the perspective with shareholders
- \* Remuneration for Outside Directors is comprised solely of fixed base remuneration

### Remuneration for Corporate Auditors

- The performance-linked remuneration system is not applied in the remuneration for Corporate Auditors, and their remuneration consists of fixed remuneration. Individual remuneration amounts are determined through discussions with Corporate Auditors

## 5. Other Data

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

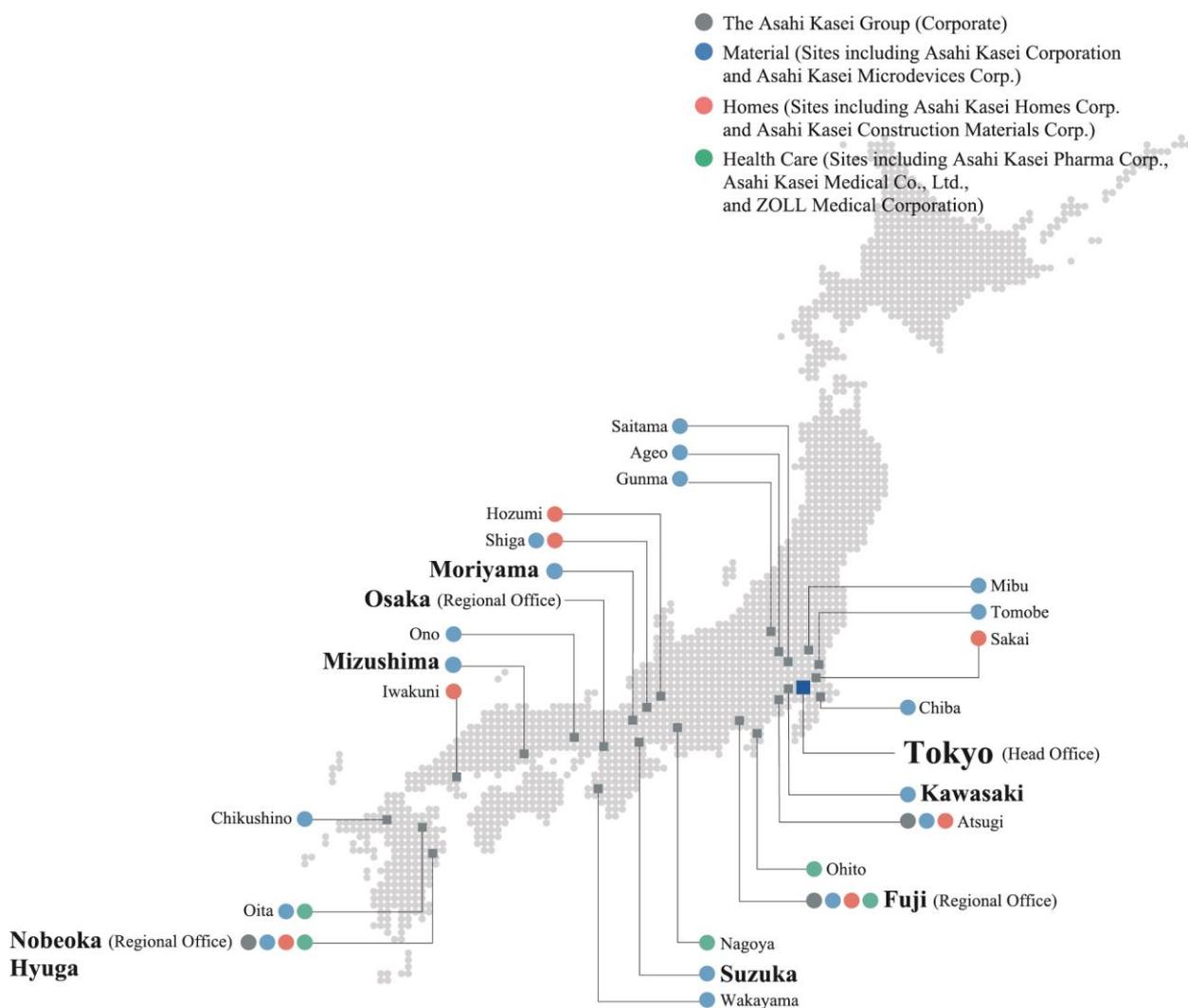


The ratio of overseas employees for FY2019 is nearly 40%.

### 2. Primary sites and Group companies

#### Primary domestic sites

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



Asahi Kasei's global network.

The Asahi Kasei Group has placed 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.



[The Asahi Kasei Group's regional headquarters]

- |   |  |  |  |
|---|--|--|--|
|  North America | United States<br>● Asahi Kasei America, Inc. |  Asia | China<br>● Asahi Kasei (China) Co., Ltd.<br>Thailand<br>● Asahi Kasei Asia Pacific Co., Ltd. |
|  Europe        | Germany<br>● Asahi Kasei Europe GmbH         |  |  |

**Consolidated Balance Sheets**  
(As of March 31, 2020)

(In millions of yen)

Accounts	Previous Consolidated Fiscal Year (As of March 31, 2019)	Consolidated Fiscal Year (As of March 31, 2020)
<b>(Assets)</b>		
<b>Current assets</b>	<b>1,051,393</b>	<b>1,107,430</b>
Cash and deposits	193,893	207,957
Notes and accounts receivable–trade	350,716	330,999
Merchandise and finished goods	201,699	216,463
Work in process	131,686	160,064
Raw materials and supplies	93,961	101,313
Other	82,900	92,153
Allowance for doubtful accounts	(3,461)	(1,519)
<b>Noncurrent assets</b>	<b>1,523,810</b>	<b>1,690,545</b>
<b>Property, plant and equipment</b>	<b>621,366</b>	<b>653,686</b>
Buildings and structures	252,886	257,851
Machinery, equipment and vehicles	216,966	223,179
Land	63,889	67,024
Lease assets	736	681
Construction in progress	64,188	75,487
Other	22,701	29,464
<b>Intangible assets</b>	<b>529,978</b>	<b>685,482</b>
Goodwill	319,898	469,535
Other	210,080	215,947
<b>Investments and other assets</b>	<b>372,465</b>	<b>351,377</b>
Investment securities	296,330	244,581
Long-term loans receivable	19,993	7,951
Long-term advance payments–trade	–	20,467
Deferred tax assets	27,508	49,929
Other	29,052	28,883
Allowance for doubtful accounts	(418)	(435)
<b>Total assets</b>	<b>2,575,203</b>	<b>2,797,975</b>

Note: Amounts are rounded to the nearest million yen.

(In millions of yen)

Accounts	Previous Consolidated Fiscal Year (As of March 31, 2019)	Consolidated Fiscal Year (As of March 31, 2020)
<b>(Liabilities)</b>	<b>1,172,493</b>	<b>1,414,515</b>
<b>Current liabilities</b>	<b>681,853</b>	<b>842,531</b>
Notes and accounts payable–trade	180,429	131,207
Short-term loans payable	97,579	275,671
Commercial paper	77,000	139,000
Current portion of bonds payable	20,000	–
Lease obligations	164	1,006
Accrued expenses	113,221	121,520
Income taxes payable	24,971	18,145
Advances received	75,836	73,623
Provision for grant of shares	82	78
Provision for periodic repairs	5,342	4,043
Provision for product warranties	3,102	3,738
Provision for removal cost of property, plant and equipment	2,251	2,640
Other	81,877	71,863
<b>Noncurrent liabilities</b>	<b>490,639</b>	<b>571,985</b>
Bonds payable	20,000	60,000
Long-term loans payable	209,878	229,172
Lease obligations	253	3,506
Deferred tax liabilities	48,299	46,298
Provision for grant of shares	289	412
Provision for periodic repairs	2,929	4,560
Provision for removal cost of property, plant and equipment	3,018	5,771
Net defined benefit liability	168,685	174,365
Long-term guarantee deposits	21,143	21,613
Other	16,145	26,287
<b>Net assets</b>	<b>1,402,710</b>	<b>1,383,460</b>
<b>Shareholders' equity</b>	<b>1,256,747</b>	<b>1,302,777</b>
Capital stock	103,389	103,389
Capital surplus	79,708	79,641
Retained earnings	1,077,586	1,125,738
Treasury stock	(3,936)	(5,990)
<b>Accumulated other comprehensive income</b>	<b>124,738</b>	<b>56,538</b>
Net unrealized gain on other securities	101,971	67,027
Deferred gains or losses on hedges	(40)	(241)
Foreign currency translation adjustment	42,020	13,027
Remeasurements of defined benefit plans	(19,213)	(23,275)
<b>Non-controlling interests</b>	<b>21,225</b>	<b>24,145</b>
<b>Total liabilities and net assets</b>	<b>2,575,203</b>	<b>2,797,975</b>

Note: Amounts are rounded to the nearest million yen.

**Consolidated Statements of Income**  
(April 1, 2019 - March 31, 2020)

(In millions of yen)

Accounts	Previous Consolidated Fiscal Year (April 1, 2018 - March 31, 2019)	Consolidated Fiscal Year (April 1, 2019 - March 31, 2020)
Net sales	2,170,403	2,151,646
Cost of sales	1,481,855	1,476,606
<b>Gross profit</b>	<b>688,548</b>	<b>675,040</b>
Selling, general and administrative expenses	478,960	497,776
<b>Operating income</b>	<b>209,587</b>	<b>177,264</b>
Non-operating income	25,504	20,479
Interest income	3,094	2,769
Dividends income	6,060	5,251
Equity in earnings of affiliates	12,112	7,138
Other	4,238	5,320
Non-operating expenses	15,115	13,735
Interest expense	4,371	4,016
Foreign exchange loss	2,686	2,328
Costs of idle facilities	989	1,642
Other	7,069	5,750
<b>Ordinary income</b>	<b>219,976</b>	<b>184,008</b>
Extraordinary income	12,235	17,948
Gain on sales of investment securities	11,580	13,679
Gain on sales of noncurrent assets	655	4,268
Extraordinary loss	21,814	46,022
Loss on valuation of investment securities	173	1,953
Loss on disposal of noncurrent assets	6,630	9,668
Impairment loss	11,090	21,949
Loss on disaster	—	2,437
Loss on product compensation	—	5,173
Business structure improvement expenses	3,921	4,840
<b>Income before income taxes</b>	<b>210,397</b>	<b>155,934</b>
Income taxes—current	63,730	54,173
Income taxes—deferred	(3,148)	(3,967)
<b>Net income</b>	<b>149,815</b>	<b>105,728</b>
Net income attributable to non-controlling interests	2,303	1,797
<b>Net income attributable to owners of the parent</b>	<b>147,512</b>	<b>103,931</b>

Note: Amounts are rounded to the nearest million yen.

**(Reference)**  
**Summary of Consolidated Statements of Cash Flows**  
(April 1, 2019 - March 31, 2020)

(In millions of yen)

Description	Consolidated Fiscal Year (April 1, 2019 - March 31, 2020)
<b>Cash flows from operating activities</b>	<b>124,460</b>
Income before income taxes	155,934
Depreciation and amortization	96,016
Amortization of goodwill	22,288
Decrease in notes and accounts receivable–trade	16,919
Increase in inventories	(51,950)
Decrease in notes and accounts payable–trade	(45,562)
Increase in accrued expenses	2,624
Decrease in advances received	(1,925)
Income taxes paid	(60,388)
Other	(9,493)
<b>Cash flows from investing activities</b>	<b>(318,156)</b>
Purchase of property, plant and equipment	(138,354)
Proceeds from sales of property, plant and equipment	5,693
Purchase of intangible assets	(16,096)
Purchase of investment securities	(10,820)
Proceeds from sales of investment securities	23,543
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(175,759)
Payments for acquisition of businesses	(1,964)
Other	(4,399)
<b>Cash flows from financing activities</b>	<b>221,923</b>
Net increase in loans payable, bonds payable and commercial papers	282,251
Cash dividends paid	(48,723)
Purchase of treasury stock	(10,016)
Other	(1,589)
<b>Effect of exchange rate change on cash and cash equivalents</b>	<b>(4,060)</b>
<b>Net increase in cash and cash equivalents</b>	<b>24,167</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>180,520</b>
<b>Increase in cash and cash equivalents resulting from changes in scope of consolidation</b>	<b>85</b>
<b>Cash and cash equivalents at end of period</b>	<b>204,771</b>

Note: Amounts are rounded to the nearest million yen.

**Non-Consolidated Balance Sheets**  
(As of March 31, 2020)

(In millions of yen)

Accounts	Previous Non-Consolidated Fiscal Year (As of March 31, 2019)	Non-Consolidated Fiscal Year (As of March 31, 2020)
<b>(Assets)</b>		
<b>Current assets</b>	<b>458,798</b>	<b>434,613</b>
Cash and deposits	46,556	47,271
Notes receivable–trade	1,342	1,152
Electronically recorded monetary claims–operating	3,328	2,841
Accounts receivable–trade	150,639	121,803
Merchandise and finished goods	87,200	90,579
Work in process	25,571	26,558
Raw materials and supplies	41,946	43,039
Prepaid expenses	4,437	4,055
Accounts receivable–other	28,031	27,296
Short-term loans receivable	2	2
Short-term loans receivable from subsidiaries and affiliates	31,049	44,627
Advances paid	37,519	20,654
Other	6,334	6,694
Allowance for doubtful accounts	(5,157)	(1,957)
<b>Noncurrent assets</b>	<b>1,300,341</b>	<b>1,484,586</b>
<b>Property, plant and equipment</b>	<b>286,462</b>	<b>322,516</b>
Buildings	97,820	103,623
Structures	27,218	31,376
Machinery and equipment	81,360	95,077
Vehicles	281	359
Tools, furniture and fixtures	8,921	10,450
Land	45,743	46,999
Lease assets	18	21
Construction in progress	25,102	34,611
<b>Intangible assets</b>	<b>10,037</b>	<b>12,991</b>
Software	8,293	11,516
Other	1,745	1,475
<b>Investments and other assets</b>	<b>1,003,842</b>	<b>1,149,079</b>
Investment securities	186,801	129,095
Stocks of subsidiaries and affiliates	717,223	918,759
Investments in capital	11	122
Long-term loans receivable	9	7
Long-term loans receivable from subsidiaries and affiliates	92,865	73,682
Long-term advance payments–trade	–	20,467
Long-term prepaid expenses	1,073	935
Other	5,860	6,013
<b>Total assets</b>	<b>1,759,139</b>	<b>1,919,199</b>

(In millions of yen)

Accounts	Previous Non-Consolidated Fiscal Year (As of March 31, 2019)	Non-Consolidated Fiscal Year (As of March 31, 2020)
<b>(Liabilities)</b>	<b>980,916</b>	<b>1,175,000</b>
<b>Current liabilities</b>	<b>677,150</b>	<b>816,838</b>
Notes payable–trade	1,013	846
Accounts payable–trade	62,483	46,876
Short-term loans payable	62,000	239,400
Commercial paper	77,000	139,000
Current portion of bonds payable	20,000	–
Current portion of long-term loans payable	17,015	17,231
Short-term loans payable to subsidiaries and affiliates	293,475	263,817
Lease obligations	13	8
Accounts payable–other	45,681	24,293
Accrued expenses	34,812	35,053
Income taxes payable	11,737	6,782
Advances received	2,931	2,024
Deposits received	4,307	4,493
Provision for grant of shares	60	44
Provision for periodic repairs	5,342	4,043
Provision for removal costs of property, plant and equipment	2,051	1,985
Provision for loss on guarantees	1,402	1,758
Provision for warranties	223	211
Notes payable–alternative payment	3,642	1,315
Other	31,965	27,658
<b>Noncurrent liabilities</b>	<b>303,766</b>	<b>358,162</b>
Bonds payable	20,000	60,000
Long-term loans payable	194,850	221,107
Lease obligations	7	14
Deferred tax liabilities	21,176	5,866
Provision for retirement benefits	60,108	59,111
Provision for grant of shares	172	273
Provision for periodic repairs	306	1,677
Provision for removal costs of property, plant and equipment	2,580	5,755
Provision for warranties	211	–
Long-term guarantee deposits	3,243	3,293
Other	1,113	1,065

Accounts	Previous Non-Consolidated Fiscal Year (As of March 31, 2019)	Non-Consolidated Fiscal Year (As of March 31, 2020)
<b>(Net assets)</b>	<b>778,223</b>	<b>744,199</b>
<b>Shareholders' equity</b>	<b>681,229</b>	<b>680,447</b>
<b>Capital stock</b>	<b>103,389</b>	<b>103,389</b>
<b>Capital surplus</b>	<b>79,417</b>	<b>79,396</b>
Legal capital surplus	79,396	79,396
Other capital surplus	21	—
<b>Retained earnings</b>	<b>502,359</b>	<b>503,652</b>
Legal retained earnings	25,847	25,847
Other retained earnings	476,512	477,805
Reserve for special depreciation	75	36
Reserve for advanced depreciation of noncurrent assets	11,523	12,756
Reserve for special disaster	17	18
Reserve for dividend equalization	7,000	7,000
General reserve	82,000	82,000
Retained earnings brought forward	375,897	375,995
<b>Treasury stock</b>	<b>(3,936)</b>	<b>(5,990)</b>
<b>Valuation and translation adjustments</b>	<b>96,994</b>	<b>63,751</b>
<b>Net unrealized gain on other securities</b>	<b>97,036</b>	<b>63,782</b>
<b>Deferred gains or losses on hedges</b>	<b>(42)</b>	<b>(30)</b>
<b>Total liabilities and net assets</b>	<b>1,759,139</b>	<b>1,919,199</b>

Note: Amounts are rounded to the nearest million yen.

**Non-Consolidated Statements of Income**  
(April 1, 2019 - March 31, 2020)

(In millions of yen)

Accounts	Previous Non-Consolidated Fiscal Year (April 1, 2018 - March 31, 2019)	Non-Consolidated Fiscal Year (April 1, 2019 - March 31, 2020)
Net Sales	665,839	599,972
Cost of sales	516,005	478,696
<b>Gross profit</b>	<b>149,834</b>	<b>121,276</b>
Selling, general and administrative expenses	98,761	100,628
<b>Operating income</b>	<b>51,072</b>	<b>20,648</b>
Non-operating income	65,866	65,602
Interest and dividends income	63,884	62,754
Other income	1,982	2,848
Non-operating expenses	10,260	9,482
Interest expenses	3,639	3,110
Foreign exchange loss	1,480	1,113
Provision for loss on guarantees	1,402	–
Other	3,739	5,259
<b>Ordinary income</b>	<b>106,679</b>	<b>76,768</b>
Extraordinary income	7,427	16,384
Gain on sales of investment securities	6,830	13,679
Gain on liquidation of subsidiaries and affiliates	3	–
Gain on sales of noncurrent assets	593	2,705
Extraordinary loss	11,539	30,788
Loss on valuation of investment securities	19	1,419
Loss on valuation of shares of subsidiaries and affiliates	426	13,160
Loss on disposal of noncurrent assets	4,842	7,955
Impairment loss	150	2,716
Loss on disaster	–	1,994
Business structure improvement expense	6,103	3,543
<b>Income before income taxes</b>	<b>102,566</b>	<b>62,364</b>
Income taxes—current	12,170	5,194
Income taxes—deferred	1,117	(704)
<b>Net income</b>	<b>89,279</b>	<b>57,873</b>

Note: Amounts are rounded to the nearest million yen.

## Independent Auditors' Report (consolidated)

May 20, 2020

The Board of Directors  
Asahi Kasei Corporation

### **PricewaterhouseCoopers Aarata LLC**

Tokyo Office

Designated Limited Liability Partner  
Engagement Partner

Certified Public Accountant Koichiro Kimura

Designated Limited Liability Partner  
Engagement Partner

Certified Public Accountant Yuichiro Amano

Designated Limited Liability Partner  
Engagement Partner

Certified Public Accountant Hideki Godai

### Opinion

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement 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, 2019 through March 31, 2020.

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.

### 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 the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.
- In making those risk assessments, the auditor considers 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, the auditor is 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 the conclusions of the auditor 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. The auditor is responsible for instructing, supervising, and implementing the audit of the consolidated financial statements, and is solely responsible for the audit opinion.

The auditor reports 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.

The auditor reports 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 the auditor's 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 20, 2020

The Board of Directors  
Asahi Kasei Corporation

**PricewaterhouseCoopers Aarata LLC**

Tokyo Office

Designated Limited Liability Partner  
Engagement Partner

Certified Public Accountant Koichiro Kimura

Designated Limited Liability Partner  
Engagement Partner

Certified Public Accountant Yuichiro Amano

Designated Limited Liability Partner  
Engagement Partner

Certified Public Accountant Hideki Godai

**Opinion**

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the accompanying financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets and the related notes, and the accompanying supplementary schedules of Asahi Kasei Corporation (the "Company") for the 129th fiscal year from April 1, 2019 through March 31, 2020.

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, 2020, 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.

**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 the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.
- In making those risk assessments, the auditor considers 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, the auditor is 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 the conclusions of the auditor 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.

The auditor reports 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.

The auditor reports 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 the auditor's 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 129th financial period from April 1, 2019, to March 31, 2020, the Board of Corporate Auditors has prepared this audit report upon deliberations based on the audit reports prepared by each of the Corporate Auditors, and hereby reports as follows:

### 1. Method and Content of Audit Conducted by Corporate Auditors and the Board of Corporate Auditors

- (1) The Board of Corporate Auditors formulated audit policies, audit plans, etc. and set as priority audit items the status of corporate governance, the development and operation status of internal control systems, status of responsible care activities, the development and operation status of risk control, the implementation status of the new medium-term management initiative, etc. Furthermore, in addition to receiving reports from each of the Corporate Auditors regarding the status of implementation of their audits and results thereof, the Board of Corporate Auditors 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 Corporate Auditors set down by the Board of Corporate Auditors and in accordance with the audit policy and audit plans, we, Corporate Auditors, 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 (core operating companies, etc.), 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.

As the Group adopts an "Operating Holding Company" structure, we held liaison meetings with the internal audit division and Corporate Auditors of subsidiaries on a routine basis, thereby examining the effectiveness of the Group's internal control systems.

- 3) We examined the contents of the basic policy on control of the Company presented in the business report and related measures in light of the status of discussions by the Board of Directors and others.
- 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 Corporate Auditors 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.

Additionally, in terms of Responsible Care, we confirmed the effectiveness of measures of the Quality Assurance Department, which was newly established in April 2019 in order to further strengthen the quality assurance system.

- 4) With regard to the implementation status of the new medium-term management initiative, we have confirmed the organizational structure, business strategies, and the status of investment plans for its achievement.
  - 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 Asahi Kasei Corporation, the Board of Directors will keep close watch on any new developments.
  - 6) No matters that necessitate comment were found regarding the basic policy on control of the Company presented in the business report. We acknowledge that the related measures are in line with the basic policy and do not undermine common interests of the Company's shareholders or aim to maintain the positions of the Company's officers.
- (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 21, 2020

The Board of Corporate Auditors  
Asahi Kasei Corporation

Corporate Auditor	Yuji Kobayashi
Corporate Auditor	Masafumi Nakao
Outside Corporate Auditor	Akio Makabe
Outside Corporate Auditor	Tetsuo Ito
Outside Corporate Auditor	Hikoe Konishi