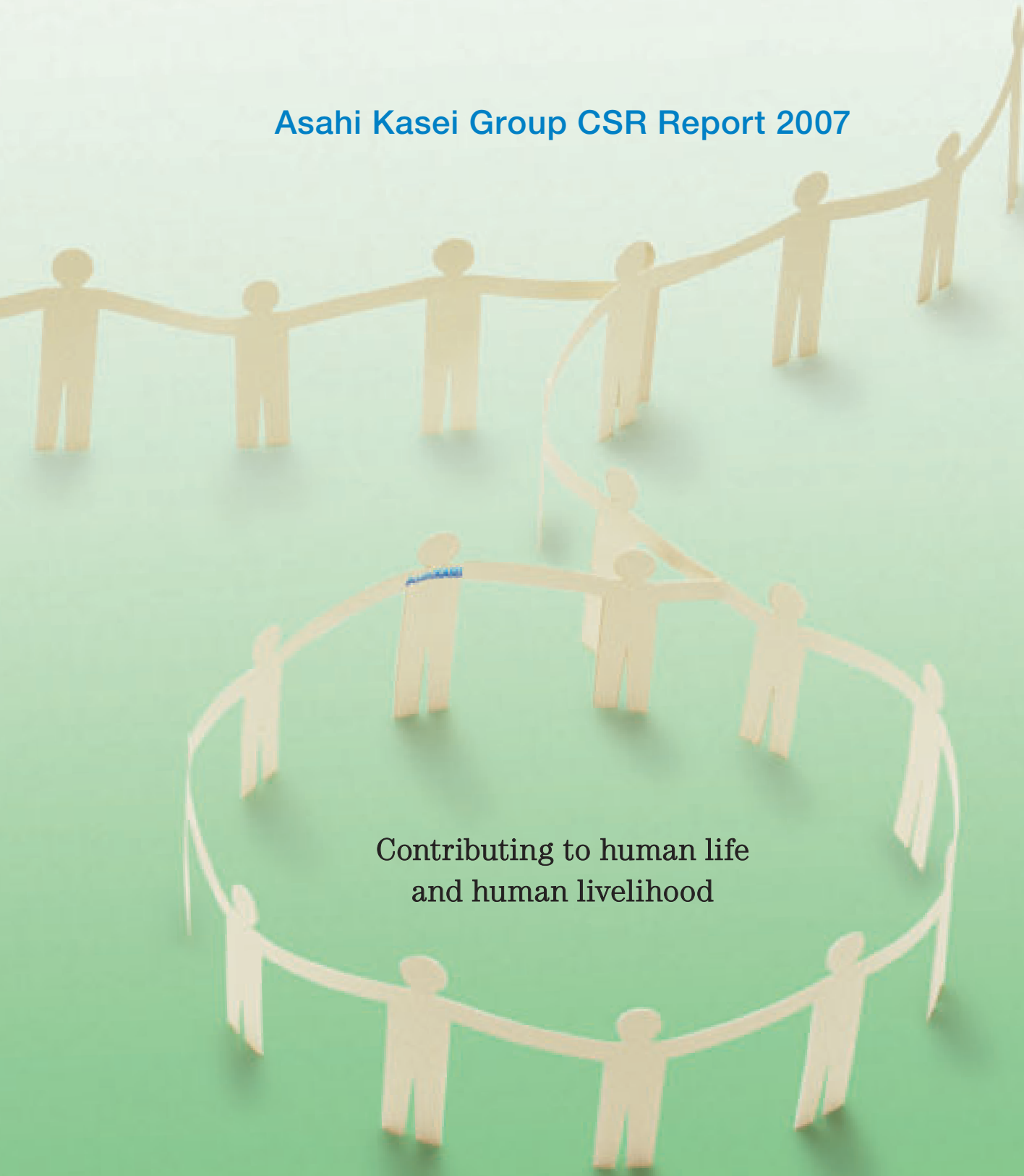
AsahiKASEI

Asahi Kasei Group CSR Report 2007



Contributing to human life
and human livelihood

CSR Report 2007

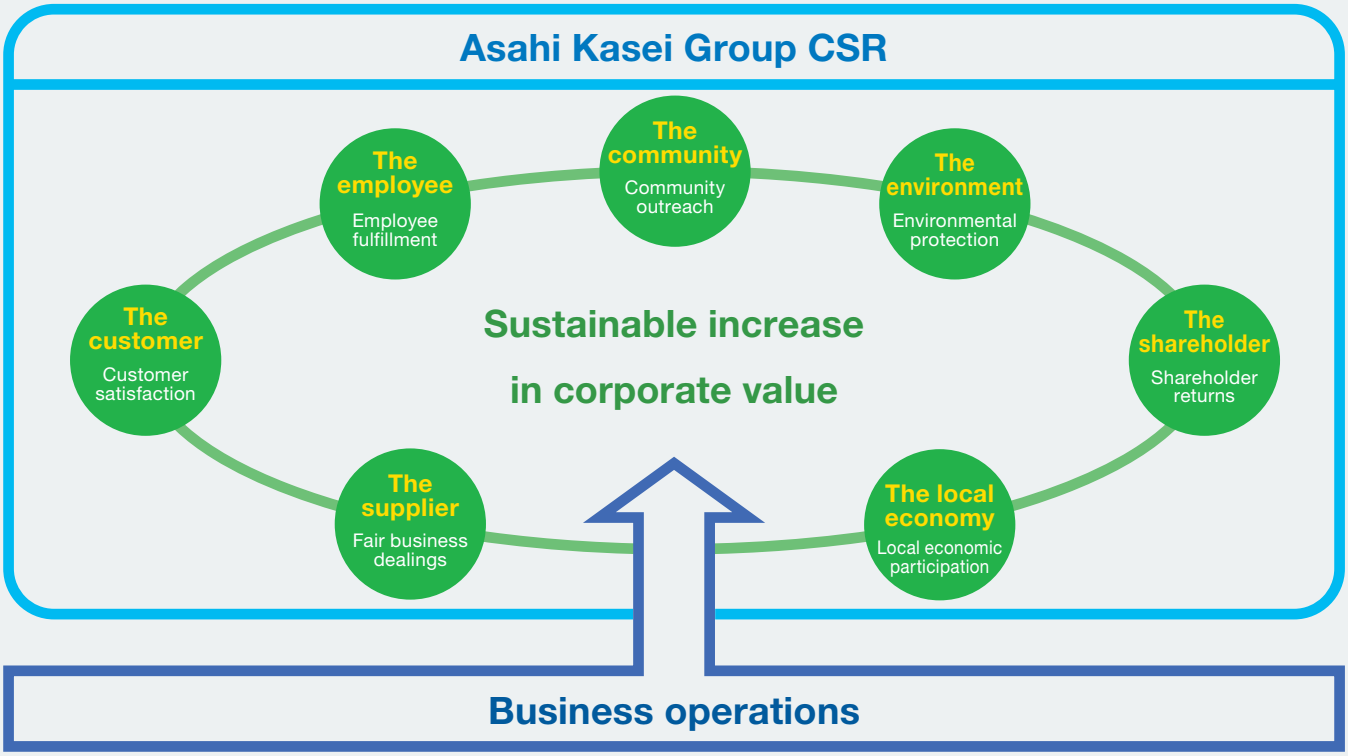
CSR at the Asahi Kasei Group

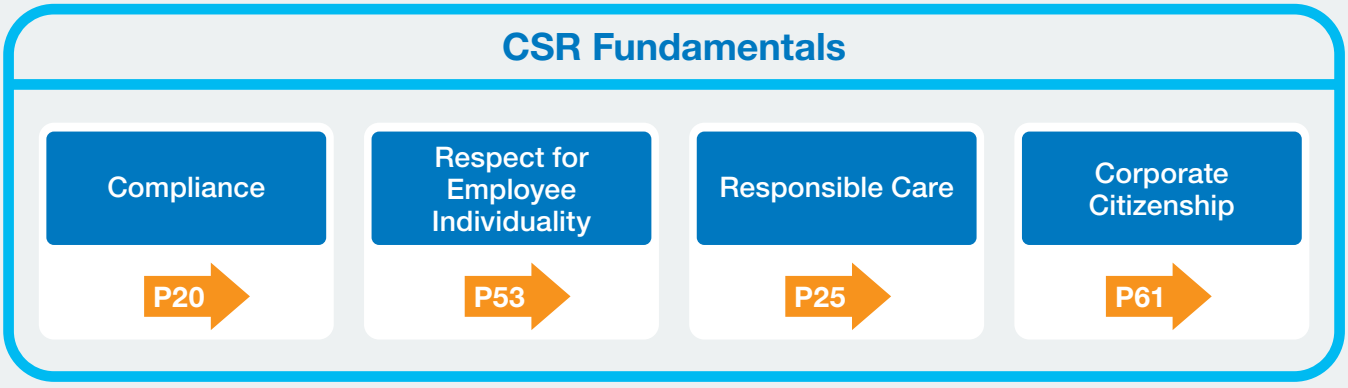
CSR in Action

We believe that CSR is achieved through the sustainable expansion of operations effecting increased corporate value, enabling fulfillment of the needs and expectations of our various stakeholders, in accordance with our basic tenets of contribution to human life and human livelihood through constant innovation and advances based in science and the human intellect.

CSR Fundamentals

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





*Responsible Care represents the commitment and initiative to secure and improve safety and environmental protection at every step of the product life-cycle through the individual determination and responsibility of each firm producing and handling chemical products. As of October 2006, fifty-two countries throughout the world have a Responsible Care program.

Purview of report

Period under review

The primary focus of the report is fiscal 2006 (April 2006 – March 2007), and all data shown corresponds to this period unless otherwise indicated. Some information pertaining to events subsequent to the end of the fiscal has also been included.

Organizational scope

The scope of the report is Asahi Kasei Corporation and consolidated subsidiaries, except with respect to Responsible Care, in which case the scope is the Asahi Kasei Responsible Care Group shown on pp. 78–79.

As shown below, Asahi Kasei has six operating segments corresponding to its core operating companies and an seventh operating segment, Services, Engineering and Others, for the remainder of operations. Unless otherwise specified, the titles and positions of the corporate officers and other personnel shown in this report are current as of June 2007.

Operating segment	Consolidated subsidiaries
Chemicals*	Asahi Kasei Chemicals Corp. and 32 others
Homes	Asahi Kasei Homes Corp. and 20 others
Pharma	Asahi Kasei Pharma Corp. and 4 others
Fibers	Asahi Kasei Fibers Corp. and 19 others
Electronics Materials & Devices	Asahi Kasei EMD Corp. and 7 others
Construction Materials	Asahi Kasei Construction Materials Corp. and 7 others
Services, Engineering and Others	16 consolidated subsidiaries

* Asahi Kasei Life & Living merged with Asahi Kasei Chemicals on April 1, 2007.

Publication

Published June 2007 in Japanese

Guidelines consulted

The Global Reporting Initiative' s *Sustainability Reporting Guidelines*, 2006 edition, and the Japanese Ministry of the Environment' s *Environment Report Guidelines*, 2003 edition, were consulted during the preparation of this report.

Information and reference

Asahi Kasei Group website

www.asahi-kasei.co.jp/asahi/en/

CSR and RC Reports

www.asahi-kasei.co.jp/asahi/en/csr/

Annual Reports

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

Contents

Contributing to human life and human livelihood through environmentally and socially responsible business operations, for sustainable growth of corporate value.

Message from the President

The Asahi Kasei heritage for CSR

The corporate philosophy adopted at our founding in 1931 was supporting the advancement of general living standards with low-price, large-volume supply of high-quality materials for daily necessities. The initial business portfolio centered on manmade fibers and basic chemicals was expanded over the decades to include petrochemicals, electronic parts and materials, pharmaceuticals and medical devices, and housing and construction materials.

In 2001 the company name was changed from Asahi Chemical Industry Co., Ltd. to Asahi Kasei Corporation, and "We the Asahi Kasei Group, through constant innovation and advances based in science and the human intellect, will contribute to human life and human livelihood" was adopted as our basic tenets. These basic tenets are at the heart of corporate social responsibility (CSR) for the Asahi Kasei Group.

Environmentally and socially responsible business operations

We have worked to heighten our performance with respect to CSR-related issues for several years. We began implementing our Responsible Care environmental management system in 1995 and established our Corporate Ethics Committee in 1998. The CSR Council, which I, as President of Asahi Kasei, chair, adopted the CSR Fundamentals of Compliance, Respect for Employee Individuality, Responsible Care, and Corporate Citizenship as part of our framework for CSR throughout the Asahi Kasei Group.

Tasks ahead

Our *Growth Action – 2010* strategic business plan involves the expansion of overseas operations. We are gaining more international stakeholders as we increase the number of overseas production bases and foreign personnel, especially in Asia, requiring greater knowledge and awareness of local business standards and practices as we effect the sustainable growth of operations. The CSR Council will guide the advance of our CSR Fundamentals throughout our expanding global operations.

Basic Credo of the Asahi Kasei Group

Basic tenets

We the Asahi Kasei Group, through constant innovation and advances based in science and the human intellect, will contribute to human life and human livelihood.

Guiding precepts

We will...
... create new value, thinking and working in unison with the customer, from the perspective of the customer.
... respect the employee as an individual, and value teamwork and worthy endeavor.
... contribute to our shareholders, and to all whom we work with and serve, as an international, high earnings enterprise.
... strive for harmony with the natural environment and ensure the safety of our products, operations, and activities.
... progress in concert with society, and honor the laws and standards of society as a good corporate citizen.

Shiro Hiruta
President, Asahi Kasei
Chair, CSR Council

Support for The Global Compact

WE SUPPORT
THE GLOBAL COMPACT

In June 2006 we announced our support for the UN's Global Compact and its ten universal principles. With our RC and compliance programs, we are advancing business operations in accordance with the principles of the Global Compact.

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

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

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

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

Our mission – contributing to human life and human livelihood

Shiro Hiruta
President, Asahi Kasei

Interview

Mr. Kazutaka Okubo, CPA
Ernst & Young ShinNihon

Ongoing advancement of Responsible Care, providing safe and reliable products

Mr. Okubo: With the many corporate ethical lapses and product safety incidents in recent years in Japan leading to increased public mistrust, it seems to me that securing people's trust and confidence in a company and its products and services has become more important than ever for corporate survival.

Hiruta: At Asahi Kasei we have always believed in ensuring the health and safety of our customers, the communities near our plants, and our plant workers as a fundamental precondition to all production activity. Following the industrial revolution, first workplace safety and hygiene became a focus of attention, followed by air pollution, product liability, and industrial waste disposal. We now have to maintain a keen awareness of the many social and environmental effects of our operations throughout the world.

With operations centered on chemistry, we began our Responsible Care program in 1995 to minimize the negative effects of operations on the environment, safety, and health throughout the entire product cycle from R&D and production to distribution, use, and disposal.

Products and technologies that address society's problems

Mr. Okubo: I feel that businesses share in the responsibility to address environmental problems and other problems facing society through their products and services. What is Asahi Kasei doing along these lines?

Hiruta: One goal of our *Growth Action — 2010* management initiative is the global expansion of operations. A major focus is the development of overseas markets for high value-added products using our original technology, especially in growth markets such as China. China is now approaching a stage in its economic development similar to what happened during Japan's high-growth period, with people becoming more aware of environmental problems such as water pollution, and there is greater public demand for better environmental quality.

One example of such a problem-solving business in China is our assembly plant for water treatment modules in Hangzhou. This is both good business for us and will make an important contribution to improving water quality in China, as demand for water treatment systems using advanced technology continues to grow. Another example is our artificial kidney assembly plant, also in Hangzhou. One unfortunate effect of China's economic development is going to be an increasing number of diabetes patients who require hemodialysis. Our operation in China will play a vital role in meeting the country's growing needs for artificial kidneys and other advanced medical devices.

These are just two recent examples. Our basic approach to business has always been to use our wide range of technology to produce things that are useful to society, things that help meet society's needs.

Mr. Kazutaka Okubo, CPA

Ernst & Young ShinNihon

Graduated from Keio University, Faculty of Law, Department of Law. Active as an advisor to private enterprise and governmental agencies in the areas of compliance, internal control, and CSR.

Mr. Okubo: A lot of companies engage in fellowship and outreach programs to foster trust with the local community, but it seems to me that such programs often fail to align with the community's true interests and concerns.

Hiruta: Every one of our production facilities depends on the genuine understanding and support of the surrounding community in order to operate. I think it's important that we always find meaningful ways to invest some of our resources in ways that the community appreciates and welcomes. Ideally this is something that makes use of the particular characteristics of our business. For one thing, as a chemical manufacturer, there is a lot of science and technology being applied at our plants. We have long held plant tours for local elementary and middle school students, and have also had some of our engineers visit local schools to demonstrate and describe some of the science and technology we use. At a time when it is said that Japanese students are losing interest in the physical sciences, we believe this is a great way to show kids how interesting it really is, in practical application right in their own communities.

Employees who think beyond conventional boundaries, seeking challenge and change

Mr. Okubo: I think one competitive advantage Japanese companies have over western firms with a top-down management style is that each employee is sensitive to the needs of society and uses their own perception in business operations.

Hiruta: I think there was a time when that was true, but I'm afraid that at Asahi Kasei and in Japan in general this advantage has weakened. We issued our Asahi Kasei Group Human Resources Credo in March 2006 as part of a drive to reinvigorate operations. As a part of this, we ask people to go beyond conventional boundaries in both thought and action. Our success or failure as a business ultimately depends on each individual employee. We are advancing employee education and training in accordance with our Human Resources Credo, to recapture the enterprising spirit that has long been a key element of our heritage of growth and development through innovation and advances into challenging new fields and endeavors.

Hide nothing, never lie

Mr. Okubo: As I see many of the recent cases of corporate misconduct and product safety incidents, it often seems that companies invite a bigger backlash by focusing narrowly on legal compliance and failing to implement the kind of proactive response which provides genuine reassurance. I feel that companies need to improve their risk management capabilities in order to avoid this outcome when dealing with such situations.

Hiruta: We have always instructed our employees that, whenever there is a case of public unease or anxiety about our operations, they must hide nothing and above all never lie. There are often cases where we don't really know all the facts. In such a situation, we can't wait for complete certainty; a delay just serves to raise public suspicions. We simply have to disclose what we know and be honest about what we don't know. Issues related to asbestos exposure are a case in point. Although any causal connection with occupational asbestos exposure remains uncertain, we disclosed the number of former employees had died from or who were being treated for mesothelioma. Timely disclosure of the facts as they become clear is a basic principle.

Asahi Kasei Group overview

Rooftop garden on a Hebel Haus™ unit home

Holding company/core operating company structure

The Asahi Kasei Group is structured with Asahi Kasei Corp. as holding company and Asahi Kasei Chemicals Corp.*, Asahi Kasei Homes Corp., Asahi Kasei Pharma Corp., Asahi Kasei Fibers Corp., Asahi Kasei EMD Corp., and Asahi Kasei Construction Materials Corp. as core operating companies focused on specific industry fields.

The six core operating companies enjoy broad independence and autonomy to swiftly adapt and respond to changes in the operating environment. The holding company is focused on strategic planning & analysis, administration of resources, oversight of management execution, and development of new businesses which extend beyond the scope of any single operating segment.

Holding Company Configuration

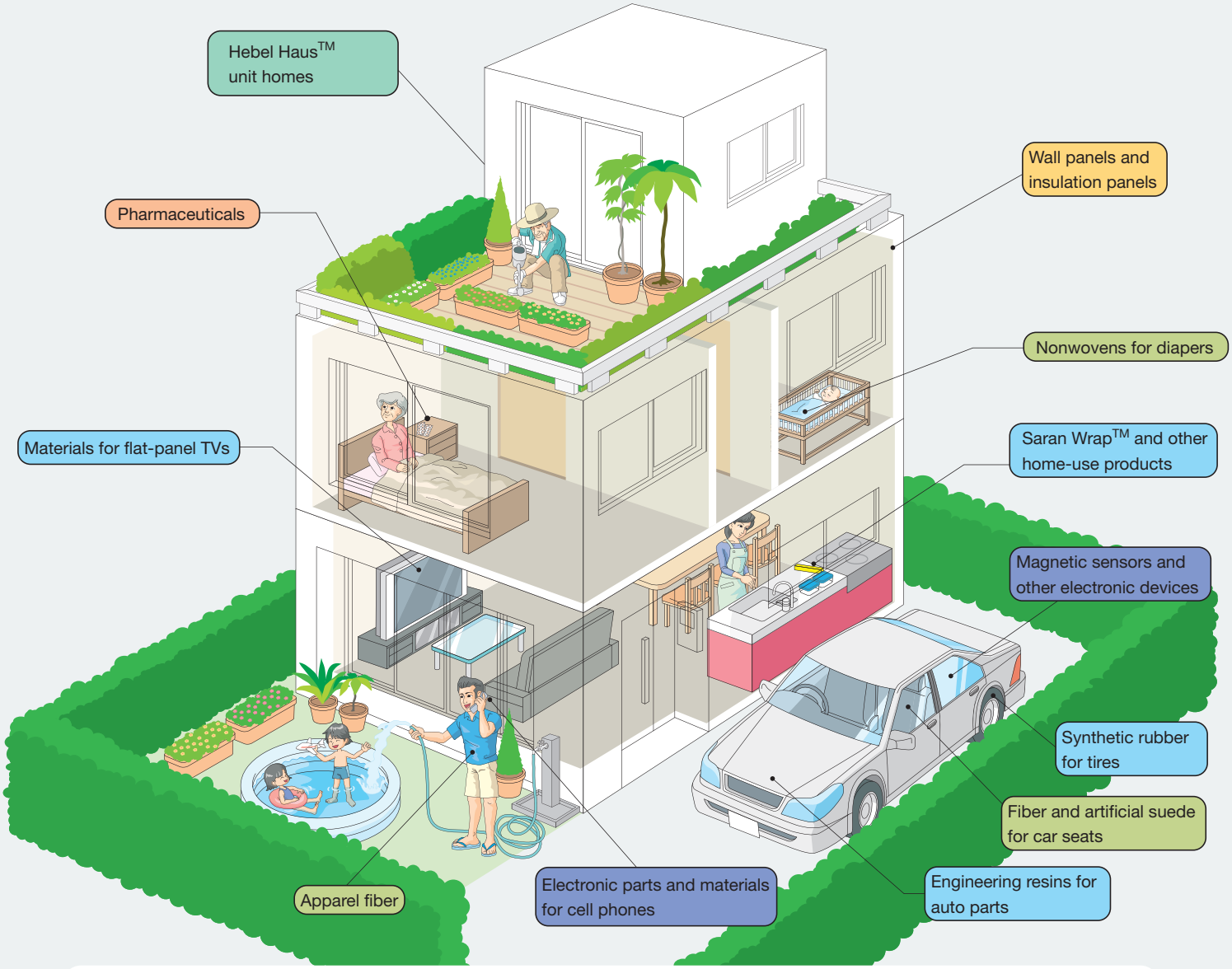
ASAHI KASEI CORPORATION

- Strategic planning & analysis
- Administration of resources
- Oversight of management execution
- Development of new businesses

- Asahi Kasei Chemicals
- Asahi Kasei Homes
- Asahi Kasei Pharma
- Asahi Kasei Fibers
- Asahi Kasei EMD
- Asahi Kasei Construction Materials

* Asahi Kasei Life & Living merged with Asahi Kasei Chemicals on April 1, 2007.

Asahi Kasei products and technologies in everyday life



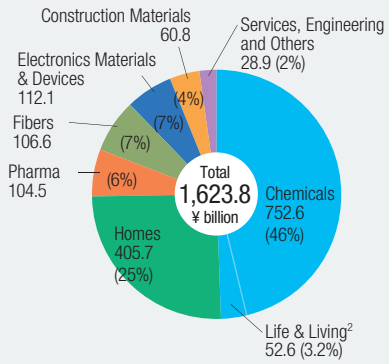
Major products by operating segment

Chemicals	*Chemicals and derivative products* Ammonia, nitric acid, caustic soda, high-compound fertilizers, acrylonitrile (AN), styrene, adipic acid, methyl methacrylate (MMA), polymethyl methacrylate (PMMA). *Polymer products* Suntec™ polyethylene (PE), Stylac™-AS styrene-acrylonitrile, Stylac™-ABS acrylonitrile-butadiene-styrene, synthetic rubber and elastomer, Tenac™ polyacetal, Xyron™ modified polyphenylene ether (mPPE), Leona™ nylon 66 polymer and filament. *Specialty products* Coating materials, latex, Ceolus™ microcrystalline cellulose, explosives, explosion-bonded metal clad, APR™ photosensitive resin, AFP™ photosensitive plates, printing plate making systems, Microza™ UF and MF membranes and systems, Hipore™ microporous membrane, ion-exchange membranes and electrolysis systems. *Home products* Saran Wrap™ cling film, Ziploc™ storage bags, film, sheet, foam.
Homes	Hebel Haus™ houses, Hebel Maison™ apartments, condominiums, remodeling, real estate, residential land development, home financing.
Pharma	Elcitonin™, Bredinin™, Flivas™, Toledomin™, and other pharmaceuticals, pharmaceutical intermediates, functional food additives, diagnostic reagents, APS™ artificial kidneys, Sepacell™ leukocyte reduction filters, Cellsorba™ leukocyte adsorption columns, Planova™ virus removal filters, contact lenses.
Fibers	Roica™ elastic polyurethane filament, Eltas™ spunbond, Lamous™ artificial suede, and other nonwovens, Bemberg™ cuprammonium rayon, polyester filament.
Electronics Materials & Devices	Pimel™ photosensitive polyimide precursor (PSPI), Sunfort™ photosensitive dry film resist (DFR), photomask pellicles, Luminous™ plastic optical fiber, LSIs, Hall elements, glass fabric.
Construction Materials	Hebel™ autoclaved lightweight concrete (ALC) panels, steel-frame structural components, piles and foundation systems, Neoma™ foam insulation panels, artificial fish reefs and marine structures.
Services, Engineering & Others	Plant engineering, environmental engineering, personnel staffing and placement, think tank services.

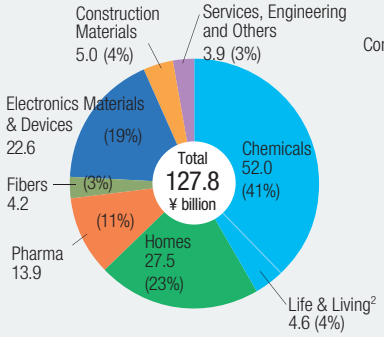
Operating segment information

Six operating segments correspond to the businesses of the core operating companies. A seventh operating segment, Services, Engineering and Others, comprises the remainder of business.

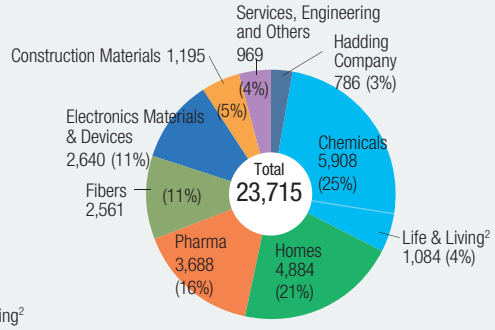
FY 2006 net sales



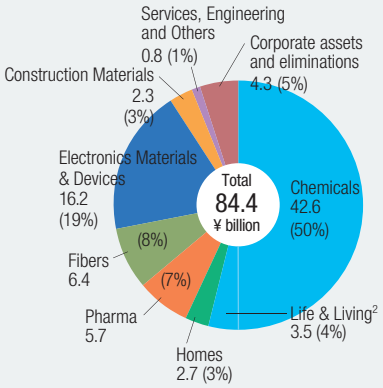
FY 2006 consolidated[1] operating profit



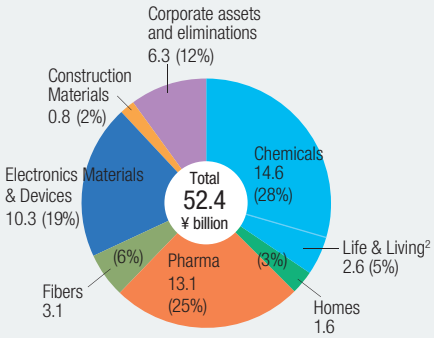
Employees
(as of March 31, 2007)



FY 2006 capital expenditure



FY 2006 R&D expenditure



[1] Corporate expenses and eliminations were ¥5.8 billion.
[2] Asahi Kasei Life & Living merged with Asahi Kasei Chemicals on April 1, 2007.

Growth Action – 2010

Our *Growth Action – 2010* strategic business plan for fiscal 2006–2010 is directed toward greater corporate value and brand strength, utilizing our competencies in wide-ranging technologies, multifaceted business models, and access to diverse markets, while creating new global businesses whose growth is unimpeded by the limits of the mature Japanese economy.

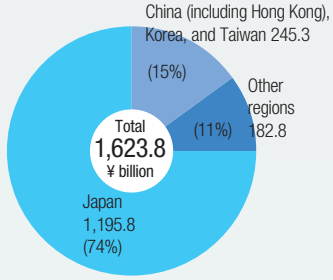
Strategic investment on the order of ¥400 billion is planned for the five-year period in addition to ordinary investment of ¥70–80 billion per year. Performance targets for fiscal 2010 include ¥1,800 billion in sales, ¥150 billion in operating profit, and maintaining ROE of at least 10%.

Ichiro Itoh
Director, Vice-Presidential Executive Officer
Strategy; Accounting & Finance
Asahi Kasei Corp.

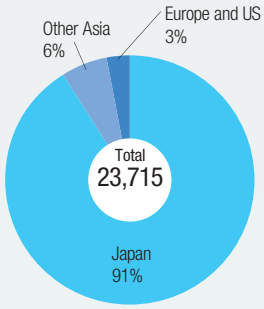
Geographical information

We have 23 major production locations throughout Japan, including Nobeoka, Miyazaki Prefecture, the place of our historic roots; Mizushima, Kurashiki, Okayama Prefecture; Fuji, Shizuoka Prefecture; and Kawasaki, Kanagawa Prefecture. Overseas sales were ¥428 billion, 26% of total consolidated net sales for fiscal 2006.

FY 2006 sales by region



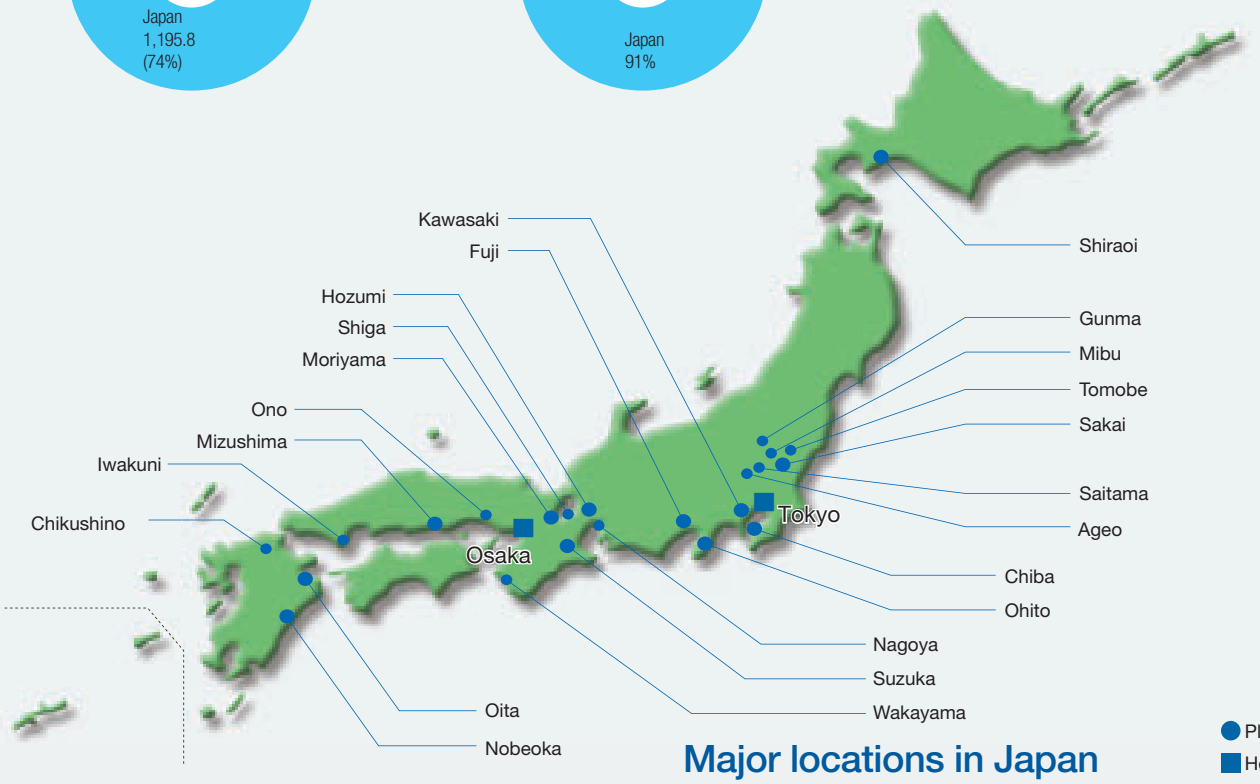
Employees by region



Consolidated subsidiaries

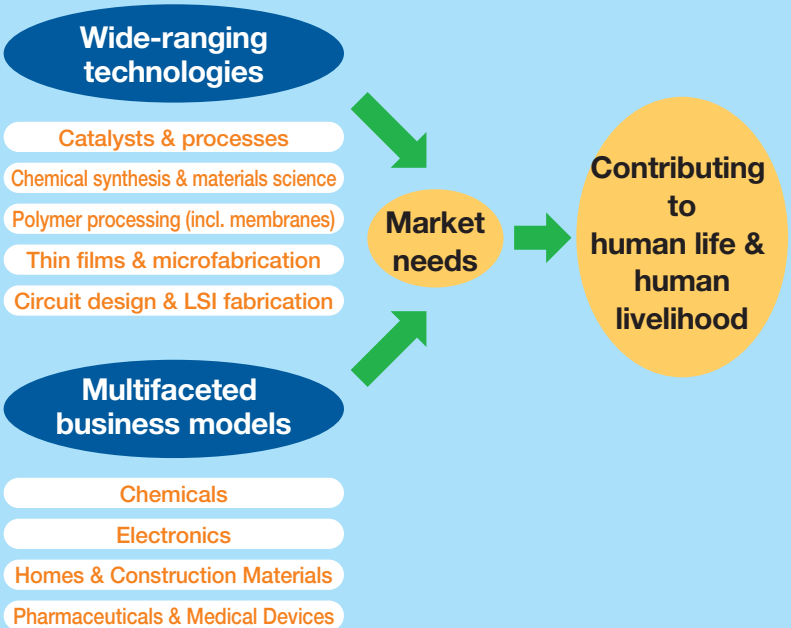
(as of March 31, 2007)

Japan	79
Other Asia	14
Europe	10
United States	8
Total	111



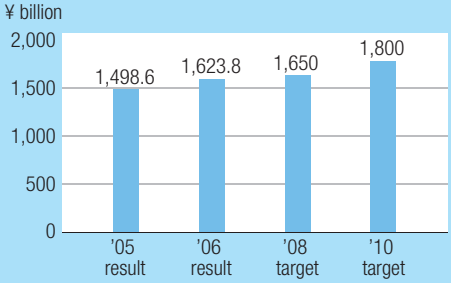
Major locations in Japan

Growth Action – 2010 Framework

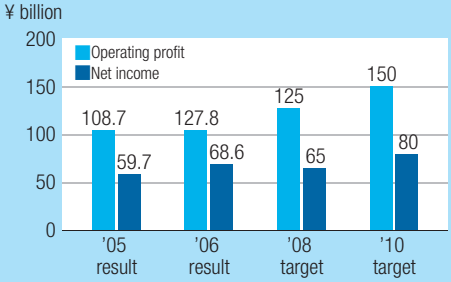


Growth Action – 2010 Targets

Sales



Operating Profit and Net Income



Products contributing to environment and society

Conserving water with Microza™ MF

Microza™ microfiltration (MF) systems are used to clarify water by filtering out microscopic particles with hollow-fiber membranes. With its outstanding performance and durability, Microza™ is increasingly used in China and other high-growth regions in Asia for the large-scale treatment of municipal and industrial wastewater, both to reduce the environmental burden of effluent and in closed systems for purification and reuse.

In the United States, where drinking water regulations require the removal of the pathogenic microbe *Cryptosporidium*, waterworks facilities are increasingly adopting membrane filtration systems, with Microza™ being selected for many of the largest-scale projects.

Microza™ MF water treatment system in the US

Sachio Asanagi
General Manager
Microza System Sales & Marketing Dept.
Microza & Water Processing Division
Asahi Kasei Chemicals

Biomass/biodegradable containers

Green Promax™ cups and containers from Asahi Kasei Pax are made of biodegradable polylactic acid (PLA), a vegetable-derived biomass plastic. While strong and durable in ordinary use, Green Promax™ products will quickly degrade when disposed of in a composter. These cups were used at Aichi Expo 2005, and are now used by Mos Food Services, Inc. for cold beverages at all of its Mos Burger fast-food shops.

Green Promax™ cups used at Mos Burger shops

Bemberg™ regenerated cellulose fiber

Bemberg™ is a resource-conserving regenerated fiber produced without any petroleum-based material. It is made from cotton linter, the short fibers that remain on cotton seeds after the cotton staple fibers have been removed. Bemberg™ from Asahi Kasei Fibers has a market share of over 90% among linter-derived regenerated fibers.

A cotton boll and cotton seeds covered with linter

Kohei Ikeuchi
Lining Fabrics Sales Dept.
Fibers & Textiles Division
Asahi Kasei Fibers

Bemberg™ lining fabric

Electronic compasses

Electronic compasses in cell phones are used with pedestrian navigation systems, to detect which direction the user is facing. The 3-axis electronic compass from Asahi Kasei EMD, by sensing geomagnetic direction in three axes, functions without requiring the phone to be held flat. This advanced usability, together with reliable and precise performance, has earned the world's leading share of the market for electronic compasses.

The 6-axis electronic compass from Asahi Kasei EMD combines a 3-axis geomagnetic sensor with a 3-axis accelerometer. By sensing angle of inclination in addition to direction, this enables a whole new range of functionality. One advanced system using this feature is Magic-C 3D™, the world's first 3-D spatial search service. Developed jointly by Asahi Kasei EMD, NEC Magnus Communications., Ltd., and four other companies, this enables the user to access information about products, services, or events simply by pointing a cell phone at a building and clicking.

The 6-axis compass from Asahi Kasei EMD

Long Life Homes

The concept behind the Long Life Home series of Hebel Haus™ products is that a home is a social asset to be passed on for generations. This requires not only lasting physical durability, but also features to reduce the environmental burden and to maintain comfort over the long term. With such products, Asahi Kasei Homes helps serve the interests of sustainability for society.

The Hebel Haus™ seismic damping frame

Kentarou Minoura
Gifu Dept.
Chubu Housing Division
Asahi Kasei Homes

The Hebel Haus Greenplus™ featuring rich greenery in a confined urban setting

Neoma™ foam insulation panels

Neoma™ high-performance phenolic foam insulation panels from Asahi Kasei Construction Materials are produced with an environmental foaming process that uses no CFC foaming agents which damage the stratospheric ozone layer. Featuring high insulating performance in exterior-wall outer insulation and many other installation configurations, Neoma™ panels also contribute to energy conservation in residential, commercial architectural, and industrial applications.

Ecoefficient Neoma™ panel

Installation example

Masato Sone
West Japan Insulation Materials Sales Dept.
Insulation Materials Division
Asahi Kasei Construction Materials

Flivas™ for a better quality of life

The Flivas™ therapy sold by Asahi Kasei Pharma is used to treat benign prostatic hyperplasia (BPH), or prostate enlargement, a condition which affects some 460 thousand* patients in Japan. Symptoms include frequent urination with a low volume of discharge each time; the frequency may be so high as to prevent a normal sleeping cycle. Such symptoms severely inhibit the patient's ability to enjoy a normal lifestyle. By alleviating these symptoms, Flivas™ helps patients regain a better quality of life.

Naoki Hirabayashi
Scientific Affairs Dept.
Pharmaceuticals Business Administration

Flivas™ therapy for BPH

* Ministry of Health, Labor and Welfare estimate for 2005.

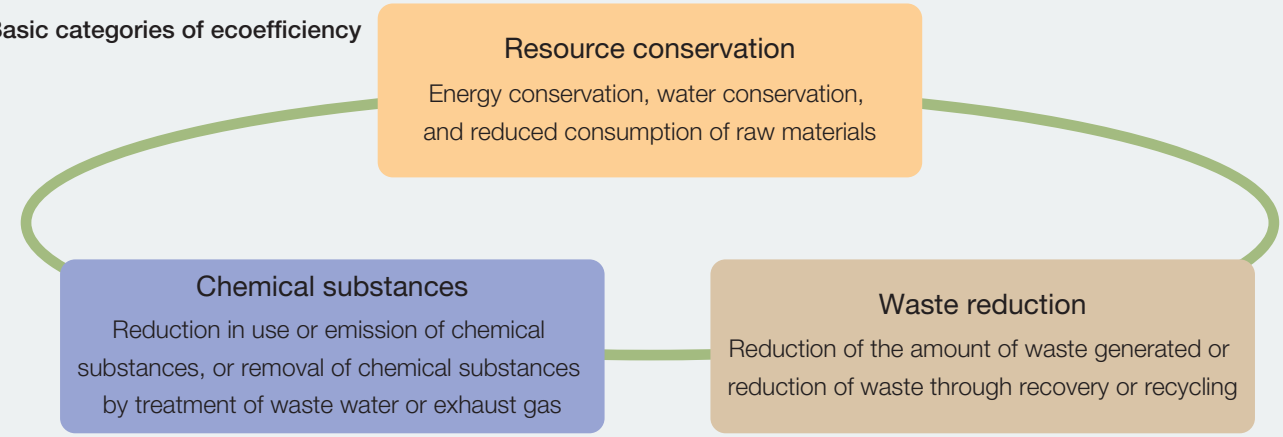
Eco-Products 2006

The Asahi Kasei Group held an exhibit at "Eco-Products 2006", hosted by the Japan Environmental Management Association for Industry and the Nihon Keizai Shimbun. The exhibition of environmentally friendly products and services is the largest in Japan, with over 150 thousand visitors in 2006. In addition to showcasing some of our environmental products and services, our exhibit included a description of how biodegradable plastic returns to the soil and a demonstration of water purification using membrane filtration designed for easy understanding by elementary and middle school students.

Ecoefficient Products and Technologies

Asahi Kasei Group guidelines and standards for evaluation of the ecoefficiency of products use LCA* and other methods to determine the relative environmental impact of products and technologies throughout the product life cycle in comparison with conventional alternatives.

Basic categories of ecoefficiency



Ecoefficient technologies

Operating segment	Company	Technology	Ecological aspects	Category			
				Resource conservation	Chemical substances	Waste reduction	Other†
Chemicals	Asahi Kasei Chemicals	Methyl methacrylate production process by direct oxidative esterification	Eliminates ammonium sulfate byproduct.	●		●	
		Phosgene-free, methylene chloride-free polycarbonate production process	Eliminates the need for the hazardous phosgene as reactant and methylene chloride as solvent.		●		
		Cyclohexanol process via cyclohexene	Resource-efficient process with minimal waste gas and waste liquid.	●		●	
		N_2O decomposition process	Reduces N_2O gas release from adipic acid (nylon 66 intermediate) production.		●		
		PAOSS (cushioning design system)	Design simulation to minimize the amount of cushioning material used.	●			
	Asahi Kasei Techno Plus	Suwming™ process	System for rapid adsorption of VOCs which cause sick house syndrome.		●		
	Asahi Kasei Clean Chemical	SEAS™ process	Biological water treatment technology generating 1/20 the excess sludge of ordinary process.	●			
Fibers	Asahi Kasei Fibers	PET chemical recycling process	Recycling of used PET bottles and polyester fiber.	●		●	
Construction Materials	Asahi Kasei Construction Materials	Piling systems with low soil disposal	Eazet™, ATT Column™, and Dynawing™ piling systems enable pile installation with large reduction in amount of waste soil for disposal. The high retaining strength of each pile also enables the use of fewer piles for each foundation, reducing the material and energy required.	●		●	
Services, Engineering and Others	Toyo Kensa Center	Environmental analysis	Capable of analyzing endocrine disruptors and dioxins in addition to ordinary environmental analyses.				○

* Life cycle assessment. A method of analyzing the environmental impact throughout a product life cycle from material selection, to production, use, and disposal.
† Biodegradability or measurement, analysis, or consulting related to environmental protection.

Ecoefficient products

Operating segment	Company	Product	Ecological aspects	Category			
				Resource conservation	Chemical substances	Waste reduction	Other*
Chemicals	Asahi Kasei Chemicals	Halogen-free flame-retardant acrylonitrile-butadiene-styrene resins	Flame retardance without using halogens.		●	●	
		Styrene-butadiene latex coating for moisture-resistant paper and release paper	Enables production of recyclable moisture-resistant paper and release paper.			●	
		Asaclean™ purging agent for plastic molding machines	Reduces the amount of waste during material changeover.	●		●	
		Buster Mild™ liquid cleaning agent	Made of 100% natural ingredients to prevent soil and air pollution.		●		
		Duranate™ MF-K HDI-based polyisocyanate	Enables low-temperature curing (90℃) for energy conservation.	●	●		
		Asahi Kasei PCDL™ polycarbonate diol	For polyols with outstanding hydrolysis resistance, as water-soluble paints and adhesives. Reduces VOC emissions from solvents.	●	●		
		Elease™ halogen-free cleaning agent	Metal cleaning, precision cleaning, electronics cleaning without ozone-depleting halogen compounds.		●		
		Aciplex™ F ion-exchange membrane	Eliminates the need for asbestos and mercury in chlor-alkali production.		●		
		Microza™ MF and UF modules and systems	Purification of drinking water, treatment of waste water; enables closed water systems in industrial and commercial applications.	●	●		
		Acclima™	Saran™ fiber biological membrane carrier for water treatment.		●		
		Ecoloop™ film	Made from punch-out scrap from biaxially oriented polystyrene sheet. Eco Mark and Mebius Loop mark certified.	●		●	
		Bioclear™	Biodegradable plastic used in envelope windows, etc. Certified as “GreenPla” by the Biodegradable Plastics Society.	●		●	○
	Asahi Kasei Geotechnologies	Shirasu Balloon Paint™	Coatings with thermal barrier and insulation function, for energy conservation.	●			
		AK Apeck Sheet™	Capping sheet for landfills. Prevents hazardous substances from emerging.		●		
	Asahi Kasei Home Products	Grease trap cleaning product series	Improved kitchen hygiene, prevention of grease release in wastewater.		●		
	Asahi Kasei Pax	Green Promax™	Containers and cups made of biodegradable plastic.	●	●	●	○
		Super Conex™	Containers made of plastic and paper to reduce plastic usage and facilitate separation for disposal.	●	●	●	○
	Asahi Kasei Clean Chemical	Environmental reagents	Microbial enzymes and chemical deodorants used to accelerate bioprocessing, for sludge volume reduction, and for deodorization of waste water.		●	●	
	Chisso Asahi Fertilizer	Long™ coated fertilizer and Ecolong™ environmentally degradable coated fertilizer	Controlled release of fertilizer to avoid excessive application. Photodegradable, biodegradable coating is restored to the natural cycle.	●			○
Homes	Asahi Kasei Homes	Long Life Home products	60-year durability enables reduction of waste from demolition and rebuilding.	●		●	
Pharma	Asahi Kasei Pharma	Q-chan™ dehydrated microbe fertilizer	Residue from coenzyme Q10 production is dehydrated and sold as organic fertilizer.			●	
	Asahi Kasei N&P	Dehydrated microbe fertilizer no. 2 (Hokkaido No. 2813)	Surplus sludge from treatment of waste liquid from fermentation is dehydrated and sold as organic fertilizer.			●	
Fibers	Asahi Kasei Fibers	Bemberg™ regenerated cellulose filament	Made from natural cotton linter, biodegradable. Eco Mark certification for products containing at least 70% Bemberg™. Oeko-tex 100 certified.			●	○
		Bemliese™ regenerated cellulose nonwoven	Made from natural cotton linter, biodegradable. Eco Mark certification for Haize™ gauze, made from Bemliese™.			●	○
		Ecosensor™ polyester	Chemically recycled from post-consumer PET bottles and other used polyester products. Eco Mark certified.	●		●	
		Eutec™ oil-water separators	Waste reduction by extending usable life of industrial cleaning agents and treating bilge water.		●	●	
		Eltas™ EL, ET, and EO series spunbond	Spunbond for civil engineering made with Ecosensor™ chemically recycled polyester. Eco Mark certified.	●		●	
		Lamous™ and Sensuede™ artificial suede	Made without organic solvents. Oeko-tex 100 certified products available.		●		
		Fusion™ and Cubit™ honeycomb-structure cushioning	Oeko-tex 100 certified.		●		
Electronics Materials & Devices	Asahi Kasei Technosystem	Apolarm™ C oil leak detector, Apolarm™ M waste water monitor	Detection of oil leaks and monitoring of industrial waste water for surface oil.				○
Construction Materials	Asahi Kasei Construction Materials	Neoma™ foam	Energy-conserving, CFC-free, phenolic foam insulation panels for houses, buildings, and industry.	●			
Services, Engineering and Others	Asahi Kasei Engineering	Exhaust gas treatment technologies	Elimination of hazardous substances and recovery of useful substances from exhaust gases.	●	●		
		Biorise™	High-performance activated sludge treatment system with wastewater recycling capability when combined with membrane technology.	●	●	●	
		Waste liquid incinerator	Treatment of highly concentrated organic waste liquids, and waste liquids containing inorganic salts.		●	●	
		READ-F	Fluorine-adsorbent resin and wastewater treatment system.		●		

* Biodegradability or measurement, analysis, or consulting related to environmental protection.

Highlights

Planting the Asahi Forest

In March 2007 we concluded an accord with Miyazaki Prefecture, the landowner, and a forestry cooperative for the reforestation of an area of some 20 hectares in Hinokage-cho, on a mountainside overlooking the Gokase River upstream from Nobeoka. The first tree-planting for what will be known as the Asahi Forest was held in April 2007, initiating a program of planting which will extend over a period of five years. The project is part of a program of reforestation by Miyazaki Prefecture to alleviate oscillations between flooding and dry spells by helping to restore the land's natural water retention capacity.

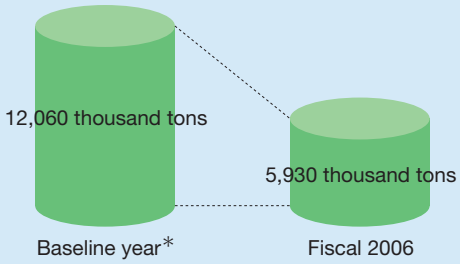
Signing of the accord to plant the Asahi Forest


Asahi Kasei Group employees and former employees join with community volunteers for the first round of planting

Team Minus 6%

The Asahi Kasei Group has joined the Environment Ministry's "Team Minus 6%" campaign for global warming prevention, as we continue to advance our ongoing efforts to reduce greenhouse gas emissions. Our domestic emissions of greenhouse gases in fiscal 2006 were 51% below those in the baseline-year set forth in the Kyoto Protocol.

Asahi Kasei Group domestic greenhouse gas emissions (CO_2-equivalent)



* Fiscal 1990 for CO_2, N_2O, and CH_4; fiscal 1995 for HFCs, PFCs, and SF_6.

Award for Ozone Layer Protection and Global Warming Prevention

At the Ninth Annual Awards for Ozone Layer Protection and Global Warming Prevention, held in September 2006 by Nikkan Kogyo Shimbun Ltd. with the Ministry of Economy, Trade and Industry and the Ministry of the Environment, Asahi Kasei Life & Living received an Award for Superior Merit in recognition of its development of a fluorocarbon-free process to produce high-performance foamed products.


Suntec Foam™ cushioning produced with the fluorocarbon-free process


At the award ceremony

Asahi Kasei Life & Living had used fluorocarbon foaming agents in the production of foamed plastic cushioning and insulation materials. The new production process uses butane gas as foaming agent. Butane does not contribute to ozone-layer depletion, and it has a much lower global warming potential than the fluorocarbon agents it replaces.

Asahi Kasei Life & Living merged with Asahi Kasei Chemicals on April 1, 2007

Award for countering global warming

In December 2006 Asahi Kasei Chemicals and Asahi Kasei Engineering received the Environment Minister's Award for Countering Global Warming, in recognition of their development and application of technology to reduce emissions of the greenhouse gas nitrous oxide.

Equipment for N_2O decomposition

Receiving the award

Nitrous oxide (N_2O) is a byproduct generated in the production of the nylon intermediate adipic acid. The technology cited in the award is used for the thermal decomposition of N_2O into nitrogen and oxygen, reducing CO_2-equivalent greenhouse gas emissions by some six million tons annually.

The Asahi Woods of Life

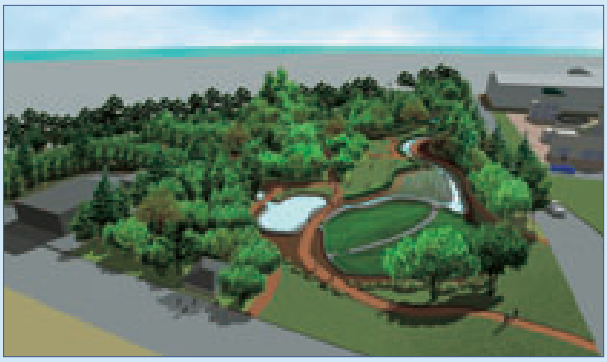


Illustration of the Asahi Woods of Life in 7–8 years

In conjunction with the construction of a new R&D center at the Asahi Kasei Group plant and laboratory complex in Fuji, Asahi Kasei Homes is creating an environmental vitality zone including woods, thickets, marshes, ponds, and streams. The area of approximately one hectare, called the Asahi Woods of Life, will be nurtured to recreate the diverse natural habitat of vegetation native to the region in the foothills surrounding Mt. Fuji.

Eco-Rail Mark certification

Corporate certification to use the Eco-Rail Mark was received from Railway Freight Association by Asahi Kasei Chemicals in May 2006 and by Asahi Kasei Fibers in September 2006. Certification to use the Eco-Rail Mark is granted in recognition of preferential shipment of products by rail as an ecological mode of transport. Rail transport results in one eighth the CO_2 emissions of truck transport for a given weight and distance.

The Eco-Rail Mark

The Global Compact

WE SUPPORT
THE GLOBAL COMPACT

In June 2006 we announced our support for the UN's Global Compact and its ten universal principles in the areas of human rights, labor, the environment, and anticorruption. The Global Compact is a framework for businesses that are committed to aligning their operations and strategies with the ten principles. Over 1,300 companies around the world have joined in support.

For the Asahi Kasei Group, with operations centered around chemicals, the ten principles will provide a valuable touchstone as we advance our Responsible Care program for environmental protection and enhance measures to ensure thorough legal compliance.

Basic Framework for community fellowship initiatives

In May 2006 our Community Fellowship Committee, part of our CSR Council, adopted “education and development of the next generation” as the Basic Framework for community fellowship initiatives throughout the Asahi Kasei Group. Over the years we have implemented a wide range of such initiatives, including visits by our engineers to nearby schools to explain and demonstrate science and technology, production technology internships for technical college and university students, and athletic lessons by our track and judo teams.

Open Office Day in Tokyo

“Open Office Day” was held in August 2006, with employees at the several Asahi Kasei Group offices in Tokyo bringing their children to visit their workplace, and gathering at our Head Office to observe and take part in a variety of science and technology demonstrations and experiments, including the filtration of juice to obtain clear water. While several of our production sites have held “bring your child to work” days, this was the first such event at our Tokyo offices. A total of 279 parents and children, of 103 families, took part.

Sitting at dad’s desk

A science demonstration

The Asahi Kasei Disaster Volunteer Club

In June 2006 we established the Asahi Kasei Disaster Volunteer Club in support of an initiative by Nobeoka City to enhance the city’ s capacity to withstand natural disasters. Some 320 Asahi Kasei Group employees and former employees have registered as members. The club performed its first service in September 2006, providing 25 volunteers to help the recovery effort after a typhoon.

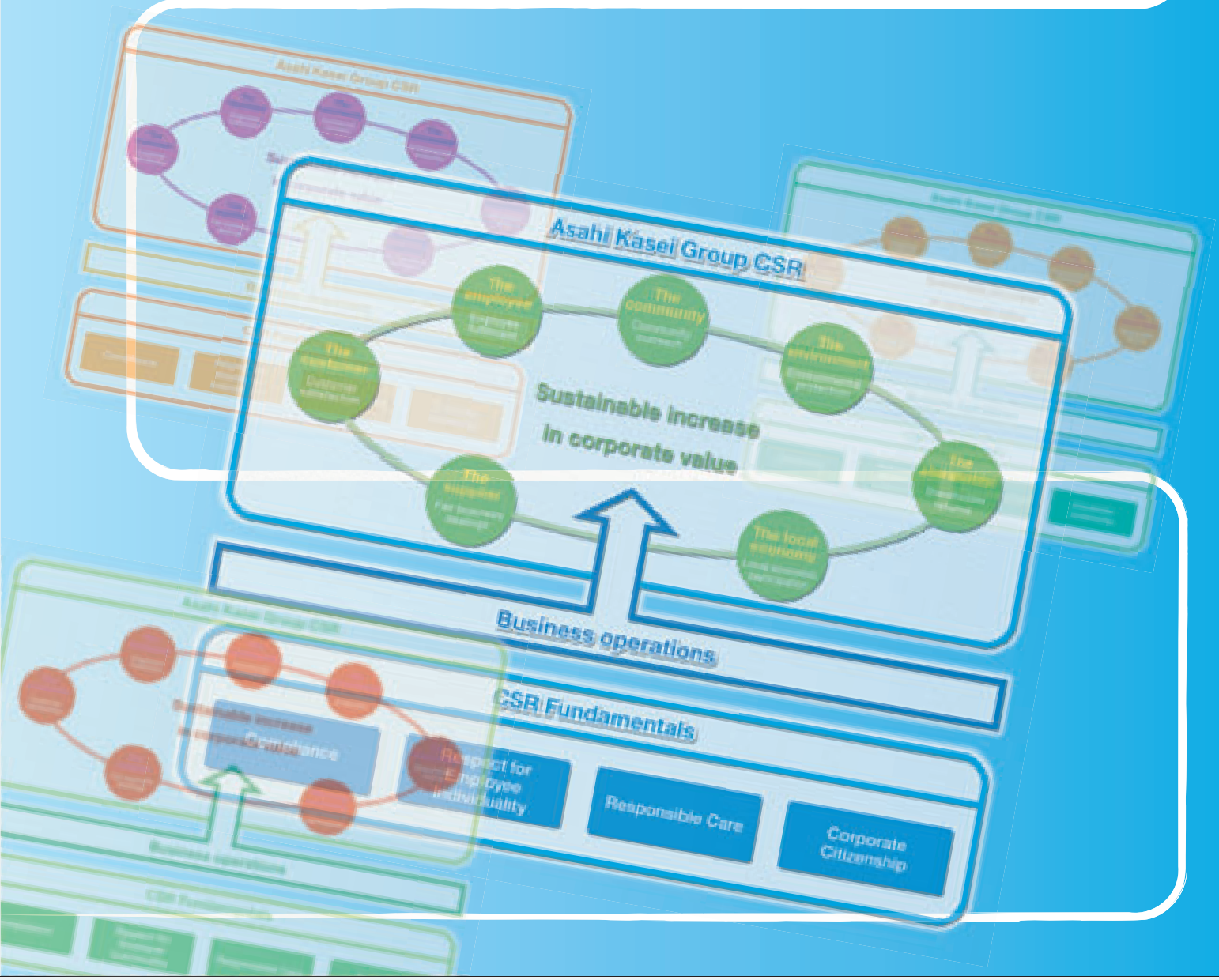
Typhoon damage

Golden Games in Nobeoka

Since 1990, Asahi Kasei has sponsored the “Golden Games” track meet in Nobeoka. Competitors range from middle school students to Japan’ s top-class runners. The meet has grown from one with some 100 competitors and 2,000 spectators in its first year, becoming a major event with 692 competitors and some 30,000 spectators in the 18th games in May 2007. The city government and community volunteers have promoted the growth of the event in accordance with a vision to raise the vitality of Nobeoka as an athletic city.

Golden Games in Nobeoka

CSR framework for advancement



CSR Fundamentals

The initiative for CSR is structured around our four CSR Fundamentals: Compliance, Respect for Employee Individuality, Responsible Care, and Corporate Citizenship, informed by an understanding of the effects of our operations on the global environment and our stakeholders around the world.

Notable CSR actions, results, and plans

		Notable actions and results in FY 2006	Plans for FY 2007
General, Compliance		• Announcement of support for the UN's Global Compact • Establishment of basic policy for internal control • Operation of Compliance Hotline	• Preparation of internal control system • Introduction of a system to confirm the safety of personnel in the event of a major earthquake in the Kanto area • Revision and application of *Corporate Ethics - Basic Policy and Code of Conduct* for Chinese subsidiaries and affiliates
Respect for employee individuality		• Preparation of new system for human resources development in accordance with the Human Resources Credo; trial application • Employment of disabled personnel increased to 1.87% • New Family Forum lectures held in Dec. 2006 and Feb. 2007 • Launch of an intranet website promoting work/life balance • Utilization of parental leave by 236 male and 152 female employees • Open Office Day held in Tokyo for children of employees to visit the workplace and take part in science experiments	• Enhanced application of Human Resources Credo • Application of new system for human resources development • Promoting balance between work and private life (Action Plan in accordance with the Next Generation Education and Support Promotion Act, etc.)
Responsible Care		See p. 27	See p. 27
Corporate Citizenship	Information disclosure	• Meetings with analysts and investors totaling some 1,150 • Seminars for individual investors in Nagoya and Fukuoka • Periodic meetings with community members and suppliers at each production site • Publication of CSR report • CSR news on corporate website • Publication of Annual Report	• Sustaining and enhancing of communication with stakeholders
	Community fellowship	• Adoption of "Education and development of the next generation" as Basic Framework for community fellowship • Our engineers performed guest lectures at middle schools for some 460 students • Production technology internships for college/graduate students • Sponsorship of Golden Games in Nobeoka • Internship for school teachers in Tokyo	• Science laboratories and guest lectures at schools in accordance with the Basic Framework "Education and development of the next generation"

CSR Fundamentals

Compliance
- Compliance with law and internal corporate regulations
- High ethical standards of conduct
- Respect for local culture and customs, human rights

Respect for Employee Individuality
- Workplace environment enabling full use of abilities
- Rewarding and fulfilling careers

Responsible Care
- Environmental protection, operational safety, product safety
- Workplace safety, hygiene, and health
- Community outreach

Corporate Citizenship
- Fair and proper information disclosure
- Community fellowship and civic contribution

Structure and organization for CSR

The CSR Council was formed in April 2005, chaired by the holding company President. The council serves to formulate policy and to guide the effort for CSR throughout the Asahi Kasei Group. Specific CSR initiatives are implemented by the committees under the authority of the CSR Council, including the Corporate Ethics Committee to ensure regulatory compliance and the Responsible Care Committee to guide efforts for environment, health, and safety. The Risk Management Committee formulates the response to contingencies such as a major earthquake. The Community Fellowship Committee promotes and coordinates the effort for outreach and fellowship in each local community where we operate.

The CSR Council

Organizational framework for CSR

Holding company President

CSR Council

- Formulation of unified policy and action plans
- Guidance and counsel for the subordinate committees
- Preparation of reports
- Monitoring of independent evaluation
- Disclosure of CSR information in concert with Corporate Communications and Investor Relations

Corporate Ethics Committee

- Preparation of Basic Policy and Code of Conduct for corporate ethics
- Advancement of ethics education and operation of compliance hotline

Responsible Care Committee

- Environmental protection, product safety, operational safety, workplace safety, hygiene, and health, and community outreach

Market Compliance Committee

- Compliance with Antimonopoly Law and prevention of violation

Export Control Committee*

- Compliance with export-related regulations and prevention of violation

Risk Management Committee

- Crisis prevention and damage minimization

Community Fellowship Committee

- Advancement of community fellowship activities

Systematic CSR

Our operations have long had a foundation in CSR-related initiatives, ranging from reducing greenhouse gas emissions, thorough export control and other compliance measures, and community fellowship focused on the growth of the coming generation. The CSR Council, established in April 2005, is implementing a comprehensive and strategic approach to CSR, heightening execution with timely disclosure both internally and externally, for a stronger relationship of trust with our stakeholders.

Yuji Mizuno

Secretariat, CSR Council
Director, Executive Officer
Asahi Kasei Corp.

* The Export Control Committee did not meet in fiscal 2006, as there were no matters warranting discussion. Regular duties related to export control are performed by our Department of Export Control & Compliance.

Compliance

The ongoing trust of people throughout the world is earned by compliance with law, social norms, and internal corporate regulations, by respect for local culture and customs, and for human rights, and by conduct based on high ethical values.

Corporate Ethics – Basic Policy and Code of Conduct

Our *Corporate Ethics – Basic Policy and Code of Conduct* is the standard and guide for ethical conduct throughout the day-to-day work of each and every member of the Asahi Kasei Group. It has been translated into English and Chinese, and applies to all majority-held subsidiaries the world over.

Corporate Ethics – Basic Policy

- Creating value, contributing to society
- Caring for environment, health, and safety
- Honoring law and norms of society
- Excluding subversive elements
- Respecting the individual
- Ensuring transparency
- Respecting information and intellectual property
- Practicing corporate ethics

Compliance monitoring by the Corporate Ethics Committee

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

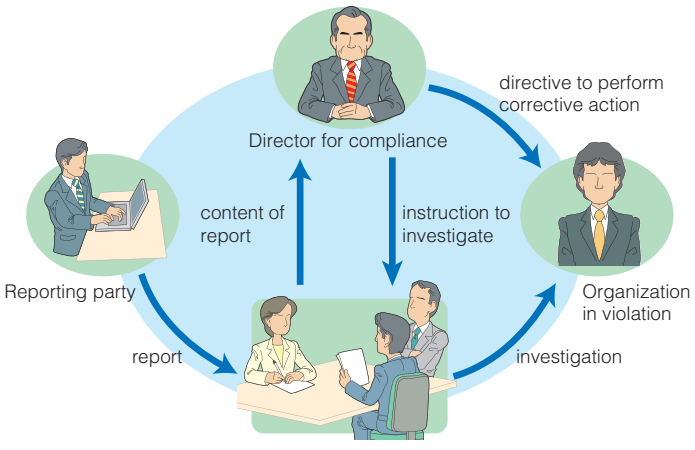
At its meeting in August 2006, the committee discussed the training programs implemented at each group company, measures for prevention of sexual harassment, and the state of compliance with subcontracting law and personal information protection law, and operation of the Compliance Hotline.

Compliance Hotline

The Asahi Kasei Group began employing a Compliance Hotline in April 2005 to ensure that personnel have secure and trusted recourse to report any possible ethical lapses which may be encountered or observed. Reports can be made through the corporate intranet or by post, in the name of the reporting party or anonymously. Structures are in place to ensure that the reporting party incurs no disfavor or disadvantage as a result of having made a report.

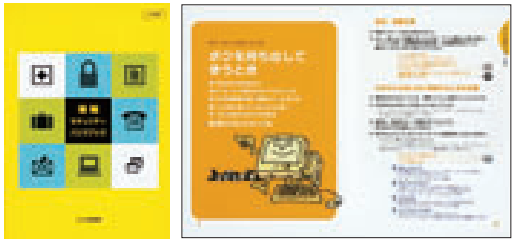
Compliance Hotline Flow

Example: Anonymous intranet report, violation confirmed.



Protection of personal information

Asahi Kasei is committed to the proper handling and use of personal information, in accordance with our basic policy shown at right. Education and training for all employees, including the distribution of an information security handbook which covers issues related to personal information protection, is monitored by the Corporate Ethics Committee.



Information Security Handbook

Basic policy for protection of personal information

- We handle personal information properly and in compliance with the Personal Information Protection Law and other applicable statutes, and in conformance with generally accepted norms and standards.
- We ensure that personnel throughout the Asahi Kasei Group thoroughly understand and faithfully comply with corporate standards and regulations for the handling of personal information.
- We use personal information only for the specific purposes which have been indicated or announced at the time of its receipt.
- We employ appropriate measures in the maintenance and management of personal information to ensure against unauthorized alteration, disclosure, and loss of personal information.
- We will respond in good faith to requests to confirm, revise, cease using, or delete personal information.

CSR at the Mizushima Works

We launched an e-mail magazine called *What is CSR?* to raise awareness for CSR among personnel at the Mizushima Works. We set up a Visitor Center with displays of the materials used and products made at our plants here, together with the final products they' re used in. We held compliance training for all personnel, in 23 sessions. We are now planning to increase plant tours for nearby elementary and middle school students, and to begin school visits to explain and demonstrate some of the science and technology we use.

Katsuhiko Sakai
General Management Dept.
Mizushima Works
Asahi Kasei Chemicals

Prevention of antimonopoly violation by the Market Compliance Committee

The Market Compliance Committee, which was formed in 1976, oversees compliance with antimonopoly law. To ensure against any violation of antimonopoly law such as participation in a price cartel, all across-the-board price increases require the approval the committee before they can be implemented. The committee met thirty-one times in fiscal 2006.

Export control

Compliance with export control regulations in the Asahi Kasei Group is maintained through a three-tier structure comprising the holding company's Department of Export Control & Compliance, the managers responsible for export control in each group company, and the individual departments within each company which export goods and technical information. While the individual departments determine whether List Controls apply and examine the importers and field of application to ensure compliance with export control regulations, the Department of Export Control & Compliance and the responsible managers in each company provide advice and tools to support these efforts at the department level, perform oversight to ensure that each department is exercising proper judgment with regard to export control, and hold periodic training sessions to heighten understanding of the relevant regulations and their requirements.

Japanese regulations to prevent exported goods and technical information from being diverted to weapons use, including both conventional weapons and weapons of mass destruction, are based on the Foreign Exchange and Foreign Trade Control Law. Two categories of regulation apply to exporters, known as the "List Controls" and the "Catch-all Controls." In the case of the List Controls, exporters are required to obtain approval from the Minister of Economy, Trade, and Industry prior to the export of any goods or technical information which are specified in certain lists as issued in a cabinet ordinance. In the case of the Catch-all Controls, exporters are required to obtain such approval for any goods or technical information if the field of business or application of the importer or user meets certain standards as specified in the same ordinance. We apply a strict system of internal corporate regulations and procedures to ensure that all exports are in compliance with these regulations, and that none of our exported products or technologies are diverted to use in weapons.

Yutaka Kamibayashi
Department of Export Control & Compliance
Asahi Kasei Corp.

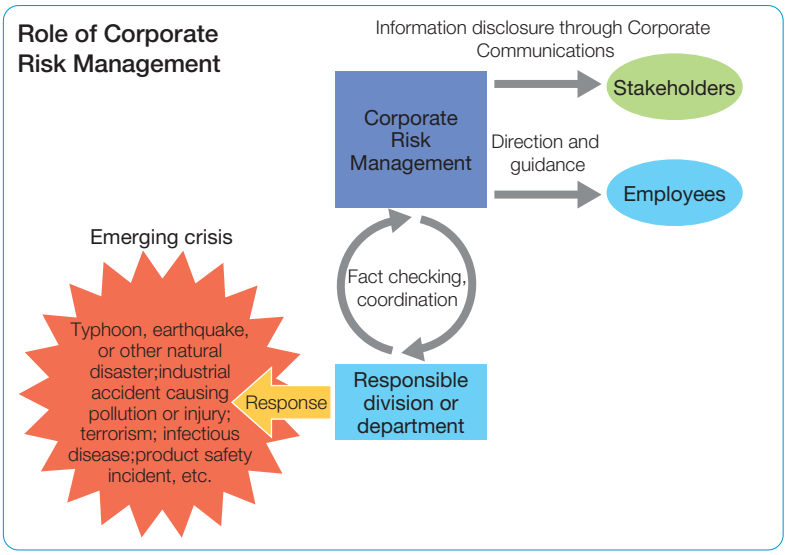
Risk management

Risk Management Committee

The Risk Management Committee, with the director for strategy, accounting, and finance serving as chair, studied responses to contingencies such as a major earthquake, ongoing preparedness, and continuity of operations in an emergency. The committee takes charge of the risk management throughout the group from April 2007 in accordance with the Basic Risk Management Regulations enacted under the Basic Policy for Internal Control, effective in May 2006.

Corporate Risk Management

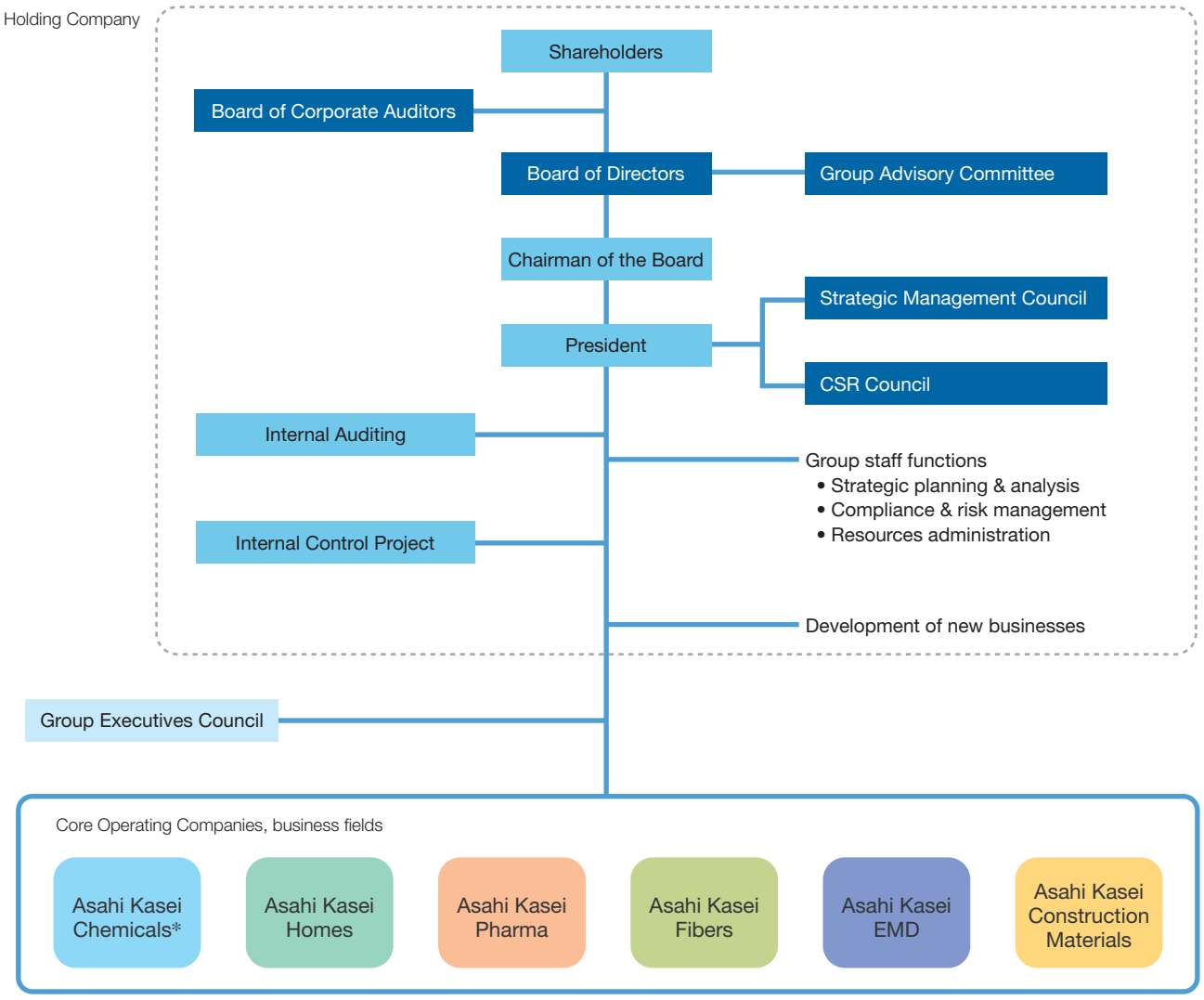
Corporate Risk Management works with the various divisions and departments to guide the proper response to any major accidents, incidents, or problems which cause significant damage to Asahi Kasei Group operations or which may foreseeably cause Asahi Kasei Group operations to have adverse effects on the general public. In fiscal 2006, Corporate Risk Management provided guidance to personnel traveling abroad on business or stationed abroad, and coordinated the response to the damage caused by a tornado.



Corporate Governance

The Asahi Kasei Group constantly endeavors to heighten fast-moving and transparent management as essential for maximum corporate value and greater earnings. The effort for enriched and enhanced corporate governance is ongoing, building on the October 2003 transformation to a holding company configuration with separate execution and oversight functions which established a management framework with clear delineation of executive authority and responsibility.

Corporate Governance System



Board of Directors
Oversees group management, and deliberates and decides on basic group policy and strategy, and on substantive proposals by the Strategic Management Council. Meets once or twice per month.

Group Advisory Committee
The advisory body to the holding company Board of Directors, composed of the Chairman and the President of the holding company and outside advisors. Meets twice per year.

Strategic Management Council
Deliberates and decides on substantive matters relating to the operation of the holding company and of the group. Meets twice per month.

CSR council
Enhances business operations in concert with environment and society. Meets twice or three times per year.

Group Executives Council
Conducts the dissemination of substantive group information, provides a forum for information exchange, and deliberates on matters requiring coordination among the core operating companies. Meets once per month.

Board of Corporate Auditors
Corporate Auditors exchange views, deliberate, and decide on substantive matters related to auditing. Meets at least once per quarter.

*Asahi Kasei Life & Living merged with Asahi Kasei Chemicals on April 1, 2007.

Executive officer system

An executive officer system of management is employed at the holding company and at each core operating company. Authority and responsibility for the management of each core operating company is held by the President and the other Executive Officers of that company. Authority and responsibility for the management of the holding company and of the group is held by the President and the other Executive Officers of the holding company.

The President of the holding company oversees the executive management and performance of the core operating companies and of their Presidents. The holding company Board of Directors oversees the executive management and performance of the holding company President and of the group.

For both the holding company and the core operating companies, the number of Board Directors and Executive Officers is as small as possible. In all cases, the term of office is one year, and management results and performance are reviewed each fiscal year.

Fiscal 2006 synopsis

The Board of Directors, Strategic Management Council, Group Executives Council, and Board of Corporate Auditors met as scheduled. The Group Advisory Committee met twice to discuss management tasks for the Asahi Kasei Group and the *Growth Action – 2010* business plan.

Membership of Group Advisory Committee (as of March 31, 2007)

External Members	Yuzo Seto	Counsellor	Asahi Breweries, Ltd.
	Yukiharu Kodama	President	Japan Information Processing Development Corp.
	Norio Wada	President and CEO	Nippon Telegraph and Telephone Corp.
	Masumi Shiraishi	Professor	Faculty of Policy Studies, Kansai University
	Kazuo Tezuka	Attorney	Kaneko & Iwamatsu
	Akio Makabe	Professor	Faculty of Economics, Shinshu University
Internal Members	Nobuo Yamaguchi	Chairman of the Board & Representative Director	Asahi Kasei Corp.
	Shiro Hiruta	President & Representative Director, Presidential Executive Officer	Asahi Kasei Corp.
Internal Observer	Ichiro Itoh	Director, Vice-Presidential Executive Officer	Asahi Kasei Corp.

Internal control system

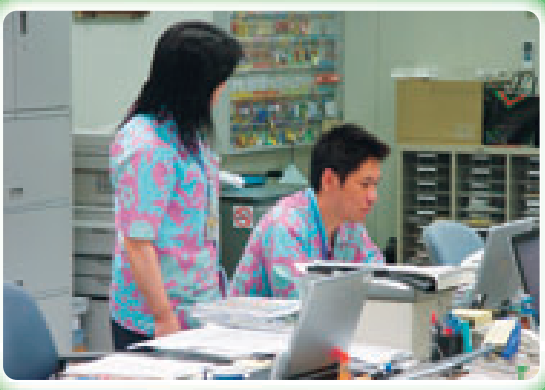
Recognizing the importance of an optimum system of internal control to ensure high management quality, reliable financial reporting, and effective risk management and legal compliance, we formed an Internal Control Project in October 2005 to prepare an internal control system for implementation throughout the Asahi Kasei Group. Application of the system on a trial basis began in April 2006.

Our Board of Directors adopted a basic policy for internal control in May 2006 in accordance with Article 362 of the Corporation Law, which requires a Board resolution related to the preparation of an internal control system, and Article 100 of the Ordinance for Implementation of the Corporation Law, which specifies certain elements required of such a system. The basic policy was revised in March 2007.

The Financial Instruments and Exchange Law enacted in June 2006 will require the management of companies with market-listed shares to assess the effectiveness of internal controls for financial reporting, and to have these assessments audited by independent CPAs or auditing firms. Taking effect from the fiscal year starting on or after April 1, 2008, these requirements will be applied in accordance with standards issued by the Business Accounting Council of the Financial Services Agency on February 15, 2007.

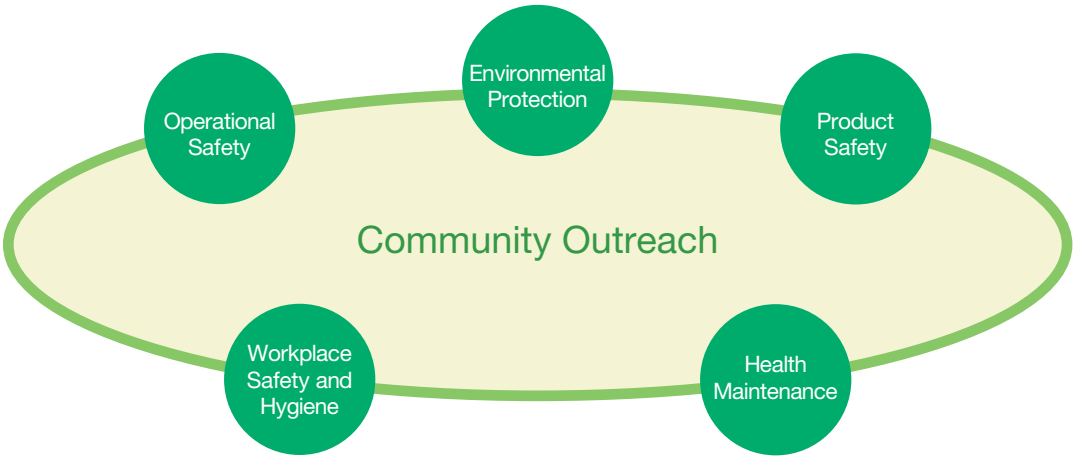
The Asahi Kasei Group's comprehensive system of internal control, including internal controls for financial reporting, will be fully completed in fiscal 2007, with operational implementation beginning in April 2008.

Responsible Care



Responsible Care

Responsible Care at the Asahi Kasei Group



Responsible Care (RC) represents the commitment and initiative to secure and improve safety and environmental protection at every step of the product life-cycle through the individual determination and responsibility of each firm producing and handling chemical products, together with measures to gain greater public trust through communication and dialog.

RC was conceived in Canada in 1985, and in 1995 the chemical industry in Japan began implementing RC with the establishment of the Japan Responsible Care Council (JRCC). Asahi Kasei was among the founding members of the JRCC, and played a leading role in the expansion and development of RC in Japan.

The program of RC at the Asahi Kasei Group, comprising measures for environmental protection, product safety, operational safety, workplace safety, hygiene, and health, and community outreach, is not limited to chemicals-related operations but includes operations in all fields, including fibers, construction materials, housing, electronics, pharmaceuticals, and medical devices.

The spirit of RC is not to be satisfied simply with legal compliance, but to achieve greater environmental, safety, and health performance through self-managed, autonomous effort with open disclosure. Our results for fiscal 2006 are shown facing. While many of our targets were achieved, there are areas where we can do better – particularly in operational safety and workplace safety. In fiscal 2007 we are revitalizing all efforts to meet each and every one of our targets.

Kunio Kohga
Executive for RC
Director, Primary Executive Officer
Asahi Kasei Corp.

Asahi Kasei Group Responsible Care Principles

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

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

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

June 4, 2002

RC objectives, results, and goals

	FY 2006 RC Objectives	FY 2006 summary results	Attainment	FY 2007 RC Objectives	Long-term goals
General	Enhance RC compliance	Checklist of regulations related to RC revised (80 laws and ordinances)	Satisfactory	• RC compliance • Advance RC education and training • Enhance RC at affiliates • Enhance dialog with the public	• Enhance RC compliance • Advance RC education and training • Enhance RC at affiliates
	Extend RC to more affiliates	RC advanced both in Japan and overseas operations of each core operating company	Satisfactory		
	Enhance dialog with the public	RC reports published by 4 core operating companies and 6 production sites; seminar held by JRCC at Mizushima	Complete		
Environmental protection	Avoid all environmental pollution from accidents	No environmental pollution from accidents	Complete	• Avoid all environmental pollution from accidents • Reduce final disposal volume of industrial waste by 65% from FY 2000 level • Reduce unit energy consumption by 1% • Maintain greenhouse gas emissions 50% lower than in baseline year • Monitor and reduce CO_2 emissions from product shipment • Advance CSR Procurement • Reduce emission of PRTR-specified substances and VOCs • Prevent air and water pollution	• No environmental pollution from accidents • Advance acquisition of ISO 14001 certification at overseas plants • Reduce final disposal volume of industrial waste by 90% from FY 2000 level by FY 2010 • Maintain average greenhouse gas emissions from FY 2008 to FY 2012 50% lower than in baseline year. • Advance CSR procurement • Advance Green Procurement and CSR Procurement • Reduce chemical substance emission
	Acquire ISO 14001 certification at 94% of plants	93% acquisition achieved	Satisfactory		
	Reduce final disposal volume of industrial waste by 55% from FY 2000 level	Approximately 51% reduction achieved	Satisfactory		
	Reduce unit energy consumption by 1%	1.0% reduction achieved	Complete		
	Advance Green Procurement	Advancement of CSR Procurement by Corporate Procurement and Logistics, in addition to Green Procurement	Complete		
	Reduce emission of chemical substances	Release of PRTR-specified substances reduced by 31% and emission of VOCs reduced by 3%	Satisfactory		
Operational safety	Avoid all industrial accidents	Three industrial accidents occurred	Unsatisfactory	• Avoid all industrial accidents • Control changes to equipment and operating conditions • Enhance risk assessment • Monitor for fire, explosion, and leak hazards; implement remediation • Fully utilize systematic maintenance for accident prevention • Enhance emergency response systems • Monitor for items in need of replacement and uninspected items; implement remediation	• No industrial accidents • Control changes to equipment and operating conditions • Monitor for fire, explosion, and leak hazards; implement remediation • Enhance emergency response systems • Fully utilize systematic maintenance for accident prevention
	Control changes to equipment and operating conditions	Rules for Change Control established and applied	Satisfactory		
	Fully utilize systematic maintenance system for accident prevention	Application of systematic maintenance system advanced	Complete		
	Enhance emergency response systems	Improvements applied, including in training and drills	Complete		
	Monitor for items in need of replacement and uninspected items; implement remediation	Implementation advanced	Satisfactory		
	Monitor for fire, explosion, and leak hazards; implement remediation	Implementation advanced	Satisfactory		
Workplace safety and hygiene	Avoid all workplace injury	Sixteen lost-workday injuries; frequency rate [1] of 0.36, severity rate [2] of 0.036	Unsatisfactory	• Avoid all workplace injuries • Achieve frequency rate of 0.1 or less • Achieve severity rate of 0.005 or less • Thoroughly comply with safe operation standards • Enhance utilization of OHSMS • Advancement of asbestos-related measures • Enhance safety management guidance for firms contracted to work within plant grounds	• Avoid all workplace injuries • Achieve frequency rate of 0.1 or less • Achieve severity rate of 0.005 or less • Thoroughly comply with safe operation standards • Heighten OHSMS performance • Heighten safety performance of firms contracted to work within plant grounds
	Thoroughly comply with safe operation standards	Compliance monitoring system applied at nearly all plants	Satisfactory		
	Expand application of OHSMS; enhance utilization of OHSMS where it is applied	Rate of application raised to 90%	Complete		
	Follow up on asbestos-related measures	Supplementary health checkups, assisting applications for government support, removal/ immobilization of sprayed-on coatings containing asbestos, replacement of gaskets containing asbestos	Complete		
Health maintenance	Systematize and unify base for health support	Establishment of systems at smaller-scale regional offices advanced	Complete	• Reduce proportion of employees for whom health warning signs are found. • Reduce number of employees on extended leave of absence for emotional convalescence.	• Reduce proportion of employees for whom health warning signs are found. • Reduce number of employees on extended leave of absence for emotional convalescence.
	Reduce proportion of employees for whom health warning signs are found	No significant change	Satisfactory		
	Reduce number of employees on extended leave of absence for emotional convalescence.	Emotional care education and improvements of workplace environment performed, but the number of employees on leave of absence remained unchanged	Satisfactory		
Product safety	Avoid serious product safety incidents	No product safety incidents	Complete	Avoid serious product safety incidents	No serious product safety incidents.

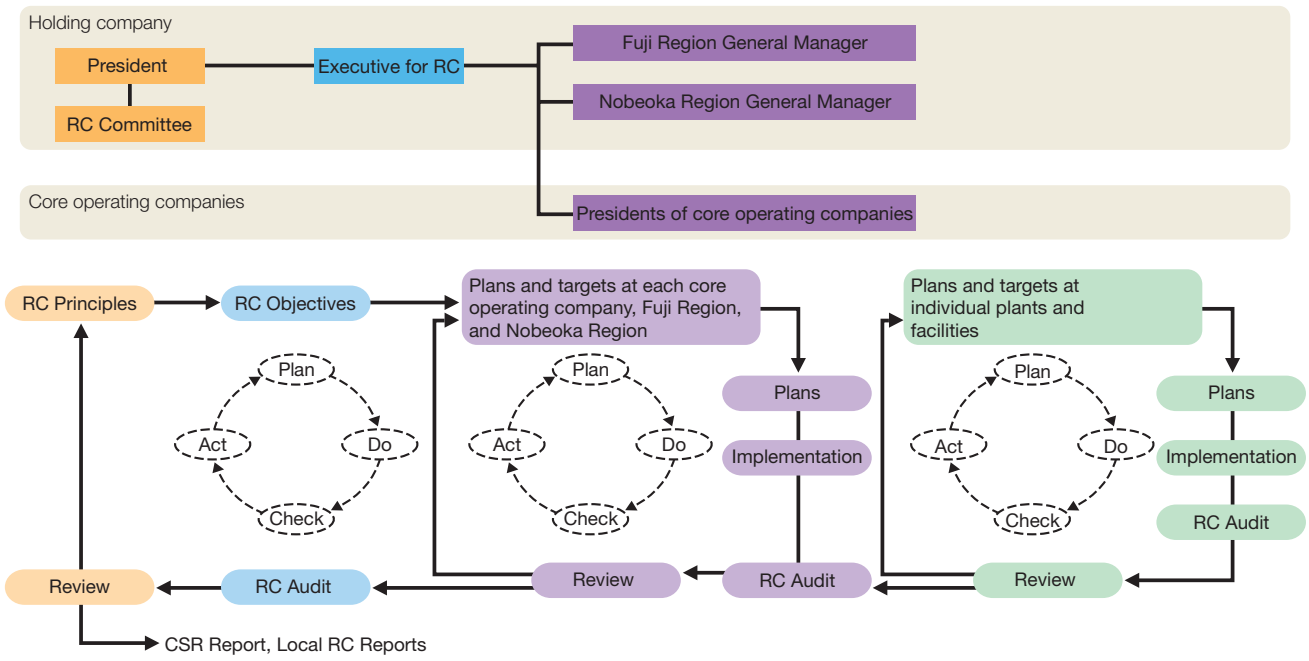
[1] Number of accidental deaths and injuries resulting in the loss of one or more workdays, per million man-hours worked.
[2] Lost workdays, severity-weighted, per thousand man-hours worked.

RC Management System

The efficiency and effectiveness of Asahi Kasei Group RC is maintained in accordance with our RC Management Guidelines and our RC Implementation Guidelines. Core operating company Presidents hold responsibility for implementation within the core operating companies and their subsidiaries, and the President of Asahi Kasei, as chair of our RC Committee, holds responsibility for implementation throughout the group.

Certified compliance with internationally standardized management systems is obtained for the RC Management System of the Asahi Kasei Group. ISO 14001 environmental management system certification is obtained for environmental protection, ISO 9000-series quality management system certification is obtained for product safety, and an Occupational Health & Safety Management System (OHSMS) is adopted for workplace safety, hygiene, and health.

PDCA flow for RC



Plan: RC Objectives

RC Objectives for the Asahi Kasei Group are formulated each fiscal year in accordance with the Asahi Kasei RC Principles. The core operating companies, New Business Development, and the Nobeoka and Fuji Regions each have their own RC Objectives, established in accordance with the Asahi Kasei RC Objectives.

Do: RC Implementation

Implementation of RC is performed by the core operating companies, New Business Development, and the Nobeoka and Fuji Regions. Specific measures and actions are taken by the individual facilities, in accordance with the applicable RC Principles and RC Objectives.

Check: RC Audits

Each year the core operating companies, New Business Development, and the Nobeoka and Fuji Regions audit the RC performance of the individual facilities under their authority. The Executive for RC then audits the RC performance of the core operating companies, the new development, and the Nobeoka and Fuji Regions.

Act: RC Principles

The Asahi Kasei RC Principles, authorized by the RC Committee, form the foundation of the initiative. The core operating companies, New Business Development, and the Nobeoka and Fuji Regions also have their own RC Principles in addition to the Asahi Kasei RC Principles. The RC Committee, chaired by the holding company President, meets once each year and has as members the Presidents of the core operating companies and General Managers of the Nobeoka and Fuji Regions.

RC overseas

The Asahi Kasei Group is expanding its RC initiative in overseas operations. One notable example is shown below.

RC at Tong Suh Petrochemical

Tong Suh Petrochemical Corp., Ltd. produces acrylonitrile (AN) and its byproducts and derivatives, including sodium cyanide and acrylamide. With headquarters in Seoul and plants in Ulsan, 50 km northeast of Pusan, Tong Suh Petrochemical has 175 employees.

Working together with Asahi Kasei Chemicals, Tong Suh Petrochemical has implemented a wide range of RC initiatives. Since fully applying RC in 2002, the company has substantially reduced workplace injuries and operational problems. In June 2007, it marked 1,500 days of continuous accident-free and injury-free operation, with the RC program resulting in greater operating efficiency and profitability in addition to greater safety and environmental performance.

A wide range of initiatives to ensure effective understanding and pervasive awareness of RC incorporating the Plan-Do-Check-Act cycle, as well as full and constant compliance with safety regulations, includes monthly RC bulletins, case studies of Asahi Kasei and other leading companies, benchmarking against best practices, and development of joint safety management systems together with physical distribution firms.

AN plant

RC Workshop

Recent developments include measures for compliance with the EU' s REACH regulations, conformity with GHS labeling standards, curtailment of greenhouse gas emissions, and application of the International Safety Rating System (ISRS) for quantitative evaluation of RC performance. Working together with Asahi Kasei Chemicals, Tong Suh Petrochemical performed the trouble-free verification and commercial start-up of the world's first propane-process plant for AN in January 2007 at its Ulsan site.

Tong Suh Petrochemical is dedicated to maintaining accident-free, injury-free operation as it continues to heighten its RC program.

I have been working on the advancement of RC at our company since 2002, supervising the RC leaders of each team. We share information about specific cases within our company, and work to identify potential risks. Working in close contact with Asahi Kasei Chemicals, I share case studies from the plants in Japan with our personnel here. I also arrange seminars with lecturers and specialists from outside as part of the effort to heighten awareness and understanding of RC. Our goal every day is to maintain an RC program that is second to none in the Asahi Kasei Group.

Mun Geol, Cha
Manager, System Control Team, Tong Suh Petrochemical Corp., Ltd.

RC Symposiums

Every year, RC Symposiums are held by each core operating company and at Nobeoka, Fuji, and other major operating sites, with awards presented to plants with outstanding safety performance records. In FY 2006, RC Symposiums were held at 7 operating sites. To share information and maintain the vitality of the initiative, RC results are reported, outstanding RC measures are presented, and seminars and panel discussions are held.

Kunio Kohga, Executive for RC, speaks at the Fuji RC Symposium

Environmental protection

FY 2006 RC Objectives

- Avoid all environmental pollution from accidents
- Acquire ISO 14001 certification at 94% of plants
- Reduce unit energy consumption by ≥1%
- Reduce final disposal volume of industrial waste by 55% from fiscal 2000 level
- Reduce emission of chemical substances
- Advance Green Procurement

FY 2006 summary results

- No environmental pollution from accidents
- ISO 14001 certification acquired at 93% of plants
- Target for reduction in unit energy consumption achieved
- Approximately 51% reduction of final disposal volume achieved with advancement of recycling of industrial waste
- Release of PRTR-specified substances reduced by 31% and emission of VOCs reduced by 3%
- Advancement of CSR Procurement by Corporate Procurement and Logistics, in addition to Green Procurement

Throughout the Asahi Kasei Group we strive to alleviate the environmental impact of our activities ranging from procurement and use of raw materials to disposal. Thus, our environmental impact point (EIP) score and our rate of ecoefficiency using the JEPIX* methodology were improved by reducing HCFC, NOx, and COD, as shown below.

Main environmental aspects, FY 2006

Inputs

Water
273 million m^3

Energy
6.3×10^{16} J

Feedstocks
including 5.09 million tons PRTR-specified substances

Asahi Kasei Group plants

Outputs

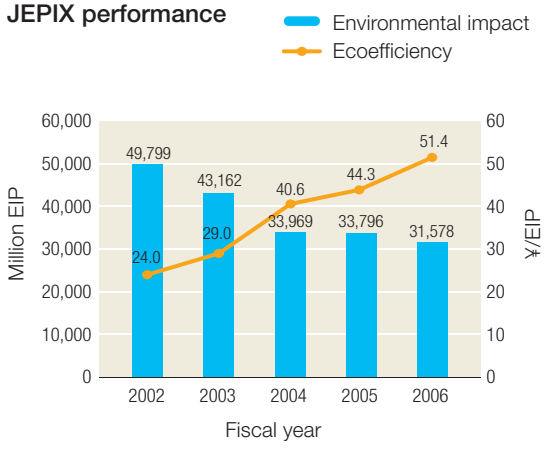
Atmospheric emissions
- SOx: 6,650 tons
- NOx: 5,607 tons
- Soot and dust: 229 tons
- Regulated VOCs: 4,077 tons
- Priority atmospheric pollutants: 78 tons
- Greenhouse gas emissions: 5.93 million tons CO_2 equivalent

Effluent water
- Effluent volume: 214 million m^3
- COD of effluent: 1,357 tons

PRTR-specified substances
- Releases:
  - 381 tons to air
  - 70 tons to water
  - None to soil
- Transfers: 4,487 tons

Industrial waste
- Effluent waste: 165,000 tons
- Of which, landfilled: 13,100 tons

JEPIX performance



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

Curtailing greenhouse gas emissions

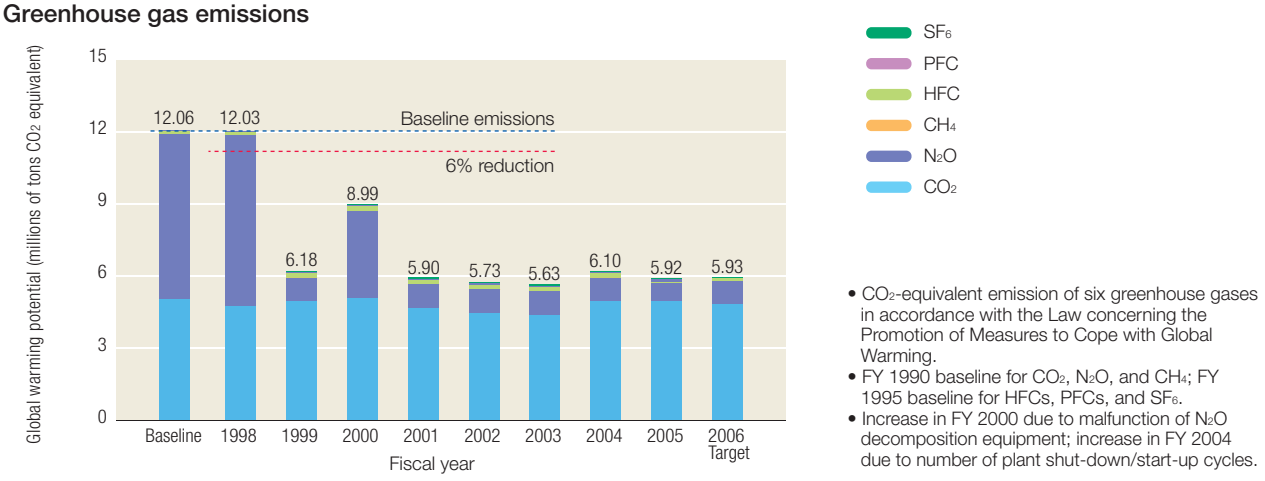
Asahi Kasei has played a leading role in the preparation and institution of the targets of the Japan Chemical Industry Association (JCIA) and the Japan Business Federation (Nippon Keidanren) for reduction of greenhouse gas* emissions. We implement emission reduction measures in the following three areas.

- Curtailment of CO_2 emission from power generation.
- Curtailment of emissions of greenhouse gases from production processes.
- Phase-out of greenhouse gases as process materials.

* Carbon dioxide (CO_2), nitrous oxide (N_2O), methane (CH_4), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), and sulfur hexafluoride (SF_6).

As shown below, greenhouse gas emissions in fiscal 2006 were 5.93 million tons CO_2-equivalent, more than 50% reduction from baseline emissions. Emissions of CO_2 were lower than in fiscal 1990.

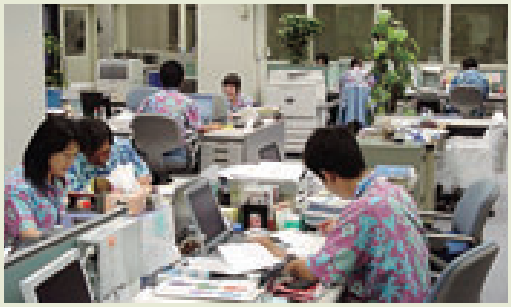
Greenhouse gas emissions

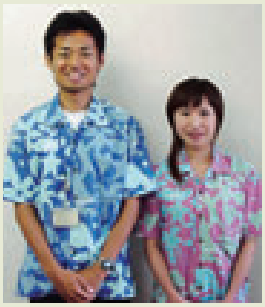


- CO_2-equivalent emission of six greenhouse gases in accordance with the Law concerning the Promotion of Measures to Cope with Global Warming.
- FY 1990 baseline for CO_2, N_2O, and CH_4; FY 1995 baseline for HFCs, PFCs, and SF_6.
- Increase in FY 2000 due to malfunction of N_2O decomposition equipment; increase in FY 2004 due to number of plant shut-down/start-up cycles.

Team Minus 6%

The Asahi Kasei Group joined the Environment Ministry' s "Team Minus 6%" campaign for global warming prevention in August 2006. A wide range of measures being advanced includes "Cool Biz" and "Warm Biz" energy conservation in offices, and purchasing of environmentally friendly office supplies.





"Cool Biz" attire at the Nobeoka Office

Reduction of process emissions

In fiscal 2006, decomposition of byproduct N_2O from adipic acid production in Nobeoka brought a 6 million ton CO_2-equivalent reduction, and the phase-out of greenhouse gases used as plastic foaming agent in Suzuka brought a 180 thousand ton CO_2-equivalent reduction in emissions.

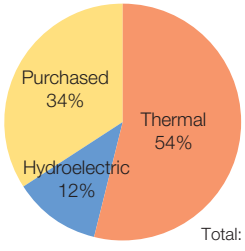
Unit energy consumption

We are targeting 1% reduction per year in unit energy consumption. Unit energy consumption in fiscal 2006 was on par with the previous year, largely due to changes in capacity utilization rates.

Renewable energy

The Asahi Kasei Group has seven hydroelectric power generation plants which meet 12% of our electricity needs. Generation of the equivalent amount of power at thermoelectric plants would result in approximately 160,000 tons of CO_2 emissions annually.*

Electricity sources, FY 2006



* Using Ministry of the Environment standard of 555 g CO_2/kWh.

Alleviating the environmental effects of physical distribution

A wide range of measures are employed to reduce energy consumption and moderate the environmental effects of physical distribution through improved efficiency. We also prepared a guideline for the calculation of CO_2 emissions from physical distribution which is being applied in fiscal 2006.

Measures to alleviate environmental effects of physical distribution

Improving unit energy consumption in shipment	• Increasing sales lot sizes • Transport mode changeover to roll-on/roll-off ships, ferries, and rail • Mixed loading of materials for home construction
Reduction of energy consumption by shortening shipment distances	• Product swaps with other producers • Repositioning of stock points for optimal distribution • Sharing of pallets with other producers to shorten empty pallet return distances
Reduction of energy consumption in storage	• Direct shipment to users • Direct reloading from large trucks to smaller trucks, without temporary warehousing
Use of returnable packaging to reduce material waste	• Shipment of resins in flexible containers or bulk • Use of intermodal containers, owned by Asahi Kasei and by shippers
Promotion of energy conservation by firms contracted for physical distribution through physical distribution safety conferences and inspections	• Compliance with environmental laws and regulations • Advancement of ISO certification • Promotion of energy-efficient driving practices • Conversion to energy-efficient transportation modes • Promotion of efficient loading

Energy-efficient distribution at Asahi Kasei Chemicals

Eco-Rail Mark certification

In addition to its measures to reduce the environmental impact of production, Asahi Kasei Chemicals strives to minimize the impact of physical distribution. Notably, it has long used rail transport for a large portion of its shipments. In May 2006 Asahi Kasei Chemicals became the first major chemical producer to receive corporate certification to use the Eco-Rail Mark. Such certification is granted in recognition of preferential shipment* of products by rail as an ecological mode of transport which results in one eighth the CO_2 emissions of truck transport for a given weight and distance.

The Eco-Rail Mark

Revised Energy Conservation Law

The revised Energy Conservation Law which came into effect in April 2006 mandates reduced energy consumption in transportation, by shippers as well as by carriers. Annual domestic shipments by Asahi Kasei Chemicals amount to approximately one billion ton-kilometers, giving the company a significant responsibility for energy conservation as a shipper. Asahi Kasei Chemicals tracks energy use in physical distribution with a company-wide effort, and is advancing conservation through measures to heighten efficiency such as extending the modal shift to rail and ship.

* Eco-Rail Mark certification is available for companies which use rail for at least 15% of shipments of 500 km or more. At the time of its certification, this measure of rail shipments by Asahi Kasei Chemicals was 45%, making it the leader among Japan's major chemical producers.

Company-owned vehicles

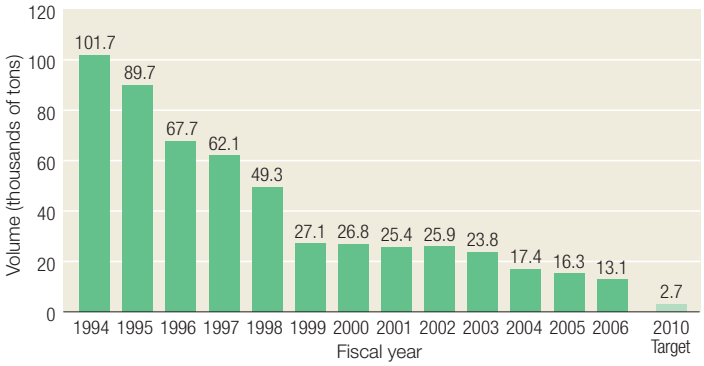
The phased transition to low-pollution vehicles for use in marketing and within plant grounds continues to advance. In fiscal 2006, some 68% of company-owned vehicles were low-pollution vehicles, up from some 57% in the previous year.

Industrial waste

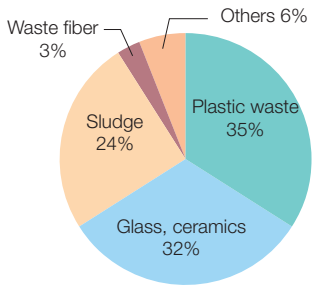
The Asahi Kasei Group is working toward zero emission* of industrial waste through the "3-Rs" of reduction, reuse, and recycling. In fiscal 2006 the volume of industrial waste transferred off-site for disposal was 51% lower than in fiscal 2000. While this did not meet our target of a 55% reduction, it was 20% lower than in fiscal 2005. Our rate of recycling in fiscal 2006 was 67%.

* Reducing final landfill disposal volume toward zero involves measures to minimize the amount of industrial waste generated, and reusing or recycling industrial waste as material or energy. The "zero emission" target for the Asahi Kasei Group is a final disposal volume in fiscal 2010 which is one tenth or less than that of fiscal 2000, which would mean final disposal of less than one percent of the waste generated.

Off-site final disposal waste volume



Off-site final disposal waste by category, FY 2006



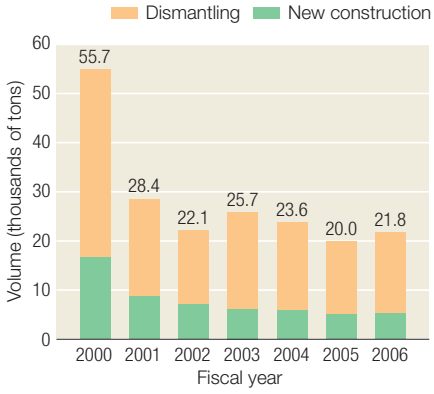
Note: Not including waste generated from non-recurring events such as dismantling closed plants or waste generated from dismantling old homes when constructing new homes sold by Asahi Kasei Homes.

Reduction of industrial waste from housing operations

Waste generated from housing operations includes leftover materials, packing materials, and trimmings from new construction, and waste generated from the dismantling of old homes to be replaced. Asahi Kasei Homes works to reduce final disposal amounts by suppressing waste generation in both new construction and dismantling, and by recycling wastes which are generated.

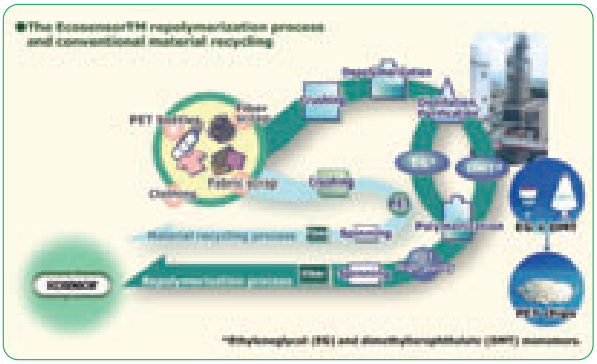
In fiscal 2006, priority was given to reducing waste generation from new construction by precutting materials at the factory, and by minimizing use of packing materials. To reduce waste disposal, the sorting of waste to facilitate recyclability is vital, and a policy of thorough waste sorting has been instilled among personnel and contracted firms involved. In the dismantling of old homes, wood and concrete are sorted for recycling. Progress has been made in the identification of firms which can use these materials as resources. In fiscal 2006, the volume of waste for final disposal from construction of new homes and dismantling of old homes increased slightly from the previous year.

Final disposal of industrial waste generated at construction sites



Chemical recycling of polyester

Asahi Kasei Fibers developed a large-scale process to recover polyester feedstocks from used PET beverage bottles and polyester clean-room suits used in the electronics industry, and produces Ecosensor™ polyester resin and filament from the recycled material. This chemical recycling process breaks the recovered material down into the monomers dimethyl terephthalate and ethylene glycol, so that unlike "material recycling" processes, there is no limit to the number of repeated recyclings possible or the range of suitable applications for recycled product. Collection of material for recycling is scheduled to expand to include waste from major textile producing regions such as Hokuriku.



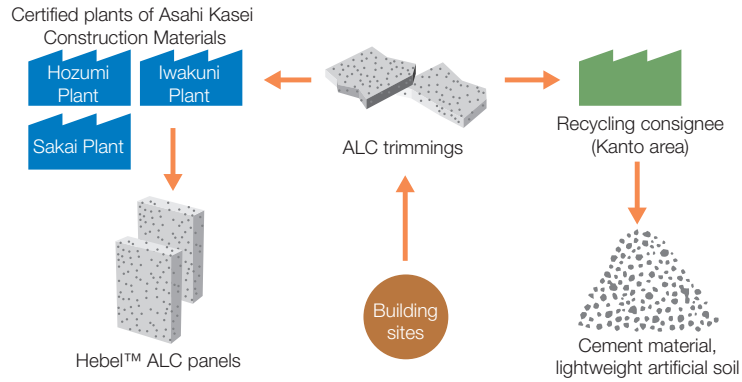
Polychlorinated biphenyls (PCBs)

Disused condensers, transformers, and fluorescent lamp ballasts which contain PCBs are emplaced in stainless steel vessels, recorded in a ledger, and stored under strict control. These are scheduled to be disposed of by July 2016 though consignment to Japan Environmental Safety Corp. facilities equipped to render them harmless.

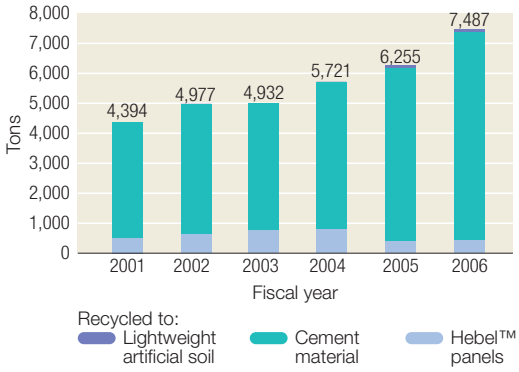
Recycling of trimmings from ALC panels

Asahi Kasei Construction Materials obtained official designation for wide-area recycling of industrial waste in 1997 and official certification for wide-area recycling in 2004, making it unnecessary to obtain a waste treatment license to recycle breakage and trimmings of autoclaved lightweight concrete (ALC) panels from construction sites. ALC breakage and trimmings are returned from sites of new building or remodeling to plants in Hozumi, Iwakuni, and Sakai, where they are recycled as material for new Hebel™ ALC panels. In addition to this in-house recycling, ALC breakage and trimmings from building sites in the Kanto area are recycled on consignment to produce material for cement and lightweight artificial soil. Over 7,500 tons of material was recycled in fiscal 2006.

Recycle flow for trimmings of Hebel™ ALC panels



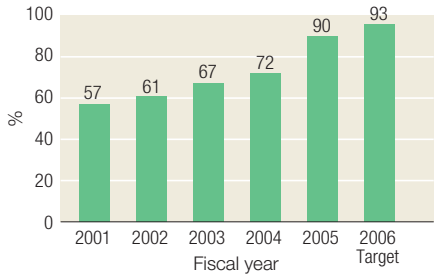
Recycling of ALC material



ISO 14001 certification

In fiscal 2006 the number of Asahi Kasei Group plants having ISO 14001[1] certification was increased to 94, or 93% of the total.

Plants with ISO 14001 certification



Prevention of polluting accidents

The Asahi Kasei Group is committed to avoiding environmental pollution as an effect of business operations. The day-to-day effort to prevent pollution ranges from the reliable operation of effluent water treatment facilities and effluent gas treatment equipment, to preparing systems for swift and appropriate response to emergency situations.

When an accident does happen we respond immediately to prevent or minimize pollution, and follow up with an analysis of how it could have been prevented. The results of the analysis are shared throughout the Asahi Kasei Group. No polluting accidents occurred in fiscal 2006.

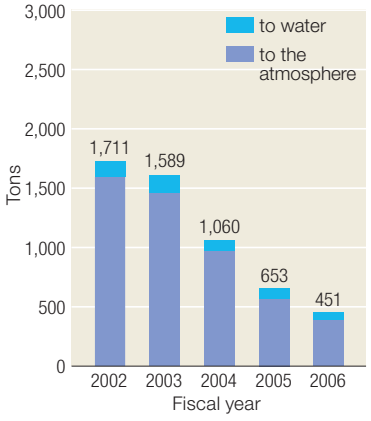
Fiscal year	2002	2003	2004	2005	2006
No. of polluting accidents	1	0	0	0	0

Reduction of hazardous chemical release

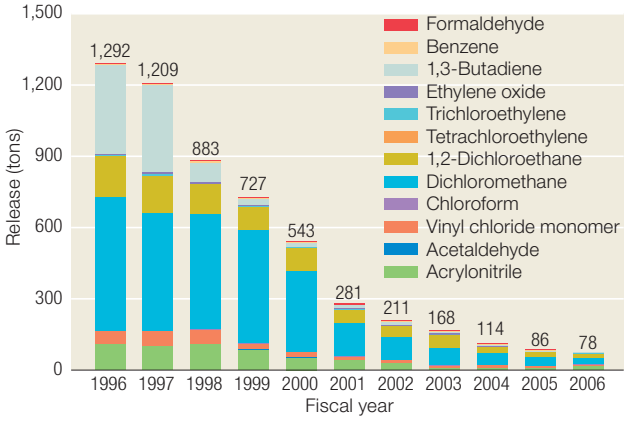
The Asahi Kasei Group monitors the release and transfer of PRTR[2]-specified substances defined by the PRTR Law and substances designated for PRTR by the Japan Chemical Industry Association (JCIA). Priority for reduction is based on degree of hazardousness and amount of release. As shown in the graph below, release of PRTR-specified substances was reduced by 30% from the fiscal 2005 level and that of priority atmospheric pollutants[3] was reduced by 10%.

In concert with the JCIA we formulated plans for the voluntary reduction of VOC[4] emissions at facilities where regulatory limits do not apply. We have installed equipment to recover and process VOCs and installed measurement devices to monitor their emission. Emission of VOCs in fiscal 2006 was 61% lower than in the baseline year of fiscal 2000.

Releases of PRTR-specified substances



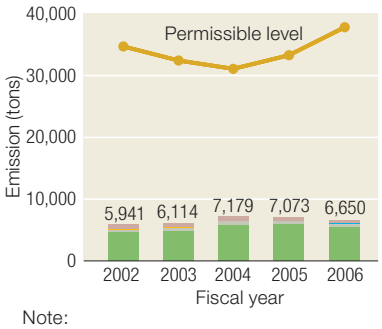
Release of priority atmospheric pollutants



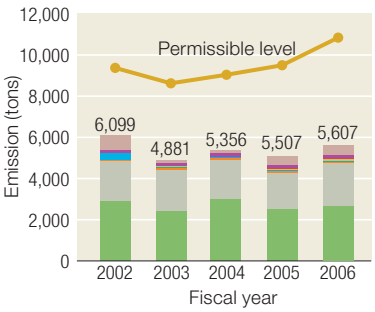
Preventing air pollution

The Asahi Kasei Group undertakes a number of measures to curtail emissions of sulfur oxides (SOx), nitrogen oxides (NOx), and soot and dust. While emissions are consistently maintained well below regulatory limits, as shown below, we also have more stringent emissions standards as set forth in accords with local authorities and our own voluntary targets.

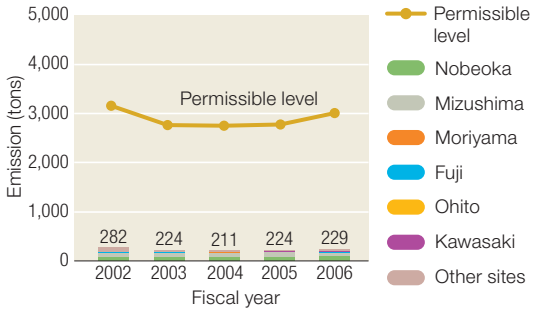
SOx emissions



NOx emissions



Soot and dust emissions



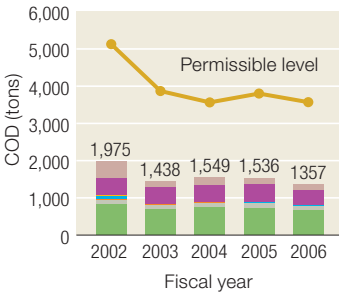
Note:

- Decreases in NOx and soot and dust emissions in FY 2003 resulted from the divestment of Shin Nihon Salt and Ako Kaisui, and the termination of in-house power generation in Fuji.
- At some sites, regulation by total pollutant amount applies for some pollutants in addition to concentration limits. Permissible levels shown are the sums of gross emission limits where they apply and concentration limits times amount of emitted gas where they do not. Permissible levels therefore fluctuate from year to year with fluctuations in production volumes.

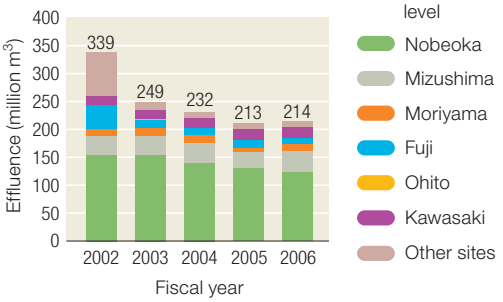
Preventing water pollution

Measures implemented throughout the Asahi Kasei Group have resulted in a significant reduction in the amount of pollutants in effluent water. As shown below, COD[5] of effluent has been maintained well below permissible levels at all sites in terms of both COD concentrations and total COD.

COD of effluent



Effluent water volume



Note:

- At some sites, regulation by total COD applies in addition to COD concentration limits. Permissible levels shown are the sums of total COD limits where they apply and concentration limits times amount of effluent water where they do not. Permissible levels therefore fluctuate from year to year with fluctuations in production volumes.
- Decreases in COD of effluent and effluent water volume in FY 2003 resulted from the divestment of Shin Nihon Salt and Ako Kaisui, and the termination of acrylic fiber production in Fuji.

1 An international standard for environmental management systems which meet specified requirements to prevent and minimize environmental effects and environmental risks.

2 Pollutant release and transfer register. Under the PRTR Law, releases to the environment and off-site transfers of specific hazardous chemical substances must be monitored and recorded for each production facility and operating site. Results are reported to the government, which publishes aggregate results.

3 Priority atmospheric pollutants are the twelve hazardous atmospheric pollutants designated for priority reduction: Acrylonitrile, acetaldehyde, vinyl chloride monomer, chloroform, 1,2-dichloroethane, dichloromethane, tetrachloroethylene, trichloroethylene, 1,3-butadiene, benzene, formaldehyde, and ethylene oxide.

4 Volatile organic compound. Although the term generally applies to any organic compound which is in gaseous state at the time of release, regulations for the control of their release exclude methane and some fluorocarbons which do not form oxidants.

5 Chemical oxygen demand. An indicator of water pollution by organic substances, COD is expressed in terms of the amount of oxygen required by an oxidizer to chemically oxidize the organic substances contained in the water.

Soil and groundwater contamination

A range of measures including covering floors to ensure against soil and groundwater contamination are employed at plants where hazardous chemicals are handled. In the event that soil or groundwater contamination is discovered at one of our sites, we promptly act to ensure against effects on the surrounding area, report the matter to the local community, relevant authorities, and the media, and implement remediation in consultation with the authorities and independent specialists.

In the past we have discovered soil and groundwater contamination at our sites in Nobeoka, Moriyama, Fuji, and Suzuka. Measures were immediately implemented to prevent the contamination from spreading beyond the plant grounds. Soil remediation was performed, and ongoing groundwater purification programs were established, including monitoring of groundwater samples to confirm that contamination has not spread beyond the plant grounds.

Green Procurement

"Green Procurement" has been implemented to entail giving purchasing priority to office supplies, feedstocks, materials, and services based on environmental impact. As an extension of Green Procurement, we began implementing "CSR Procurement" in fiscal 2006, including matters of social responsibility in the evaluation of suppliers.

Stratospheric ozone layer-depleting substances

Stratospheric ozone layer-depleting substances used in the Asahi Kasei Group include freezer refrigerants and solvents. Refrigeration equipment is being replaced or modified with the best practical technology for operation without refrigerants specified as ozone-depleting. We are also conducting research on the substitution of solvents, and plan to cease using ozone layer-depleting substances when technology for their substitution is established.

Biodiversity

We have long worked to extend the amount of greenery and gardening space at our plant grounds and participated in a variety of tree-planting initiatives. The effort to preserve biodiversity within and surrounding our plants and offices, focused on species indigenous to each area, is advancing with emphasis placed on preservation of species, preservation of ecology, prevention of extinction, and revitalization.

Promoting biodiversity with the Asahi Forest

In March 2007 we concluded an accord with Miyazaki Prefecture, the landowner, and a forestry cooperative for the reforestation of an area of some 20 hectares in Hinokage-cho, on a mountainside overlooking the Gokase River upstream from Nobeoka. The first tree-planting for what will be known as the Asahi Forest was held in April 2007, with Asahi Kasei Group employees and former employees together with community volunteers taking part. The program of planting will extend over a period of five years, and the forest will be nurtured and maintained over the following ten years by the forestry cooperative. The project is part of a program of reforestation by Miyazaki Prefecture to alleviate oscillations between flooding and dry spells by helping to restore the land's natural water retention capacity. Rather than conifers such as cedar and cypress, we are planting a range of flowering and fruit-bearing deciduous trees that are native to the region, such as wild cherry, elm, chestnut, oak, beech, and nutmeg, to revive the area's rich original natural habitat. In preparing the ground for planting, we have also tried to preserve as many wild-growing trees as possible. The project also provides a great opportunity for employees to interact with community members, and helps to raise awareness of environmental protection issues.

The first round of planting of the Asahi Forest

Teruyuki Shikiishi
General Affairs
Nobeoka Office
Asahi Kasei Corp.

Operational safety

FY 2006 RC Objectives

- Avoid all industrial accidents
- Control changes to equipment and operating conditions
- Fully utilize systematic maintenance system for accident prevention
- Enhance emergency response systems

FY 2006 summary results

- Three industrial accidents occurred
- Rules for Change Control established and applied
- Application of systematic maintenance system advanced
- Improvements applied, including in training and drills

Industrial accidents

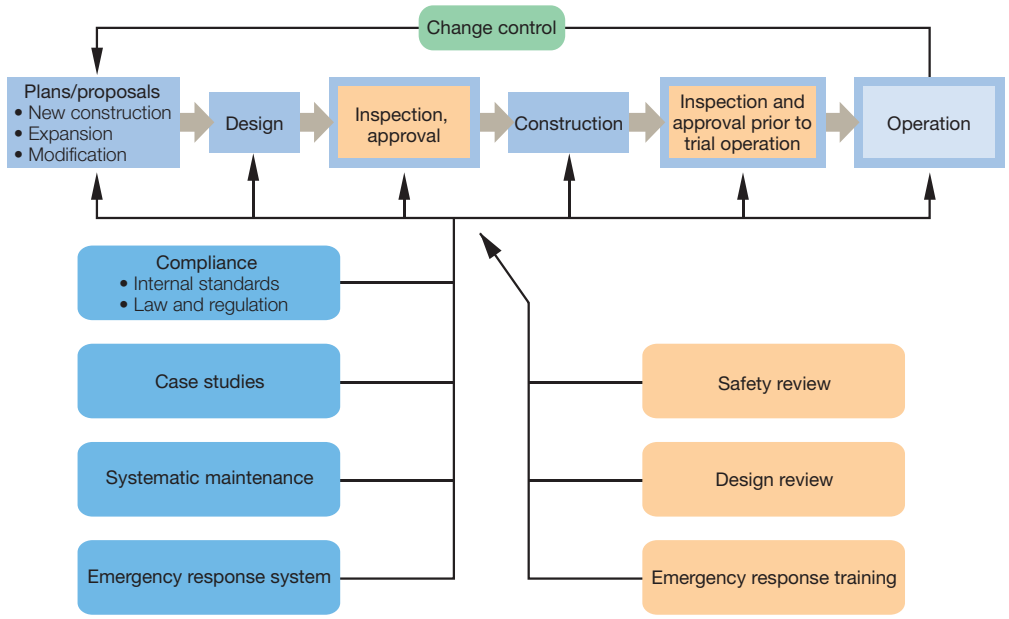
In fiscal 2006 we had three industrial accidents: A fire at a reboiler for an ethylene distillation column at the Mizushima Works, a vinyl chloride leak at the Hyuga Chemicals Plant, and a small fire in a laboratory at the Kawasaki Works. While these accidents resulted in slight equipment damage, there were no injuries and no adverse effects on the surrounding areas. Measures to prevent recurrence were immediately implemented both at the affected facilities and at similar facilities throughout the Asahi Kasei Group.

In our effort to prevent industrial accidents, risks of fire, of explosion, and of leaks have been identified, and measures have been implemented to reduce these risks. Facilities are continuously monitored for items in need of replacement, with remediation implemented as necessary.

Management of operational safety

In the spirit of RC, operational safety is based on a self-directed, autonomous, and self-managed approach, for both new plant construction and the ongoing operation of established plants. Safety assessment is a vital part of our system of inspection prior to capital investment, together with reviews and training including compliance, case studies, systematic maintenance, emergency response, and change control.

Asahi Kasei Group plant safety management system

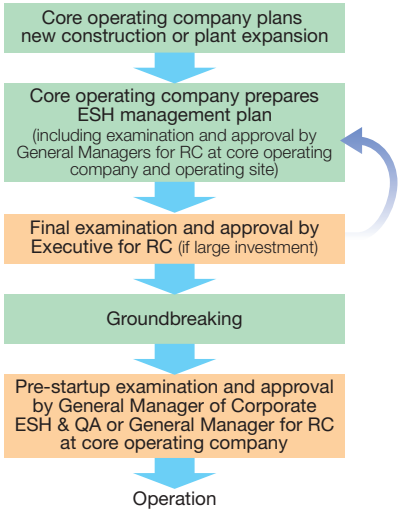


Pre-investment inspection system

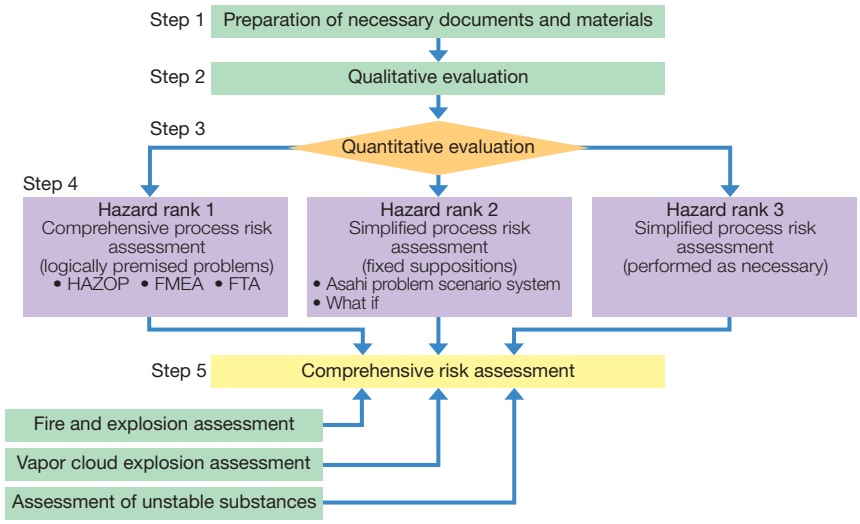
Internal regulations require a pre-investment inspection to verify plant safety when there are plans to invest in new plant, plant expansion, or plant modification. Inspection and approval prior to trial operation provides an additional confirmation of plant safety before commercial operation begins. For large investments, the holding company performs safety inspections in addition to the safety inspections performed by the core operating companies. In fiscal 2006, holding company safety inspections were performed for 22 investments.

A five-step safety assessment is performed as part of the pre-investment inspection. Ranks are assigned based on degree of hazard, and process risk assessment is performed for low-risk plants which are deemed to be vital. A final comprehensive risk assessment is then performed.

System for inspection prior to capital investment



Safety assessment



Safe, stable plant operation

Given our diverse range of operations, the Asahi Kasei Group has plants with a wide variety of different characteristics. No single approach to safety would be appropriate for all plants. We employ a systematic process to tailor the safety effort to each plant's specific requirements. This includes determination of a rank of priority for safety measures to be implemented, identification of equipment which requires additional safety measures, and regular reviews of the term specified for periodic inspection and of maintenance procedures. Each plant thus has an individually adapted system to ensure its physical integrity and safe operation.

Thirteen systematic maintenance steps for plant safety

01. Setting basic maintenance policy
02. Defining equipment subject to maintenance
03. Comprehensive evaluation of importance, setting ranking standards
04. Evaluation of importance of plant safety, setting ranking standards
05. Ranking plant safety elements by importance
06. Identification of equipment to be specified for added safety
07. Identification of elements of equipment specified for added safety subject to maintenance
08. Elucidation of necessity for maintenance of each element subject to maintenance
09. Defining maintenance work operations for each element subject to maintenance
10. Designating personnel for maintenance work for each element subject to maintenance
11. Determining period for maintenance work for each element subject to maintenance
12. Defining maintenance procedure for each element subject to maintenance
13. Preparation of mid-long term maintenance plan for each element subject to maintenance

Preparation for emergency situations

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

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

Emergency response training in Nobeoka

Rescue and first-aid

Early-stage fire extinguishing

Experiencing a joint training exercise

I was part of the communications team for a joint disaster drill training exercise with the Asahi Kasei Nobeoka Office and the Municipal Fire Department. My role was to notify the local Public Health Center and the city's Consumer and Environmental Protection Division, and to contact the families of injured personnel. Even though it was just a drill, I became very tense on the phone. If there were a real emergency, I wonder if I would be able to handle it so skillfully. This really made me appreciate the importance of training exercises like this. It was truly a valuable experience.

Harumi Yoshida
Management Division
Nobeoka Plant
Asahi Kasei Finechem Co., Ltd.

Training for operational safety

At our petrochemical sites in Mizushima and Kawasaki, the Asahi Operation Academy (AOA) serves as the training center to cultivate the skills necessary to operate petrochemical plants. Miniature plants and simulators are used at AOA to provide hands-on experience with controls and instrumentation, for the technical skills and practical understanding of chemical engineering necessary for safe and reliable plant operation. Training at AOA is made available to personnel of smaller companies which do not have their own training centers.

Education and training at AOA

The first training course for new hires is "Valves." Although valves might seem like simple things, mistaken operation of even a small valve could lead to serious consequences. The course teaches that operators must prepare themselves mentally before actuating any valve, and describes the lessons learned from past accidents. Trainees gain an understanding of the many different structural configurations of valves, perform breaking tests and leak tests, and learn the proper methods for handling and managing valves on a daily basis.

Scenes from the Valves course at AOA

Comments from trainees at the Valves Course

I learned that even a small mistake in valve operation can lead to a big accident. To make sure there's no mistake, I will be mindful of the characteristics of the valves at the plant, and confirm valve operation by pointing and saying what I have done.

Akinari Hirota
1st Monomers Production Dept.
Mizushima Works
Asahi Kasei Chemicals

I learned that large accidents can be caused by small mistakes such as valve operation. I will be sure to confirm that there is no mistake when I operate valves. Also, I found out that the force applied to a valve using a torque wrench was much greater than I had thought.

Tohru Yamashita
Basic Petrochemical Production Dept.
Mizushima Works
Asahi Kasei Chemicals

When disassembling valves, I learned that their structure is more complex than I had thought, and that they are surprisingly delicate. In the breaking test I found out how easily a valve can be broken just by turning the handle. I will really be careful when operating valves at a real plant.

Satoshi Yamanoue
2nd Monomers Production Dept.
Mizushima Works
Asahi Kasei Chemicals

I learned that accidents from improper valve operation often happen due to insufficient understanding of the valve's structure. I gained an awareness that understanding the structures and characteristics of different valves is a key to accident prevention. I will be sure to operate even the smallest valve safely.

Yoshinori Inoue
AN/XY Production Dept.
Kawasaki Works
Asahi Kasei Chemicals

Physical distribution safety

Physical distribution of our products is consigned to specialist logistics firms. To ensure safety in storage, loading, unloading, and transportation, especially of hazardous products, each core operating company implements its own program of physical distribution safety that includes safety instruction and guidance for contracted firms.

The program at Asahi Kasei Chemicals

Asahi Kasei Chemicals produces and sells a wide range of chemical products, some of which are highly hazardous and could cause significant environmental or health damage if spilled. To ensure the safe and proper handling of its products during physical distribution, Asahi Kasei Chemicals employs a variety of measures to promote safe practices and safety initiatives by firms involved in storage, loading, unloading, and transportation.

Responsible Care

• *Physical Distribution Safety Symposiums*

Physical Distribution Safety Symposiums are held each year to share safety information and reinforce vigilance for safety among physical distribution firms. Hosted by the Logistics Dept. of Asahi Kasei Chemicals, the Symposiums are attended by upper management of the main firms contracted for product distribution. The agenda includes: Analysis of problems occurring in distribution; safety information, including accident case studies; safety lectures by specialist guest speakers; and presentation of awards by the President of Asahi Kasei Chemicals to firms with an outstanding safety record. The Symposium held in October 2006 was attended by 135 persons – 96 from 40 contracted firms and 39 from Asahi Kasei Chemicals and its subsidiaries and affiliates.

• *Safety conferences, inspections, and drills*

In addition to the Safety Symposiums, individual annual safety conferences are held with each of the main firms contracted to transport hazardous products. At these conferences, the safety program of the previous fiscal year is reviewed, any accidents which occurred are studied together with measures to prevent their recurrence, the safety of the customer's workplace environment where product is offloaded is studied to identify any improvements necessary, and safety plans and targets for the upcoming fiscal year are discussed. If improvements in a customer's workplace environment are deemed necessary from the standpoint of safe product offloading, the relevant business division of Asahi Kasei Chemicals contacts the customer to request that such improvements be made.

Similar annual safety conferences are held with warehousing firms which handle hazardous products of Asahi Kasei Chemicals. In cases where several warehousing firms handle the same product, a joint safety conference is held.

The Asahi Kasei Chemicals Logistics Dept. and the various production departments periodically perform joint inspections of the safety practices of warehousing firms and other firms contracted for physical distribution. Emergency contact networks are established with these firms, and drills are performed to confirm the effectiveness of each firm's emergency response.

• *Physical Distribution Safety Assessments*

In fiscal 2005 the Logistics Dept., ESH & QA Dept., and relevant business divisions of Asahi Kasei Chemicals began a cycle of Physical Distribution Safety Assessments for physical stock points where hazardous products are stored. These comprehensive Assessments build on the safety inspections performed for many years, and extend to evaluation of the subject organization' s overall management system, including compliance, in addition to safety management practices. Independent third-party specialists are brought in to lead the Assessments, based on a checklist of over 100 entries filled out in advance by the subject organization. The Assessment includes confirmation of entries in the checklist, including reference to related documents which provide verification, and inspection of records to gauge system performance. On-site observation of management practices is also performed.

Physical Distribution Safety Assessment

In fiscal 2005, the Assessments focused on overland transportation. In the first half of fiscal 2006 the focus was on transportation by ship, with Assessments performed at seven firms, and in the second half of fiscal 2006 the focus was on loading within plant grounds, with Assessments performed at eight plant sites. Results of these Assessments will form the basis for enhancing the level of safety in physical distribution from fiscal 2007 onward.

Having a Safety Assessment

Safety in physical distribution is vital for business operations at our Kobe Terminal. We were the subject of Physical Distribution Safety Assessments by Asahi Kasei Chemicals for onshore operations in fiscal 2005 and for offshore operations in fiscal 2006. Receiving an objective evaluation of our strengths and weaknesses has been helpful to the advancement of our PDCA cycle, and we are committed to continuing to raise the level of safety in our operations.

Mr. Yasuo Fukumoto
Loading Foreman
Kobe Terminal
MC Terminals Co., Ltd.

Workplace safety and hygiene

FY 2006 RC Objectives

- Achieve frequency rate[1] of 0.1 or less
- Achieve severity rate[2] of 0.005 or less
- Expand adoption of OHSMS[3] ; enhance utilization of OHSMS where it is implemented
- Thoroughly comply with safe operation standards
- Carry forward asbestos isolation and amelioration of effects in health program.

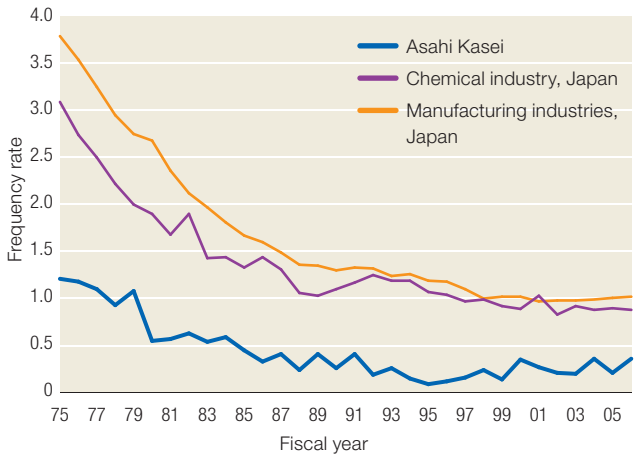
FY 2006 summary results

- Frequency rate of 0.36
- Severity rate of 0.036
- Rate of OHSMS adoption raised to 90% of production sites
- Thorough compliance with safe operation standards advanced
- Supplementary health checkups, application support for Asbestos Health Management Card, removal/ immobilization of sprayed-on coatings containing asbestos, replacement of gaskets containing asbestos

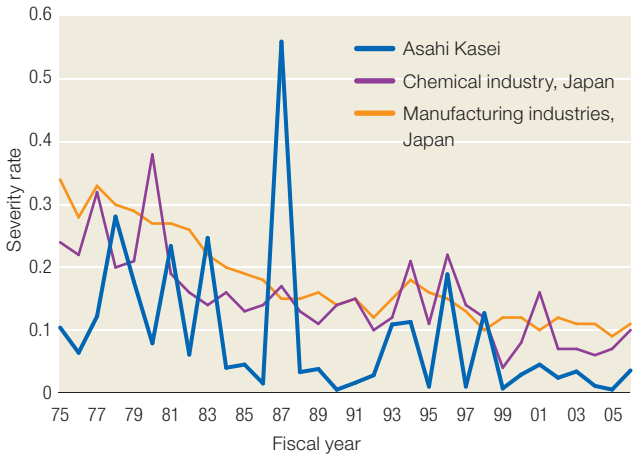
Preventing workplace accidents

We did not achieve our targets for frequency rate and severity rate in fiscal 2006. Accidents in the categories of "caught in or compressed or crushed" and "falling," events which are likely to cause severe injury, accounted for 40% of all injuries. By applying OHSMS, the various production sites identify potential hazards and implement measures to reduce risks in plant operation. We are enhancing compliance with safe operating standards and basic standards for safe conduct, and advancing a wide range of programs to prevent the occurrence of workplace injury.

Frequency rate



Severity rate



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

2 Lost workdays, severity-weighted, per thousand man-hours worked.

3 Occupational Health and Safety Management System. A standardized management system used to confirm that continuous improvement is being applied to measures to minimize the risks of workplace injuries and to prevent the emergence of future risks.

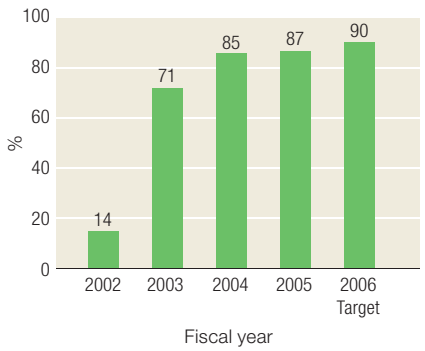
4 Occupational Health and Safety Assessment Series, number 18001. A standard for certification of OHSMS.

OHSMS

The effort for workplace safety begins with the Asahi Safety Training curriculum and includes initiatives for reporting of near-accidents and potential hazards, studying cases of workplace injury, safety patrols, and safety symposiums. The result of this effort has been a steadily declining trend in our frequency rate for lost-workday injuries, which is now about one sixth what it was in 1975. In recent years, however, we have not been able to consistently meet our extremely demanding target. We are adopting OHSMS in an effort to obtain better safety performance in line with our targets.

In fiscal 2002 and 2003, we began applying OHSMS at our main production sites in accord with OHSAS 18001[4] standards. In fiscal 2006 we began implementing OHSMS at two more plants, raising the rate of implementation to 90% of the 86 plant in total. OHSMS is being added at all remaining plants, and its effectiveness continues to be heightened where it is employed.

OHSMS implementation



Improving performance with advanced risk assessment

We began our program to apply OHSMS in September 2001, and in fiscal 2002 we completed the system, trained thirty internal auditors, familiarized all personnel with the system, prepared internal audit checklists, and established evaluation standards for chemical substance risk assessments and plant risk assessments. We began applying OHSMS at certain sections in fiscal 2003, and had the system audited by Corporate ESH & QA of the holding company. While some inadequacies were revealed through the audit, such as in the procedures to identify hazards during risk assessment, these were studied and corrective measures were applied.

In fiscal 2004 we began complete application of OHSMS at all sections throughout the Moriyama Region. We set a total of 135 specific targets for workplace safety and hygiene in fiscal 2004, 68 in fiscal 2005, and 138 in fiscal 2006. As a result of progress using our management program and applying the PDCA cycle, nearly all of the targets were achieved. The PDCA cycle is also applied separately within each section, with internal audits performed by internal auditors from other sections, and improvements, corrections, and preventive measures applied based on the results of internal audits. At the same time, overall performance is enhanced by sharing results laterally across the Region, so that all sections learn from one another. In fiscal 2007 we are honing our risk assessment process as we work to further raise workplace safety and hygiene performance, with a firmly established culture of safety.

Mitsuo Fujimoto
OHSMS Secretariat
Safety & Environment Dept.
Moriyama Office
Asahi Kasei Fibers

Considering risks in all things

We began trial application of OHSMS in 2001, and began applying it for real in 2003. When we first brought in the new system there was some confusion in the workplace, but uniform application was achieved under the clear leadership of the Plant General Manager. When we had a workplace injury, it really brought home the importance of identifying risks, and people throughout the plant pulled together as one to raise the level of safety. As part of the process of change control, a risk assessment sheet is submitted, including identification of specific risks and measures to minimize them. We will continue maintain safety by advancing risk assessments.

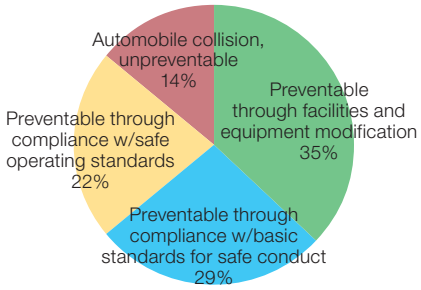
Yoshihiro Nakaie
OHSMS Promotion Committee
Environment & Safety Dept.
Moriyama Plant
Asahi-Schwebel Co., Ltd.

Compliance with safe operating standards

Uniform safety standards are applied to similar operating procedures throughout the Asahi Kasei Group. Over 80% of the workplace injuries which have occurred over the past seven years involved noncompliance with safe operating standards and basic standards for safe conduct. Our analysis indicates that modification to facilities and equipment could have helped to prevent 35% of these injuries, and improved education and training to obtain greater compliance with our safety standards could have prevented another 51%.

While OHSMS is helping us raise the level of inherent safety through plant modification, maintaining strict compliance with safety standards is the only option where no such modification is possible. In addition to efforts to raise awareness for safety, systems to confirm compliance are applied. The method and frequency of self-confirmation and of confirmation by supervisors is adapted to fit the specific characteristics of each workplace.

Workplace injuries, 77 cases, FY 2000 – 2006



Maintaining workplace hygiene

Each autumn we hold a group-wide Workplace Hygiene Week, during which workplace environments are reviewed and plans for improvement are prepared. Workplaces where potential health hazards are present are subject to regular monitoring under the Working Environment Measurement Law.

In fiscal 2006, we reported the presence of two chemical substances, 1,3-butadiene and epichlorohydrin, to the Labor Standards Inspection Office in accordance with revised operational safety and hygiene regulations which require such reporting for certain substances even when exposure limits are not exceeded.

Where radioisotopes are present, radiation dose rates are maintained below regulatory limits, with measurement results reported each year to Japan's Office for Radiation Regulations.

Records of noise and heat exposure data for each individual are maintained to enable exposure to be managed and minimized. We are advancing plant modification and review course of our work to reduce the noise generation and heat emission.

Asbestos

We have implemented a comprehensive response to health-related issues associated with occupational asbestos exposure.

- Follow up on asbestos-related health checkups held in March 2006, including assistance for retirees who have had a finding for asbestos-related health effects to apply for government support for periodic medical examinations.
- Implementation of asbestos-related measures for all buildings where asbestos is present.
- Identification of all gaskets and seals containing asbestos.

We are now aware of 6 former employees for whom the cause of death was determined to be mesothelioma, and two former employees who are being treated for mesothelioma.

Health maintenance

FY 2006 RC Objectives

- Systematize and unify base for health support
- Reduce proportion of employees for whom health warning signs are found
- Reduce number of employees on extended leave of absence for emotional convalescence

FY 2006 summary results

- Health support systems expanded at smaller-scale regional offices
- No significant change in proportion of employees for whom health warning signs are found
- Emotional care education and improvements of workplace environment performed, but the number of employees on leave of absence remained unchanged

Health maintenance support system

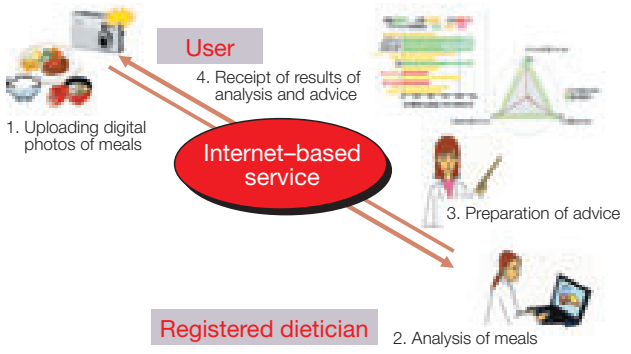
In fiscal 2006 we continued to enhance health maintenance capabilities at our geographically independent offices. Separately, the range and scope of health indicators subject to evaluation at the annual health checkup were revised and reclassified by purpose and characteristic, including newly added indicators, as were corporate standards to gauge the fitness of personnel.

Reducing health warning signs

To help reduce the proportion of employees for whom health warning signs are found at their annual checkups, we are expanding the use of our Internet-based personal diet management system, with some 150 personnel using the system in fiscal 2006. Diet management is believed to be an effective approach to countering so-called "metabolic syndrome." Health seminars are also held regularly at our various operating sites.

In fiscal 2006, the proportion of our personnel from who one or more health warning signs were found was largely unchanged from the previous year.

Personal diet management system



Baselines for health warning signs

	Measurement		Warning sign baseline
1	Blood pressure	Systolic	140 mmHg
		Diastolic	90 mmHg
2	Total cholesterol (TCHO)		240 mg/dL
3	Neutral fats (TG)		180 mg/dL
4	Fasting blood sugar (FBS)		110 mg/dL
5	HbA1c		5.9%
6	γ-GTP		80 IU/L
7	Uric acid (UA)		7.0 mg/dL
8	BMI		25

Emotional health and care

The maintenance of employees' emotional health and care is advanced in tandem with our physical health and fitness programs. The corporate Emotional Health Guideline provides for measures to improve the workplace environment together with four complementary approaches to care: By the individual employee, by line of authority, by industrial medical staff, and by specialists. The four approaches to care are summarized below.

- Self-care by individual employee
  Prevention and alleviation of one's own stress
- Care by line of authority
  Consultation of the employee with the supervisor, improvement of the workplace environment
- Care by industrial medical staff
  Consultation with the individual or supervisor, support for improvement of the workplace environment
- Care by specialists
  Care by specialist institutions and specialist physicians

To promote self-awareness and care, we began implementing the Japan Mental Health Inventory (JMI) survey in fiscal 1993. In fiscal 2001 we began expanding coverage to include all personnel, with completion in fiscal 2003. The survey is repeated for all personnel on a rolling three-year cycle, with nearly all of our personnel completing the second cycle by the end of fiscal 2006. The results of the survey are also analyzed by workplace unit to help guide improvements in the workplace environment. The JMI survey was developed by the Mental Health Research Institute of the Japan Productivity Center for Socio-Economic Development, a non-profit organization advocating advanced industrial productivity.

A provision for shortened working days is available for personnel returning from leave of absence for psychiatric convalescence as well as for any other injury or illness, enabling a gradual recovery of a full work load. About 30 persons use this provision each year, and of the 180 or so who have done so to present, nearly all have successfully returned to full-time work. One notable example of emotional health management and care in close coordination with specialist organizations is the program at the Suzuka Plant of Asahi Kasei Chemicals.

Emotional health and care at the Suzuka Plant

Our program for emotional care is concordant with the Plant General Manager's objective of having a lively and enjoyable workplace. First, we had Human Maintenance Training Corp. hold a "listener's training" session for our 130 supervisory personnel, from the Plant General Manager to shift leaders. Basic subjects covered in the session included considerateness, perceptiveness, attentiveness, responsiveness, and balancing work results with maintenance of the vitality of one's subordinates.

In fiscal 2006 we made "building a bright and lively workplace" one of our objectives. Ongoing measures for emotional care include follow-up counseling based on the listener's training for supervisors, emotional health seminars for all personnel, and individual counseling.

At the same time, with the support of the Mental Health Research Institute, we formulated an action plan for workplace vitality based on results of the JMI survey performed in December 2005, with the action plan reviewed every three months. With this action plan, we are making production sections with a large number of personnel more lively, with each section autonomously implementing its own independent measures for workplace improvement.

In fiscal 2007 we are expanding workplace enlivenment throughout the Suzuka Plant with the motto "A workplace you want to go to when you wake up in the morning, where the work is interesting and everybody is bright and lively." We will continue to work in close coordination with specialist organizations as we aim for a safe and vibrant workplace where every individual finds fulfillment in their work.

Tadashi Ishio
Manager, EHS Section
Suzuka Plant, Asahi Kasei Chemicals

Members of the Suzuka Plant Emotional Care Action Program Secretariat and specialists providing support (from left): Tadashi Ishio; Mr. Tadakazu Nemoto, Mental Health Research Institute; Mr. Ichiro Yano, Human Maintenance Training Corp.; Hiroshi Kondou, EHS Section, Suzuka Plant

As part of the emotional care action plan, we sought to improve relationships among coworkers and with supervisors, with an emphasis on improving communication. Specific measures began with a campaign for the exchanging greetings and salutations, and included the introduction of after-work chitchat sessions and time set aside for communication. These have had the effect of raising the sense of camaraderie. At first, people seemed to be overly conscious of the objective for emotional health, but after a year I sensed that people's attention had turned to simply how to make the workplace enjoyable and lively. In fiscal 2007 we are focusing on the sense of fulfillment that each individual finds in his or her work, and for shift workers we are planning interviews to discuss future prospects and invitations to participate in technological projects.

Masahiko Iyoku
Manager, Saran Fiber Production Dept.
Suzuka Plant, Asahi Kasei Chemicals

Automated external defibrillators (AEDs)

AEDs are used to administer an electric shock to counter ventricular fibrillation in cardiac arrest victims. We have placed AED units at many workplace locations throughout the Asahi Kasei Group and provided training in their use to our personnel.

As of the end of fiscal 2006, we had a total of 88 AEDs in place, including 11 in the Tokyo region, 23 in Mizushima, and 29 in the Nobeoka/Hyuga region. Over 1,000 employees have completed training in AED use, and the number continues to grow.

AEDs are also available at many public gathering places, such as airports, auditoriums, and railroad stations. The many Asahi Kasei Group personnel trained in their use will be ready to provide a life-saving response if the need arises away from the workplace.

AEDs in Nobeoka and Hyuga

In 2005 AED units were placed at our Nobeoka Health Center and Physical Exam Center, and in 2006 AEDs were added at workplace sites throughout the Nobeoka/Hyuga region, raising the total to 29 units. The Nobeoka Health Center is advancing the education and training for personnel to learn how to use AEDs and how to perform cardiopulmonary resuscitation (CPR).

A person from each plant site was selected for high-level training in life-saving skills, and how to teach such skills to others. The Nobeoka Fire Department was invited to hold an eight-hour training course, which was completed with a written exam and skills test. Thirty-four personnel passed the course and received a certificate from the Nobeoka Fire Department. These personnel are now teaching others in their respective workplaces in life-saving techniques such as AED use.

The Nobeoka Health Center also holds training sessions with dummies on which personnel can practice the use of an AED and CPR. In addition, the Nobeoka Fire Department holds monthly three-hour training sessions for our supervisory personnel to obtain life-saving skills, with 241 individuals completing the course.

We will continue to increase the number of AED units at our workplace sites in the region, and the number of personnel trained in their use.

Learning emergency life-saving techniques

In April 2006, two AED units were placed at the Asahi Kasei Medical sites in Nobeoka, where 443 personnel work. At first, many people said, “How do you use it?” and “Can just anybody use it?” So far, 60 of our personnel have completed the training courses held by the Nobeoka Health Center. Among them, about half said that based on the training using dummies they were confident in their ability to perform CPR and to use an AED; the other half said that, although the training was useful, they still felt some insecurity in their ability having only done it once.

At our Tsunetomi Plant, we use an instructional video on AED use to provide a review for personnel who have completed the training course and to provide basic understanding for those who have not. We will continue to expand training and to provide periodic reviews, so that if the need ever arises, at work or in a public setting, our personnel will be confident in their ability to save a person’s life.

Taeko Yamamoto
EHS Section, Tsunetomi Plant
Dialysis Products Division
Asahi Kasei Medical Co., Ltd.

Product safety

FY 2006 RC Objectives

- Avoid serious product safety incidents

FY 2006 summary results

- No serious product safety incidents

To ensure the provision of products that the customer can use safely and reliably, we constantly strive to improve product safety and product quality, while maintaining consistent production control.

Consumer satisfaction

Consumer satisfaction

Products sold by the Asahi Kasei Group range from industrial materials to consumer products. Many of the materials we sell are used in products which are ultimately purchased by ordinary consumers. Consumer satisfaction is therefore the ultimate measure of our success in the provision of safe, high-quality products.

Product liability

Securement of product safety became an important imperative with the 1995 initiation of Japan's Products Liability Law. To avoid liability, any product defects must be discovered before the product reaches the customer. Product quality and safety are ensured through constant attention to production control.

Product safety guidelines

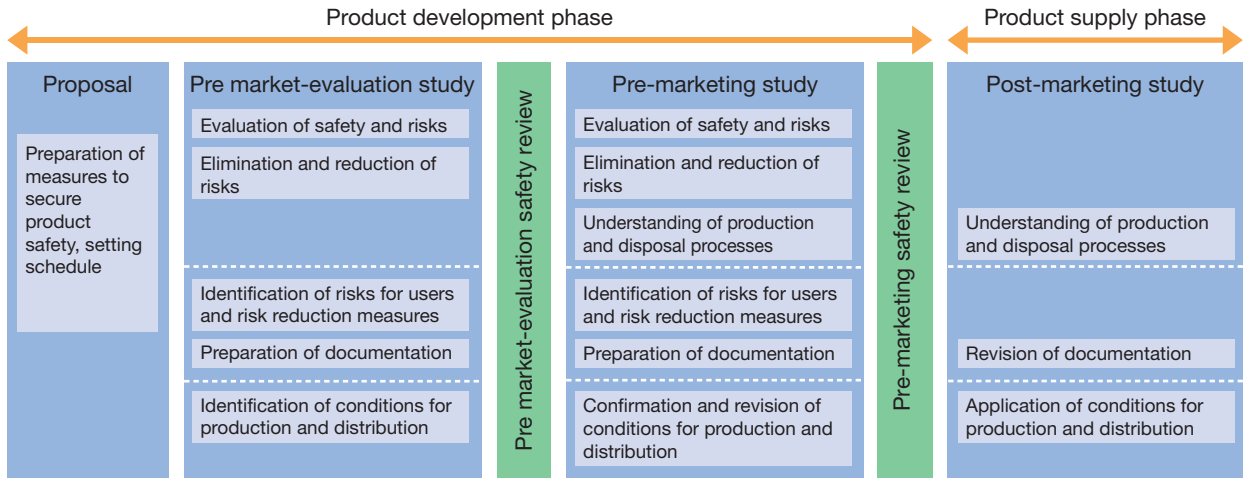
Group-wide product safety guidelines have been prepared to secure product safety and prevent the occurrence of product safety incidents. The guidelines specify matters to be controlled throughout the process from material purchase through use and disposal. Product safety measures for individual products are performed by each core operating company in accordance with the guidelines.

Product safety measures

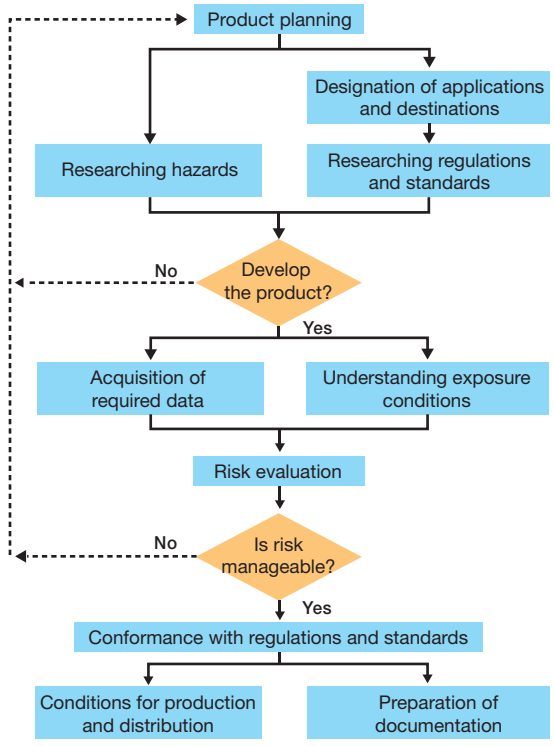
As shown at right, the flow of measures to secure product safety is centered on risk assessments during the development stage, prior to product marketing. Separate procedures are followed for chemicals and equipment. Material safety data sheets (MSDSs) are prepared to ensure the safe handling of chemical products sold to other businesses. Instructions for safe use are included in the product manuals of equipment sold to other businesses and of consumer products.

Responsible Care

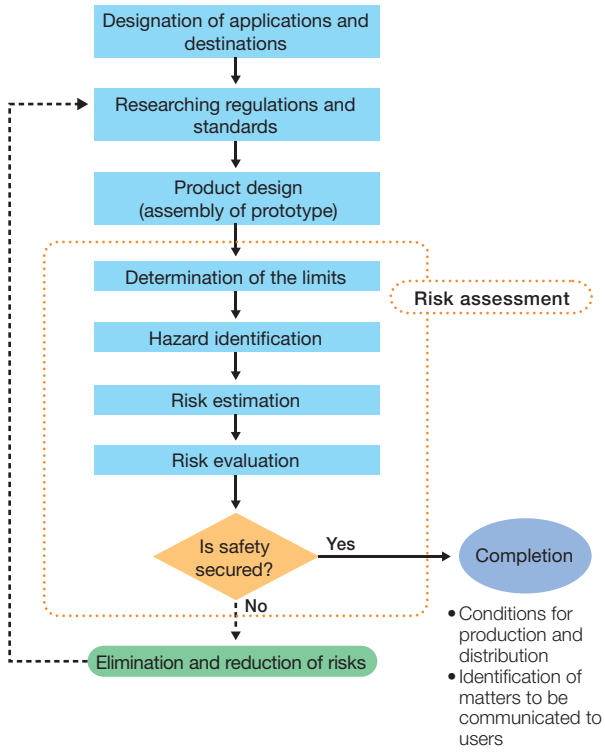
Flow of product safety measures



Product safety procedure for chemicals



Product safety procedure for equipment



Product safety results

Avoidance of serious product safety incidents was specified as an RC Objective for fiscal 2006, and no serious product safety incidents occurred. We believe this result is attributable to the day-to-day product safety measures such as risk assessments, and to the ongoing education and training for product safety to maintain knowledge of issues related to product liability, safe handling of chemical substances, and safety of equipment sold as products.

In 2006, Japan became one of the first countries to adopt the Globally Harmonized System of Classification and Labeling of Chemicals (GHS) as recommended by the UN. We are accordingly revising our MSDSs, reviewing our chemical product labeling to ensure inclusion of clear safety information, and conducting extensive personnel training for this purpose.

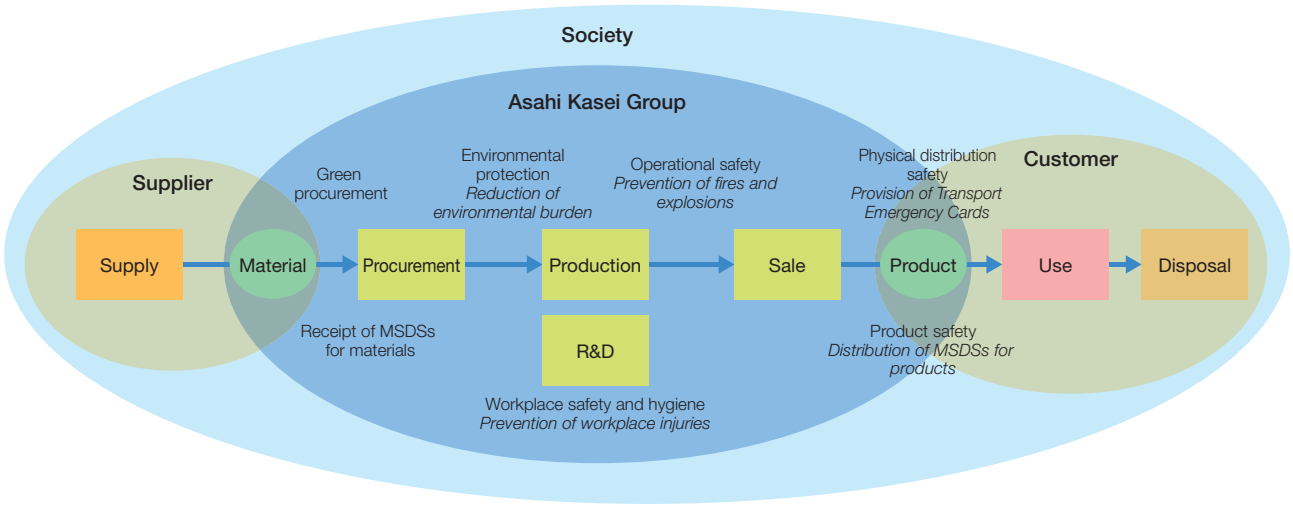
In addition to useful characteristics, products also have hazards which could result in injury as a result of improper handling. While a variety of information is provided to customers to ensure safe and proper handling and use, this information is not always utilized completely. The information we provide is revised as necessary for greater ease of understanding and ease of use.

Managing chemical substances

The Asahi Kasei Group effort

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

Chemical substance management flow



Materials purchase

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

Production

The safety of the local community and the protection of the environment are secured by proper handling of chemical substances to suppress environmental release (see pp. 30–36) and to prevent fires, explosions, and leaks (see pp. 37–41). The health of employees is protected by preventing workplace exposure to hazardous substances (see pp. 42–44).

Use and disposal

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

Research and development

The management of chemical substances begins with R&D, which is guided throughout every stage by a commitment to developing products and process characterized by safe, environmentally sound production, handling, and use. This is exemplified in our development of the non-phosgene process for polycarbonate production, which has been recognized by many prestigious awards including the Green and Sustainable Chemistry Award.

Responsible Care

International efforts for chemical safety

The Asahi Kasei Group is a proactive participant in the many international efforts for the safe management of chemical substances, playing a leadership role in their planning, development and implementation. These include international initiatives such as SACIM, HPV, and GHS, and coordinated efforts for REACH and RoHS compliance.
SAICM, the Strategic Approach to International Chemical Management, was established in 2006 to minimize adverse effects from production, handling, and use of chemical substance on human health and the environment through 2020 and beyond, as envisioned by the 2002 World Summit on Sustainable Development.
Under the High Production Volume (HPV) Chemicals Initiative, established by the OECD as part of its program for environment, health, and safety, each member country together with its chemical industry is participating in the collection of safety data on all chemical substances produced at a rate of 1,000 tons or more per year in at least two of the major economies of Japan, the US, and the EU.

The Globally Harmonized System of Classification and Labeling of Chemicals (GHS) was recommended by the UN in 2003, and adopted in Japan in 2006 as part of its Occupational Safety and Health Law.

The REACH regulations for management of chemical substances were established in December 2006 based on the white paper for chemical products management policy issued in the EU in 2001.

The REACH regulations, the European Restrictions of Hazardous Substances (RoHS) directive, and other international initiatives require producers to be aware of the chemical substances contained in a broad range of products, and it is therefore necessary for companies to share information on substances and their safety throughout the entire supply chain from raw material to end product.

HPV Chemicals Initiative

The Asahi Kasei Group began participation in the ICCA HPV Chemicals Initiative in fiscal 1999, cosponsoring assessments for ten of the thirty chemical substances we produce which are among the 1,000 subject to HPV criteria. Assessment for five of the ten substances has been completed by the OECD, and is in progress for the other five in coordination with other participating companies. Assessment for two of these is near completion.

Japan Challenge Program

The Asahi Kasei Group is a leading participant in the Japan Challenge Program launched in 2005 as a nation-wide public/private sector alliance to accelerate the collection of chemical safety information for public disclosure.

Long-range Research Initiative (LRI)

The ICCA is advancing study on the long-term effects of chemical substances on health and the environment through the LRI. The JCIA is advancing research in four fields: Endocrine disruption, chemical carcinogenesis, hypersensitivity, and neurotoxicity.

The Asahi Kasei Group is represented on the Planning and Management Panels for endocrine disruption and neurotoxicity, participating in the preparation of research white papers, examination of proposed research projects, and follow-up of research that has been adopted.

Globally harmonized system (GHS)

We are advancing a program to classify all of our chemical products based on their hazardousness, revise our MSDSs, and label our products with clear safety information in accordance with GHS.

REACH compliance

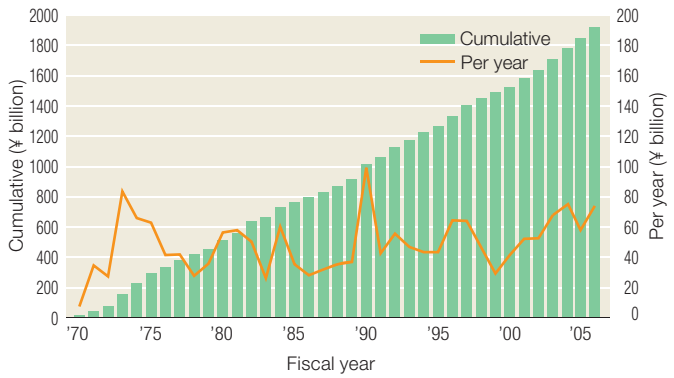
Education and training were performed to ensure proper compliance with REACH regulations. The Japan Article Management Promotion (JAMP) consortium was established in September 2006 for management of relevant chemical substance information and systematic conveyance of the information through supply chains. Asahi Kasei, as one of its founders, has been an active participant in JAMP since its establishment.

Expenditure for environment and safety

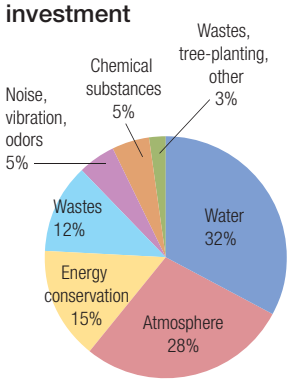
Environmental and safety investments

Investments in modification for environmental protection and safety in fiscal 2006 were ¥7.44 billion.

Investment in environmental and safety modification

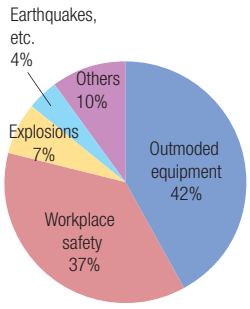


FY 2006 environmental investment



¥2.08 billion

FY 2006 safety investment



¥53.7 billion

Environmental accounting

The cost of measures for environmental protection in fiscal 2006 was tracked as shown below in our Chemicals, Fibers, and Electronics Materials & Devices operating segments, in accordance with cost classification standards promulgated by the Ministry of the Environment.

Operating segment	Cost class		Principal measures	Investment ¥ million	Expense ¥ million	Notable change from FY 2005
Chemicals	Combined operating area			1,385	5,356	Release of atmospheric pollutants reduced from 64.7to 58.5 tons. Release of PRTR-specified substances reduced from 435 to 402 tons.
	comprising:	Pollution prevention	Cooling of effluent water, curtailed release of methylene chloride	1,254	3,348	
		Global environmental protection	Energy conservation, change of boiler fuel to gas	123	428	
		Resource circulation	Use of paper/plastic composite containers to reduce plastic consumption, installation of sludge dryer, treatment of industrial waste	7	1,580	
	Upstream and downstream		Green Procurement	21	66	
	Management		ISO inspection, training, monitoring	16	678	
	Research and development		Process development, ecoefficient products	10	1,399	
	Community outreach		Community fellowship and dialog	0	18	
	Environmental damage		Compensation pursuant to Pollution Health Damage Compensation Law, groundwater purification	28	184	
	Total			1,460	7,701	
Fibers	Combined operating area			486	1,923	Release of atmospheric pollutants reduced from 3.7 to 1.9 tons. Release of PRTR-specified substances reduced from 14.1 to 10.6 tons. Recycling of industrial waste increased from 93% to 96%.
	comprising:	Pollution prevention	Suppression of noise, wastewater treatment, curtailed release of atmospheric pollutants	229	917	
		Global environmental protection	Installation of invertors to control electric motors	24	71	
		Resource circulation	Recycling	233	935	
	Upstream and downstream		Recovery of containers and packaging	0	22	
	Management		Tree-planting on plant grounds, training, ISO inspection	0	81	
	Research and development		Resource conservation technology, recycling technology	0	41	
	Community outreach		Community fellowship and dialog	0	8	
	Environmental damage		—	0	0	
	Total			486	2,075	
Electronics Materials & Devices	Combined operating area			62	365	Greenhouse gas emissions reduced from 273 to 185 thousand tons CO_2 equivalent. Recycling of industrial waste increased from 59% to 81%.
	comprising:	Pollution prevention	Purchase of replacement catalyst for deodorization equipment, upgrading of outmoded wastewater treatment equipment	47	88	
		Global environmental protection	Upgrading of thermal insulation for steam pipes, modification of refrigeration equipment	10	9	
		Resource circulation	Incineration and recycling of industrial waste	5	268	
	Upstream and downstream		Reuse and recycling of containers and packaging	0	104	
	Management		Maintenance and operation of environmental management system	0	90	
	Research and development		Development products with reduced environmental burden	0	9	
	Community outreach		Cleaning activity	0	1	
	Environmental damage		—	0	0	
	Total			62	569	

Note:
- Sums may not equal totals due to rounding.
- Chemicals segment information shown inclusive of the former Life & Living segment, which was combined in April 2007.

Respect for employee individuality

Respect for employee individuality

The Asahi Kasei Group considers fulfilling and satisfying working conditions and workplace culture, in which personnel feel motivated to achieve and take pride in their career, to be a key to business performance.

Human Resources Credo

The Human Resources Credo of the Asahi Kasei Group is a distillation of the values and principles held in common by all employees, a key aspect of a corporate culture where personal growth and corporate development are mutually reinforcing.

Human Resources Credo of the Asahi Kasei Group (abbreviated)

Commitment	Providing the venue for dynamic and fulfilling endeavor and accomplishment, as a key to development and growth of the Asahi Kasei Group
People	• Enterprise growth through challenge and change • Integrity and responsibility in action • Respect for diversity
Leaders	• Building the team, heightening performance and achievement • Going beyond conventional boundaries, in thought and action • Contributing to fellow development and growth

Purpose of the Human Resources Credo

The Asahi Kasei Group is entering into a new phase of expansion and growth, guided by the *Growth Action – 2010* business plan. From the executive management to each individual employee, seeking challenges with new ideas and initiative will bring corporate success together with a sense of personal accomplishment. The Human Resources Credo elucidates the base of common values and principles shared throughout the Asahi Kasei Group. Corporate growth and public contribution are made possible by the consistent application of this Credo in day-to-day work.

Kiyoshi Tsujita
Director, Senior Executive Officer
Human Resources
Asahi Kasei Corp.

Equal opportunity and diversity

Corporate HR & Labor Relations leads the effort to ensure against unreasonable discrimination on the basis of gender or otherwise, to maintain a workplace culture in which employee fulfillment and working performance are free from hindrance, to advance employment of persons with disability, and to rehire personnel after mandatory retirement.

Preventing sexual harassment

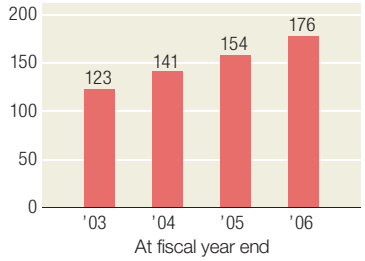
Sexual harassment in the Asahi Kasei Group is clearly prohibited by our *Corporate Ethics – Code of Conduct* and by our corporate employment regulations. Prevention is reinforced through training at each level of promotion in rank and through periodic company-wide training within each core operating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

EO Promotion, part of Corporate HR & Labor Relations, serves as a central point of consultation for the Asahi Kasei Group, and consultation centers have been established in each core operating company, at each operating site, and by each labor union. Training and consultation is not limited to regular full-time employees, but includes staff from placement agencies and employees of affiliated companies.

Expansion of opportunities for women

We have proactively increased the proportion of women among hirings and expanded the distribution of job assignments for women. In 1993, only five employees at the rank of manager or above were women. This has risen to 176 at the end of fiscal 2006, and the variety of posts where women are assigned continues to expand.

Number of women as managers



Fiscal 2007 hiring

In April 2007, 391 new graduates were hired, 301 men and 90 women. In addition, 50 persons were hired in mid-career between January and December 2006.*

Borderless Employment

In February 1996 we began our Borderless Employment Program to expand hiring beyond the conventional borders of nationality, age, gender, and academic credentials. As overseas postings increase, we are hiring people with the ability to work in a diverse range of cultures and languages. Among the new employees entering Asahi Kasei in April 2007, six were foreigners who had studied at Japanese universities and one was a Japanese who had graduated from a foreign university. We are also focused on hiring people in mid-career who have the fully developed skills and experience to quickly begin making a productive contribution.

Akira Hibi
Manager
Recruiting Section
Corporate HR & Labor Relations
Asahi Kasei Corp.

Balancing work and family life

We encourage personnel to take advantage of a full complement of provisions and benefits to enable the flexibility to maintain a career while raising a family or attending to family members who require care. These are among the most advanced in Japan, including short-term and extended leaves of absence, paid days off, and shortened working days. Such measures are a reflection of our corporate culture of mutual respect for diverse values and lifestyles, including different working styles and practices.

Acquisition of 2007 *Kurumin* seal of approval

In June 2007, Asahi Kasei Corp., all six core operating companies, and Asahi Kasei Home Products Corp. were awarded the *Kurumin* seal of approval by the Ministry of Health, Labor, and Welfare, in recognition of their contribution to next-generation welfare, growth, and development through their encouragement and support for optimum balance in career and family life, full utilization of annual leave days, avoidance of excessive overtime, and other measures.

* Totals for Asahi Kasei Corp. and its core operating companies. Not including persons hired by other consolidated subsidiaries or hired as contract employees.

The Asahi Kasei Group action plan for next-generation support

Encouraging and enabling men and women to continue working while raising a family

Intranet website dedicated to work/life balance issues launched in March 2007. Campaign to promote utilization of new parental leave provisions in January 2006.

Reforming working practices

Promotion of use of paid days off, reduction of long overtime hours.

Advancing community support

Open Office Day held in Tokyo in August 2006 for children of employees to visit the workplace. Expansion of school visits by our engineers.

Action plan for next-generation support

We are implementing a two-year action plan, from April 2005 to March 2007, in accordance with the Next Generation Education and Support Promotion Act enacted in July 2004.

A culture fostering work/life balance

We use our in-house magazine to promote the participation by men in child-rearing, to encourage utilization of paid vacation days, and to discourage the working of excessive hours. In March 2007 we opened a new intranet website dedicated to work/life balance issues. In December 2006 and February 2007 we invited experts to present "New Family Forum" lectures related to work/life balance.

By repeating a consistent message through such various channels and providing opportunities for personnel to consider their own situation, we are fostering a corporate culture in which people can enjoy their work in balance with rich personal lives.

The second New Family Forum lecture

How I spend my days off

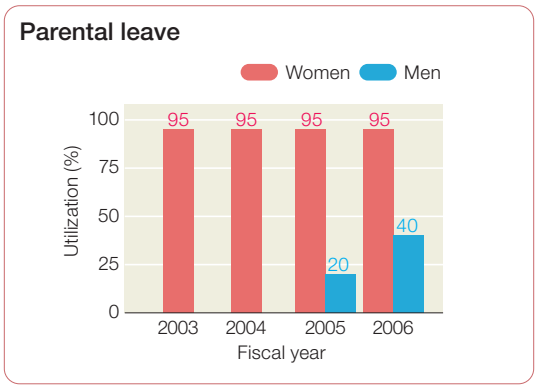
I am a senior trustee of Richard-Wagner-Gesellschaft Japan, which holds public performances and concerts once a month. Previously, my appreciation for music had been a personal experience, but interaction with other people has broadened my perspective and enriched my appreciation. I look forward to using the vacation time I will receive for 25 years of work to go to the Bayreuth Festival!

Hiroaki Sugiyama
General Manger
Marketing & Sales, Plastic Products
Polymer Products Division
Asahi Kasei Chemicals

Parental leave

Our parental leave is available through the fiscal year in which the child turns three years old. In fiscal 2006, 388 personnel utilized parental leave, 236 men and 152 women. This is 40% of the men who qualified, and inclusion of men who took paid days off after the birth of their children raises this to 80%. The January 2006 revisions to our parental leave provisions and our campaign to promote their utilization have made it easier for men to utilize parental leave, and we anticipate these numbers increasing. Ninety-five percent of women who took paid days off for childbirth also utilized parental leave during the year.

A Ziploc™ gift set and disposable diapers are given to personnel who return a questionnaire about their parental leave.



Thoughts on working and raising children

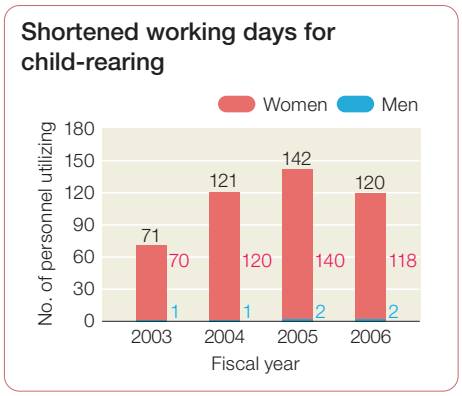
Having paid days off on the birth of my son, I enjoyed being able to watch him all day long. My wife was also glad to have me in the house, so she could go shopping and do housework while I looked after our three year-old daughter.

Although obligations at work kept me from spending more than five days off, it was nice to be able to have those five days off with pay. I am also grateful to my boss and coworkers who helped make it possible by covering for me while I was away.

Kazuyuki Terao
Electronics Materials Plant
Asahi Kasei EMD

Utilization of shortened working days for child-rearing

In fiscal 2006, 120 personnel of Asahi Kasei and the core operating companies utilized shortened working days for child-rearing, two of them men. This provision enables the working day to be shortened by up to two hours until the child enters elementary school. It may be used concurrently with "flex-time" for flexible working hours, and with "child-rearing time" for temporary absence during the working day to spend time with a child under the age of one year.



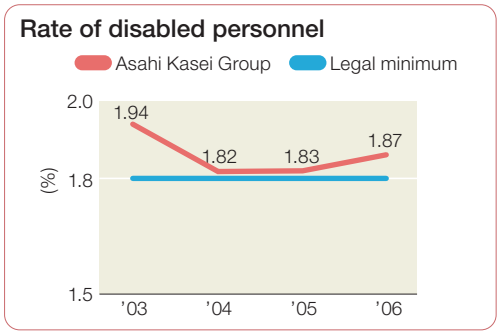
Leave of absence for family care

In fiscal 2006, seven personnel utilized leave of absence for family care. This provision enables a leave of up to one year for the purpose of attending to a family member who requires care. An additional 93 working days of leave for the same purpose can also be utilized.

Employment of persons with disability

Our employment of disabled persons stood at 381 employees as of June 1, 2006, or 1.87% of the 20,409 employees of Asahi Kasei Corp. and certain subsidiaries.* The rate of disabled personnel has exceeded the legal minimum since 1994. The legal minimum has been 1.8% since 1998.

Asahi Kasei Ability Co., Ltd. was established in 1985 for the employment of disabled persons, performing a wide range of services for the Asahi Kasei Group including website design, document printing and binding, copying, mounting and framing, gardening, and cleaning, with offices in Tokyo, Fuji, Mizushima, and Nobeoka. Of our 381 personnel with disability in June 2006, 195 were employed at Asahi Kasei Ability.



Gold and silver medals at the Abilympics

Asahi Kasei Ability employees representing Okayama won one silver and two gold medals at the 29th National Abilympics held in Kagawa in October 2006. The silver was won by Shirou Kuzuoka in the skill category of Data Processing, and the golds were won by Kayoko Shinohara in Word Processing and Tatsuto Nishida in PC Assembly. The gold medalists qualified to participate in the 7th International Abilympics held in Shizuoka in 2007.

Kayoko Shinohara (left) and Tatsuto Nishida (right) with their gold medals

Rehiring retirees

In April 2001 we instituted a program to enable the rehiring of union members after mandatory retirement for one year, providing the opportunity for motivated persons with valuable skills and experience to continue to work. In April 2007 this was revised to enable the one-year contracts to be renewed three times, for a maximum of four years of employment beyond retirement age.

* Asahi Kasei Chemicals Corp., Asahi Kasei Homes Corp., Asahi Kasei Pharma Corp., Asahi Kasei Fibers Corp., Asahi Kasei EMD Corp., Asahi Kasei Construction Materials Corp., Asahi Kasei Life & Living Corp., Asahi Kasei Amidas Co., Ltd., Asahi Kasei Medical Co., Ltd., Asahi Kasei Engineering Co., Ltd., Asahi Kasei Electronics Co., Ltd., Asahi Kasei Microsystems Co., Ltd., and Asahi Kasei Ability Co., Ltd.

Career development and personnel mobility

Career development support

Employees are given a wide range of training to develop the skills needed to successfully advance their careers. A regular program of training is applied throughout the Asahi Kasei Group at key career steps – upon hiring, promotion to manager, promotion to department general manager, promotion to division general manager, and assumption of an executive position. Other individual training programs such as for global management are implemented according to business need. Each core operating company also implements training programs to support the development of employee skills required for its specific field of business. In fiscal 2007, we began applying a new system for the development of leaders and global human resources, and for fostering the basic skills of younger personnel.

Independent study

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

Overseas study

Each year personnel are dispatched for overseas study as part of the effort to develop the skills and abilities needed to do business in the globalized operating environment.

Career development and training system

Two-foundation, three-pillar structure

New in 2007

		Leadership		Global human resources	Professional skills				Basic skills		
		Operations management	Human resources management		Production	Research	Sales	Clerical	Decisiveness	Thinking	Cooperation
Executives		Executive forums Seminars for newly appointed directors									
Managers	Division general managers	Advanced forums Forums Training for newly appointed directors of subsidiaries and affiliates									
	Department general managers	Training for selected department general managers Training for newly appointed department general managers Training for evaluation of subordinates									
	Managers	Training for evaluation of subordinates Training for new managers Training on finance & accounting practices		Global manager training	Training for plant management Training on promotion to manufacturing manager Training for candidates to become senior operators Training before/after assignment as foreman	Separate training by occupational field performed by core operating companies			Training on promotion to manager		
Lower to middle ranking personnel	Assistant managers								Training on promotion to assistant manager		
				English language training					Training for problem solving Training for newly employed personnel		

Personnel mobility

Available position postings

In October 2003 we began a system for business units to post available positions on the corporate intranet. Personnel in other business units who are eligible for transfer can apply. Positions are posted quarterly, with a steady stream of postings, applications, and transfers completed. The system has proven to be a valuable tool to help heighten personnel interchange within the Asahi Kasei Group.

Tracking career development

The corporate intranet is also used to enable employees to record their specialist abilities, certified qualifications, working experience, and career ambitions. The recorded information is utilized in the evaluation of candidates for assignment transfers, and to provide newly transferred supervisors with a concise overview of their subordinates.

Accord with labor unions

Regular meetings between management and labor

Discussions between management and labor union representatives are held on a regular basis to ensure that a constructive partnership and mutual understanding is maintained. Approximately 9,300 of our employees are union members. In July 2006, discussions were held between the management of the core operating companies and representatives of their labor unions.

Management/Labor HR Council

In December 2003, a Management/Labor HR Council was established to provide a forum for management and labor representatives to discuss a wide range of issues related to human resources, based on a shared understanding that workplace vitalization and personnel motivation require enhancement of both physical workplace facilities and organizational structures and provisions. Results of these discussions are reflected in revisions to our Human Resources Credo and in our education and training programs.

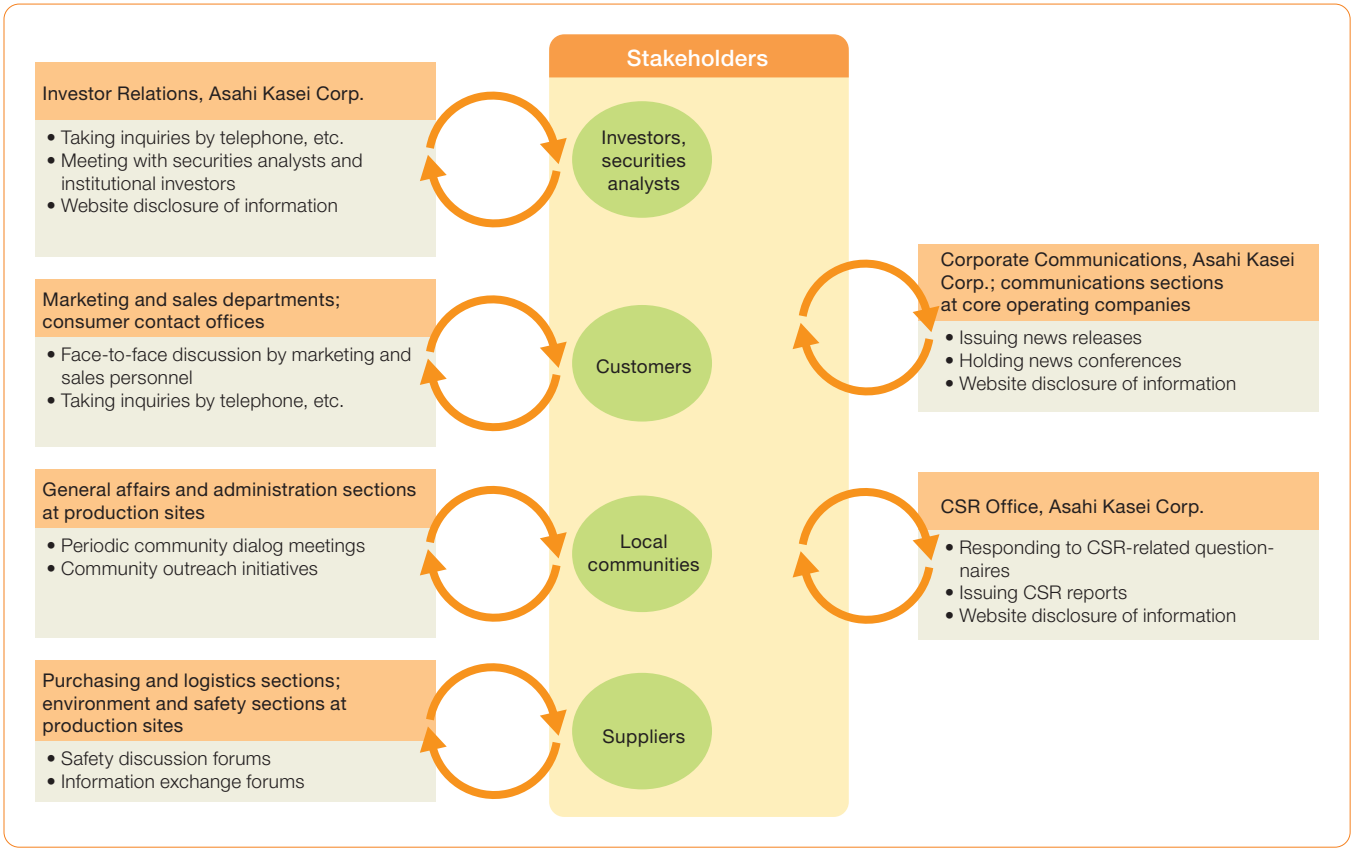
Corporate citizenship

Corporate citizenship

A favorable relationship is maintained with interested parties throughout the world through fair information disclosure and the proactive employment of management resources for corporate responsibility and citizenship.

Stakeholder dialog

Different corporate organs hold responsibility for fair and open dialog with each of our different groups of stakeholders. In the holding company, Investor Relations is responsible for dialog with investors, and Corporate Communications is responsible for dialog with the media. At each production site, the general affairs and administration section is responsible for dialog with the local community. Where a core operating company sells final products for consumer use, customer hotlines and contact offices are responsible for dialog with the consumer.



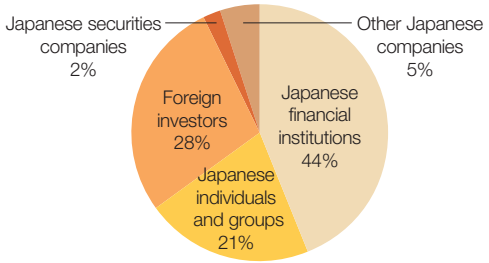
Investor relations

Timely, accurate, and fair disclosure of information to investors is performed by publication of the Annual Report, semiannual business reports, quarterly financial reports, and other information on the corporate website.

Shareholder distribution

Asahi Kasei Corp. has some 130 thousand shareholders. At the end of March 2007, approximately 44% of shares were held by Japanese financial institutions, 21% by Japanese individuals and groups, and 28% by foreign investors.

Distribution by type of shareholder



Meetings with institutional investors and securities analysts

In fiscal 2006, Investor Relations held 209 meetings in Japan with institutional investors and securities analysts, including large conferences to discuss quarterly financial results. A further 100 meetings were held with investors and analysts overseas, with total cumulative attendance of some 1,150 for the 309 meetings. This includes attendance at conferences held by securities firms both in Japan and overseas.

President Hiruta makes a presentation on the *Growth Action – 2010* strategic management plan

Seminars for individual investors

To provide individual investors with a better understanding of the operations of the Asahi Kasei Group, we participated in seminars for individual investors held by the Nagoya Stock Exchange in September 2006 and by the Fukuoka Stock Exchange in March 2007, with a total of 407 individual investors in attendance.

A display featuring Asahi Kasei products based on hollow-fiber membrane technology at the Nagoya Stock Exchange seminar for individual investors

The Asahi Kasei presentation at the Fukuoka Stock Exchange seminar for individual investors

Customer relations

We highly value frank and honest customer feedback as vital to our effort to provide value in products and services. It is only through customer satisfaction with our products and services that the value they hold is translated to the general public and contributes to general progress.

Satisfying the needs of manufacturers

Asahi Kasei Chemicals

Ceolus™ microcrystalline cellulose (MCC) from Asahi Kasei Chemicals is made by refining and processing natural cellulose. It is used as a functional additive in a wide range of applications for processed foods and pharmaceuticals. Foods applications include beverages, dairy products, and confectionaries. In beverages, Ceolus™ functions to stabilize low-viscosity suspensions and to prevent the solidification of sediments, so that fine insoluble particles in the beverage do not settle to the bottom and solidify. It is widely used as a safe additive in beverages such as canned hot cocoa and canned coffee with milk. Ceolus™ has earned the leading share of the Japanese market for MCC as Asahi Kasei Chemicals strives to provide product grades that meet specific customer needs.

Ceolus™ MCC

The customer's perspective

Mr. Toshimasa Higuchi
Manager,
Functional Food and Drink Division
Calpis Co., Ltd.

We use Ceolus™ in our "Ameal-S" beverage, which is approved as a dietary supplement for people with high blood pressure. One challenge to maintaining the stability of cultured milk beverages is the sedimentation of lactoproteins. By using Ceolus™ we can suppress the solidification of sediments in the beverage. Maintaining quality and safety is our highest priority. Mr. Sawato always gives us the proper specifications and safety-related information, so we are able to rely on the quality of Ceolus™ without reservation.

Asahi Kasei Chemicals provided technical documentation and Ceolus™ samples that showed they really understood our needs. The process from initial proposal to actually using Ceolus™ in production takes some time, but Asahi Kasei Chemicals kept in close communication throughout, providing the information we needed, and earnestly working to help us improve our product quality.

Comment from personnel involved

Yuusuke Sawato (left) and
Akihiro Sakamoto, Functional Additives R&D Dept. (right)

Calpis Co., Ltd. has long been a Ceolus™ customer. I got to know them well when I joined the sales team, as I was working with them on a changeover to a new, more effective grade. To make a smooth changeover, I had to carefully explain the improved effectiveness and help them fully understand.

For Ceolus™ we take an R&D-based approach to marketing. As a sales representative I keep in close contact with the customer's purchasing and R&D departments, frequently visiting them in person, to maintain a full appreciation of their needs. Based on this understanding of the customer's needs, I work with our R&D personnel to perform tests to compare sample product made with and without Ceolus™ ; we then prepare documentation that shows its effectiveness in a given application. Using this material, we can clearly convey the features and advantages of Ceolus™ to the customer in a meaningful way. Whenever we get new information about Ceolus™ performance, I am sure to show it to my established customers, even if their application may seem at first sight to be unrelated – sometimes we find it connects with their needs in unexpected ways.

I never take our relationship with an established customer for granted. I consider every meeting I have with their personnel to be a chance to learn more about their needs. Like Calpis Co., Ltd., many of my customers were Ceolus™ customers before I began selling it, but I work hard every day to maintain and deepen relationship established by my predecessors. It is only with true customer satisfaction that business can grow.

Yuusuke Sawato
Ceolus Marketing & Sales Dept.
Functional Additives Division
Asahi Kasei Chemicals

Maintaining a good relationship with consumers

In businesses where our products are used directly by consumers, we have consumer support centers to take inquiries and respond to complaints with sincerity and in good faith. The feedback we receive is often used as the basis for product modification and improvement. We also provide consumers with useful tips and advice on product use.

Asahi Kasei Homes

Asahi Kasei Homes offers a rich array of support and services to owners of Hebel Haus™ homes, which are designed to last for over 60 years. In its Active Service program, it provides a 60-year inspection and keeps a maintenance record for each home unit built. Several systems and arrangements such as *30 Minute Push* are employed to ensure proper and effective response to each individual inquiry related to any problem a homeowner may encounter. Seminars are held to help homeowners appreciate the importance of well-planned maintenance to preserve the home's asset value and to make the most of the home's intrinsic features. Useful tips and advice are also provided on its website and in a monthly magazine for Hebel Haus™ residents.

A homeowner's view

Last winter when a water pipe in our yard froze, we called Asahi Kasei Homes to request a repair. They called back more quickly than we had expected. We were just wondering whether or not we would get a call back the same day. Later on, we learned about the "30 Minute Push." It's really nice to get a response within 30 minutes. Once an hour or two pass since someone calls, they might be busy doing something else and forget they requested a repair. The workman who came was very professional, and he kept careful records of his repairs. In the end, we were really glad we called Asahi Kasei Homes instead of a local repairman.

Mr. Nobuo Kato
Mrs. Yasue Kato
Hebel Haus™ homeowners
Toshima Ward, Tokyo

30 Minute Push

When a Hebel Haus™ homeowner requests maintenance work, we aim to call back within 30 minutes to notify the customer of the scheduled date to perform the work. This is made possible by closely coordinated communication between Asahi Kasei Homes and its subcontractors which perform the actual work.

A subcontractor's efforts

We receive requests for repairs from home-building companies by fax. On a busy day, we might receive 200 faxes. We have someone sitting near the fax machine checking it every five minutes, making sure we don't miss any. In the case of Asahi Kasei Homes, with their target of a 30-minute response, we separate their faxes from the rest to make sure we can process the request within 30 minutes.

Ms. Risa Kuroko
Tokyo Office
Toto Maintenance Ltd.

Comment from the Home Maintenance Section

With our *30 Minute Push* effort to respond to customers within 30 minutes, I have to be sure to first ask when they would find it convenient to have the repair work done. I think the key to making the *30 Minute Push* work is to clearly understand the problem the customer is describing. To make sure I am able to do so, I go to showrooms to learn about the many different kinds of bathroom fixtures that are used. It's really rewarding when customers say they are grateful for our prompt response.

Kaoru Kinkouzan
Home Service Section
Central Tokyo Dept.
Tokyo Housing Division
Asahi Kasei Homes

Principled supplier relationships

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

Purchasing and Procurement Policy

Corporate purchasing is based on the tenets of transparency, fairness, and equality with suppliers, with extensive information gathering, a strategic perspective, and a global outlook to ensure that the best possible products and services are obtained. The CSR-related performance of suppliers is a primary consideration in their selection, and transactions are made based on a comprehensive evaluation thereof.

Principal aspects of supplier evaluation

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

Gaining understanding for CSR

In December 2005 we sent a proclamation of our Purchasing and Procurement Policy to our 7,500 suppliers, and in March 2006 we sent a CSR procurement questionnaire to our 1,500 main suppliers. To gain a deeper understating of our procurement principles and our CSR initiative, we began a program of visits with suppliers to discuss these issues in person in fall 2006. We will continue the dialog with our suppliers to ensure that we have their full understanding and support.

Tamotsu Tomita
Corporate Procurement & Logistics
Asahi Kasei Corp.

Supplier relations at production sites

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

Safety seminar in Fuji

Safety seminar at our Hozumi Plant

Public outreach

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

Dialog and interaction

Measures for community dialog and interaction include regularly held forums and meetings with representative of local government and members of local residents associations, opening gymnasiums and other facilities for public use and enjoyment, and employee campaigns for sprucing up the local environs.

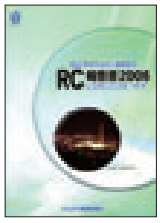
Members of the local government and fisherman's association at our Iwakuni plant

Members of a local residents association attend at a semiannual Environment and Safety Forum at our plant site in Moriyama

Some 1,050 visitors came to our Tohmi Plant for cherry blossom viewing in spring 2007

Local RC Reports

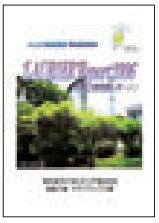
Local Responsible Care Reports are published at our main production sites, describing local ESH efforts and providing information for the local communities.



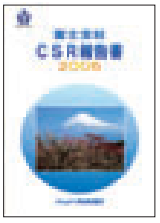
Nobeoka

Mizushima

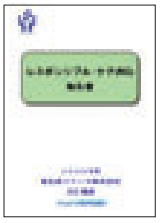
Moriyama



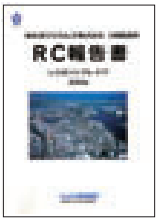
Suzuka



Fuji



Ohito



Kawasaki

Sakai

Maintaining neighborhood cleanliness

Employees at our main production sites periodically clear the plant vicinities of litter, rubbish, and weeds as part of our interaction with the surrounding communities.

The Asahi Kasei Microsystems Co., Ltd. clean-up campaign in Nobeoka, held eight times per year

Litter pick-up in Ohito

Community fellowship

Basic commitment

Our basic commitment for community fellowship is reflected in our Community Fellowship Policy, and our wide range of community-rooted initiatives for learning and growth, sports and culture, and environment and ecology, in accordance with our Guiding Concept of broadening horizons and opening pathways, and our Basic Framework of education and development of the next generation.

Community Fellowship Policy

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

Guiding Concept

Broadening horizons, opening pathways

Basic Framework

Education and development of the next generation

Applicable to Asahi Kasei Corp., core operating companies, and subsidiaries over 50% owned, both in Japan and overseas.

Education and development of the next generation

School visits and science lab for students

The Asahi Kasei Group has engaged in school visits to promote understanding and heighten interest of science technology among elementary, middle, and high school students. This program began in 1999, with a visit of engineers from our operations in Nobeoka to explain and demonstrate some of the science and technology used in commercial application, at a middle school in Nobeoka area, in cooperation with the Nobeoka Board of Education. Over the eight years since the program began, a total of eighty-eight visits have been held with cumulative attendance by some 3,400 students. The program has expanded beyond the Asahi Kasei Group, and now includes five other companies in Nobeoka. In the Asahi Kasei Group, we have expanded the program to include other locations where we have plants and offices.

Nobeoka

In fiscal 2006, twelve school visits were held from October to November 2006, with 300 students in attendance.

School visits in Nobeoka

Fuji

Ninth-grade students from Tagoura Middle School were invited to visit our plant and laboratory site in Fuji in November 2006. The twenty-two students who signed up were shown an overview of operations at the site and products made there, followed by a science lab using mini hollow-fiber filtration membranes. After lunch at the company cafeteria, the students were given a lecture on photosensitive resin and they then used this resin to fabricate their own original ink stamps.

Science lab and lecture in Fuji

Tokyo/Kanto

A lecture on Ziploc™

Kudan Secondary School

From October 2006 to February 2007, seven students in two groups from Kudan Secondary School, a newly established school in Chiyoda Ward, Tokyo, came to visit the offices of Asahi Kasei Life & Living* where our personnel taught them the basics of investigation for problem-solving and gave them tips on how to make an effective presentation. The students were assigned the task of preparing a proposal for new ways to use Ziploc™ bags and containers, and they presented their results at the final session in February.

Omiya Chuo High School

In November 2006, personnel from Asahi Kasei Life & Living* visited Omiya Chuo High School in Saitama to give a lecture on the science of Saran Wrap™ as part of a Science Seminar for correspondence course students. Some thirty students, of a wide range of ages but all eager to learn, were in attendance, as were the Principal and many teachers. Attendees found the lecture describing the science hiding within an everyday product to be of great interest.

The lecture at Omiya Chuo High School

Demonstration of body heat

Nishi Toyama Elementary School

In February 2007, personnel from Asahi Kasei Homes visited Nishi Toyama Elementary School in Shinjuku Ward, Tokyo, to describe the basics of energy conservation and incorporating nature in a modern home. Some sixty fifth-grade students were in attendance, and explanations were interspersed with a series of simple demonstrations, on subjects ranging from human body heat to how home insulation works.

Yokosuka Sogo High School

In February 2007, personnel from Asahi Kasei Construction Materials visited Yokosuka Sogo High School in Kanagawa to give a lecture entitled “What You Can Do Right Now” as part of the night-school course. With some fifty students in attendance, a wide range of subjects were covered, including the meaning of work, what individuals can do for the Earth, and thermal insulation.

Lecture at Yokosuka Sogo High School

A demonstration of Microza™ filtration

Namegata City Science Festival

In November 2006, Namegata City, Ibaraki, held a science festival for parents and children at a fellowship center on the shore of Lake Kasumigaura, Japan’s second largest. As part of the event, personnel from Asahi Kasei Chemicals demonstrated the filtration of muddy water to obtain clear water using Microza™ hollow-fiber membranes. The over 100 parents and children who observed the demonstrations were deeply engaged, as Namegata residents, living next to beautiful Lake Kasumigaura, hold particular interest in the preservation of water quality.

* Merged with Asahi Kasei Chemicals in April 2007.

Tours of plants and facilities

In order to obtain a deeper understanding of our operations and our initiatives for the environment and safety, we provide many opportunities for members of the public to visit Asahi Kasei Group plants and facilities throughout Japan.

Nobeoka Exhibition Hall

Our Exhibition Hall in Nobeoka features easy-to-understand 3-D displays to help local community members and customers gain a better understanding of Asahi Kasei Group operations. An exhibit of nostalgic corporate advertisements added in December 2006, including rare items from popular television programs sponsored by Asahi Kasei many years ago, has proven to be especially popular among visitors.

For special exhibits, volunteers from the Asahi Kasei Alumni Association serve as guides at the Exhibition Hall, providing visitors with detailed explanations and descriptions of the items on display. Adjoining the Exhibition Hall is a "science workshop" where scientific and technological principles are demonstrated with simple experiments for elementary and middle school students to gain appreciation for the wonders of science through hands-on experience.

Exhibit of nostalgic advertisements

Elementary students at the science workshop

Plant tours

Students from Keio Girls Senior High School were invited to visit the Kawasaki Works of Asahi Kasei Chemicals in July 2006. The fifty students who signed up were given a tour of the ion-exchange membrane production process and chemical research facilities at the site. A discussion roundtable was held for the students with female researchers working there.

Tour of the research facilities in Kawasaki

In October 2006, members of the local children's association were invited to visit the Tomobe Plant of Asahi Kasei Metals Co., Ltd. in Kasama City, Ibaraki, for a plant tour and technology demonstration. The demonstrations included simple experiments using aluminum paste produced at the plant, giving the parents and children in attendance a deeper understanding of the product.

Technology demonstration at the Tomobe Plant

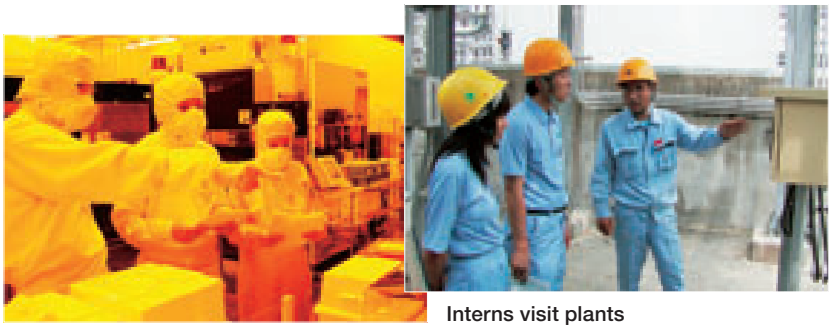
Other fiscal 2006 plant tours were held at the Suzuka Plant of Asahi Kasei Chemicals in Suzuka City, Mie, and at the Asahi Kasei Microsystems Co., Ltd. plant in Nobeoka.

Internships

The Asahi Kasei Group provides many internship opportunities for students and teachers.

Student internships

We have held internships for students of technical colleges, colleges, and graduate schools each summer since 1997. The program is divided into five courses, Understanding Business, Understanding Medical Representative Work, Understanding Production Technology, Understanding R&D, and Course for Technical College Students, giving interns a better understanding of corporate operations and workplace tasks. In fiscal 2006, the five courses were held a total of fourteen times.



Interns visit plants

Workshops for teachers

Upon the request of the Tokyo Metropolitan Government Board of Education, we accepted nine tenth-year teachers from elementary schools, middle schools, high schools, and schools for the disabled as trainees from July 31 to August 2, 2006. In addition to lectures about corporate systems, the workshops incorporated opportunities for first-hand observation of business operation, including visits to the Kawasaki Works of Asahi Kasei Chemicals and the Komagome Model Home Park of Asahi Kasei Homes.

Teachers playing a business simulation game

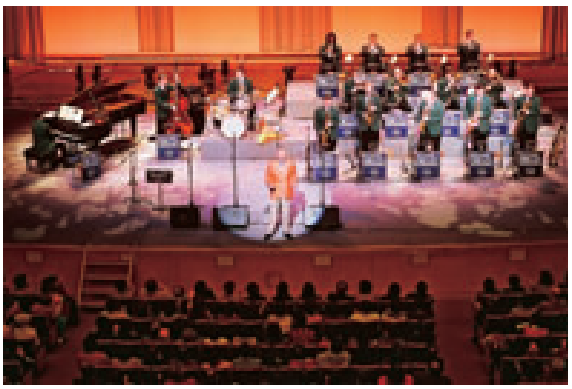
Culture

Asahi Himuka Cultural Foundation

The Asahi Himuka Cultural Foundation was established in 1985 to enrich the environment of day-to-day life and culture in Miyazaki Prefecture, the cradle of Asahi Kasei. A wide range of cultural activities includes musical and dramatic events, support for local cultural promotion, and fostering familiarity with and understanding of folk culture. Over the years, the foundation has held a number of classical concerts and other fine arts expositions in Nobeoka. In fiscal 2006, the foundation hosted a piano recital by Ms. Michie Koyama for the second consecutive year, and a concert by the Glenn Miller Orchestra.

Photos: The Yukan Daily

Ms. Koyama signs autographs after her performance



The Glenn Miller Orchestra concert

Sports

Golden Games in Nobeoka

Asahi Kasei has long supported athletic activity and maintains top-tier judo and track teams, with nearly forty employees having competed in the Olympics over the years.

Support for sports and athletics also includes sponsorship of the Golden Games in Nobeoka, a famous long-distance track competition in Japan, and provision of judo lessons for elementary, middle, and high school students each summer by members of our corporate judo team.

Judo team practice

Isogai Cup Kyushu Youth Judo Tournament

Each September, the Isogai Cup Kyushu Youth Judo Tournament is held in Nobeoka with over 1,000 competitors from throughout Kyushu. Members and former members of our corporate Judo team serve as referees and support staff at the tournament.

A judo team member referees at the Isogai Cup

Other community fellowship initiatives

In addition to those related to education and growth of the next generation, we implement a wide range of other community fellowship initiatives, including neighborhood cleanup, environmental enhancement, tree-planting, and other environment-related programs, and support employee participation in local volunteer activities such as assisting in disaster response.

Supporting disaster response

In September 2006, when a small tornado accompanied a typhoon which struck Nobeoka causing severe damage near the coast in the southwestern part of the city, including damage to some of our plants, twenty-five members of the Asahi Kasei Disaster Volunteer Club went into action to support the city's disaster response and recovery effort. When not in action, the organization, comprising some 320 Asahi Kasei Group employees and former employees, periodically holds lectures and training sessions on disaster preparation and damage limitation.

When a tornado struck the town of Saroma, Tokoro-gun, Hokkaido, in November 2006, the Asahi Kasei Group made a donation to support the relief and recovery effort.

Disaster volunteer training lecture

Third-party awards, evaluation, and certification

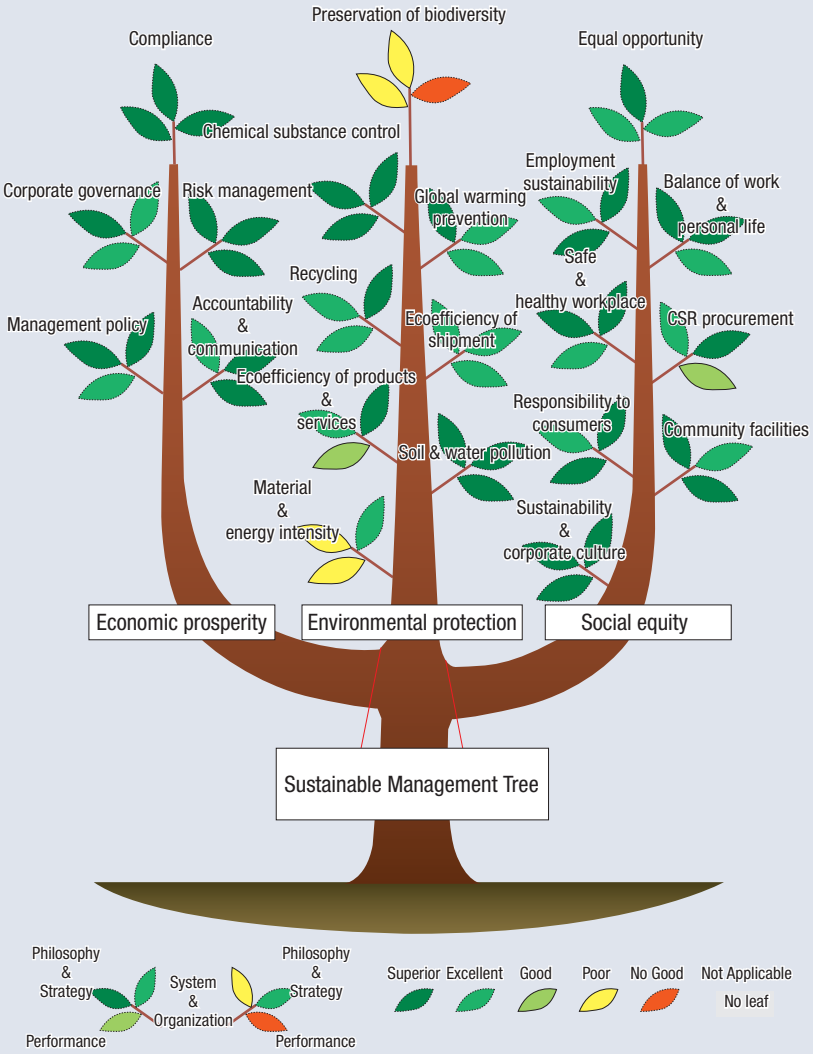
Awards received in FY 2006

	Awarded by	In recognition of	Recipient*
2006 Hazardous Materials Safety Award from the Director General of the Fire Defense Agency	Japan Association for Safety of Hazardous Materials	Safe handling and use of hazardous substances	Asahi Kasei Corp.
2006 Hazardous Materials Safety Award from the Director General of the Fire Defense Agency, Outstanding Workplace Award	Japan Association for Safety of Hazardous Materials	Safe handling and use of hazardous substances	Asahi Kasei Fibers Asahi Kasei Medical Co., Ltd
2005 Society of Polymer Science Award, Award for Technology	The Society of Polymer Science, Japan	Phosgene-free polycarbonate production process using CO_2 as feedstock	Asahi Kasei Corp. Asahi Kasei Chemicals
2006 National Commendation for Invention, Chairman's Award	Japan Institute of Invention and Innovation	Invention of rare-earth permanent magnetic material	Asahi Kasei Corp.
9th Ozone Layer Protection/Global Warming Prevention Award, Award for Superior Merit	The Nikkan Kogyo Shimbun, Ltd.	Development of CFC-free high performance foam	Asahi Kasei Life & Living
55th Nikkei Advertisement Award, Award for Corporate Brand	Nikkei Inc.	"Iceberg" advertisement placed on Jan. 1, 2006	Asahi Kasei Corp.
55th Nikkei Advertisement Award, Construction and Real Estate	Nikkei Inc.	"House with Sun and Wind" advertisement placed on Aug. 18, 2006	Asahi Kasei Homes
33rd Nikkei Business Daily Advertisement Award, Material and Energy	Nikkei Inc.	"Bemberg™ 75th Anniversary" advertisement placed on Jun. 27, 2006	Asahi Kasei Corp. Asahi Kasei Fibers
Eco Products Award, 3R Promotion Council, Chairman's Award	Eco Products Award Promotion Council	Green Promax™ biodegradable plastic containers	Asahi Kasei Pax Corp.
Award for Countering Global Warming, Technology Development and Product Commercialization	Ministry of the Environment	Development of decomposition technology to reduce N_2O emissions	Asahi Kasei Chemicals Asahi Kasei Engineering Co., Ltd.
2006 Nikkei Superior Products and Services Award, Nikkei Business Daily Award	Nikkei Inc.	Delaglas™ AL surface-luminant acrylic sheet	Asahi Kasei Chemicals
2007 Minister of Education, Culture, Sports, Science and Technology Award	Ministry of Education, Culture, Sports, Science and Technology	Phosgene-free polycarbonate production process using CO_2 as feedstock	Asahi Kasei Corp.

* Some awards received by organizations or individuals within the company shown.

Sustainable management rating

Evaluation of the Asahi Kasei Group in the "*2006 Sustainable Management Rating*" by Japan's Sustainable Management Rating Institute (JSMRI) is shown in the diagram at right. The findings of this evaluation will be incorporated in the continuous improvement of our CSR initiative.



ISO 14001 certification

Registered unit	Entities included in registration*	Date of initial registration	Registration No.	Affiliation
Nobeoka	Tohmi Plant, Leona Plastics & Materials Plant, Detonators Plant, Asahi Chemitech Co., Ltd., Power Supply Dept., Electronics Devices Manufacturing Center/Fab 1, Electronics Devices Manufacturing Center/Fab 2, Polyester Plant, Nonwovens Plant, Finepattern Devices Dept., Bemberg Plant, Asahi Kasei Newport Terminal Co., Ltd., Leona Filament Plant, Asahi Kasei Medical Co., Ltd./Tsunetomi Plant, Asahi Kasei Medical Co., Ltd./Okatomi Plant, Electrolysis Systems Plant Technology Dept., Asahi Cord Co., Ltd., Pellicle Dept., Nobeoka Pharmaceuticals Plant, Planova Plant, Asahi Kasei Eltas Co., Ltd., Hyuga Chemicals Plant, Asahi Kasei Techno Systems Co., Ltd./Nobeoka Office, Asahi Kasei Aime Co., Ltd./Nobeoka Plant and R&D Dept., Atago Plant	1999.10.22	JQA-EM0561	Asahi Kasei Chemicals, Asahi Kasei Pharma, Asahi Kasei Fibers, Asahi Kasei EMD, Asahi Kasei Corp.
Fuji	Asahi Kasei Corp., Power Supply Dept., Fertilizers Plant, Plastics Fabrication Plant, Microza Plant, Photo Products Plant, Electronics Interconnecting Materials Plant, Electronics Materials Plant, EMD research, Biologics Bulk Production & Technology Dept., Research Center, Asahi Kasei Electronics Co., Ltd., Asahi Kasei Epoxy Co., Ltd./Fuji Plant	1998.12.25	JQA-EM0302	
Moriyama	Roica Plant, Spunbond Plant, Power Supply Dept., Hipore Plant, Hipore Technology & Development Dept., Electronics Materials Plant, Marine Materials Development Dept., Asahi-Schwebel Co., Ltd./Moriyama Plant, Asahi Kasei Engineering Co., Ltd./Kansai Office	1997.12.26	JQA-E-90093	Asahi Kasei Fibers, Asahi Kasei Chemicals, Asahi Kasei Construction Materials, Asahi Kasei EMD
Mizushima	Asahi Kasei Epoxy Co., Ltd./Mizushima Plant, Sanyo Petrochemical Co., Ltd./Mizushima Plant, PS Japan Corp./Mizushima Plant	1998.03.06	JQA-E-90117	Asahi Kasei Chemicals
Kawasaki	Nippon Crenol Co., Ltd., PS Japan Corp./R&D Dept., Chiba Plant, PS Japan Corp./Chiba Plant, Japan Elastomer Co., Ltd./Oita Plant	1997.04.21	JQA-E-90033	
Wakayama	—	2004.01.09	JQA-EM3667	
Asahi Kasei Metals Ltd.	—	1998.05.18	JCQA-E-0021	
Asahi Kasei Technoplus Co., Ltd.	—	2001.04.20	SGS/J/E127	
Asahi Kasei Color Tech Co., Ltd.	—	2006.04.03	JCQA-E-0743	
Suzuka Plant	—	1998.08.21	JQA-EM0207	
Asahi Kasei Pax Corp.	Gunma Plant, Ono Plant, Ageo Plant	2002.04.12	JQA-EM2343	
Asahi Kasei Jyuko Co., Ltd.	Shiga Plant	1998.03.31	BL-QEE002	Asahi Kasei Homes
Asahi Kasei Construction Materials Corp.	Hozumi Plant, Sakai Plant, Neoma Foam Plant, Iwakuni Plant	2005.05.28	RE0426	Asahi Kasei Construction Materials
Ohito	Asahi Kasei Clean Chemical Co., Ltd., Toyo Kensa Center Co., Ltd., Asahi Kasei Pharma Support Co., Ltd., Asahi Kasei Fukuri Service Corp.	1998.08.28	JSAE053	Asahi Kasei Pharma, Asahi Kasei Corp., Asahi Kasei Chemicals
Asahi Kasei Medical Co., Ltd.	Oita Plant	2005.11.25	BSI Japan-EJ01789	Asahi Kasei Pharma
Asahi Kasei Engineering Co., Ltd.	Head Office	2003.02.07	JQA-EM2969	Asahi Kasei Corp.

* Where all organizational entities of Asahi Kasei Corp. and core operating companies at a given site are included, their individual listing is omitted.

ISO 9000-series certification

Operating segment	Registered entity	Date of initial registration	Registration No.
Chemicals	Synthetic Rubber Div.	1994.01.10	ISO9001-JQA0374
	Polyethylene Div.	1994.01.10	ISO9001-JQAQMA11537
	Basic Chemicals Div.	1994.01.10	ISO9001-JQAQMA11541
	Inorganic Chemicals Div.	1994.01.10	ISO9001-JQAQMA11539
	Intermediate Products Div. 1	1994.01.10	ISO9001-JQAQMA11538
	Intermediate Products Div. 2	1994.01.10	ISO9001-JQAQMA11540
		2003.07.18	ISO9001-JQAQMA10228
	Polymer Products Div./Sheet Business Group	1994.01.10	ISO9001-JQAQMA11535
	Polymer Products Div./Asaclean Business Group	1999.01.22	ISO9001-JQAQMA11639
	Polymer Products Div./Leona Filament Business Group	2005.07.22	ISO9001-JQAQMA12286
	Functional Additives Div.	2003.07.18	ISO9001-JQAQMA10218
	Asahi SKB Co., Ltd.	2006.03.19	ISO9001-05QR1367
	Hipore & Battery Materials Div.	2001.02.23	ISO9001-JQAQM6160
	Asahi Kasei Color Tech Co., Ltd.	1998.01.12	ISO9001-JCQA0278
	Asahi Kasei Techno Plus Co., Ltd.	1998.08.05	ISO9001-SGS/JO51/98
	Performance Plastics Div.	1999.01.22	ISO9001-JQA3013
		2002.05.17	QS-9000-JQA-QS0195
	Performance Coating Materials Div.	1993.12.21	ISO9001-JQA0350
	Asahi Kasei Finechem Co., Ltd.	1999.12.28	ISO9001-JQAQM4180
	Microza & Water Processing Div.	1994.02.21	ISO9001-JQAQM4618
	Photoproducts & Epoxy Resins Div.	1995.04.07	ISO9001-JQAQM5364
	Ion Exchange Membranes Div.	1997.03.31	ISO9001-JQA1668
	Explosives Div./Metal Cladding	1998.08.01	ISO9001-98QR120
	Explosives Div./Industrial Explosives	1998.10.23	ISO9001-JQA2717
	Explosives Div./Fastening	1999.03.12	ISO9001-JQA3154
	Explosives Div./Defense Explosives	1999.09.27	ISO9001-BSK0041
	Asahi Kasei Home Products Co., Ltd./Packaging Div.	1993.12.15	ISO9001-JQA0344
	Asahi Kasei Pax Corp.	1998.09.25	ISO9001-JQA2654
Homes	Asahi Kasei Homes Corp. (part)	2002.11.19	ISO9001-BLQ741
Pharma	Asahi Kasei Medical Co., Ltd.	1994.11.10	ISO9001-BSIFM29731
	Diagnostics Dept., Ohito Diagnostics Plant	2002.08.23	ISO9001-JQAQM8669
Fibers	Asahi Kasei Fibers Corp.	1994.07.08	ISO9001-JQA0549
Electronics Materials & Devices	Electronics Materials Div.	1995.04.07	ISO9001-JQAQM3841
	Asahi Kasei Microsystems Co., Ltd.	1995.06.09	ISO9001-JQA0899
	Asahi-Schwebel Co., Ltd./Moriyama Plant	1995.10.20	ISO9001-JQA1008
	Asahi Kasei Electronics Co., Ltd.	1996.06.07	ISO9002-JQA1301
	Plastic Optical Fibers Dept.	2002.05.31	ISO9001-JQAQM8303
	Asahi Kasei Techno Systems Co., Ltd./Nobeoka Office	1998.12.18	ISO9001-JQA-2894
	Electronics Performance Products Div./Pellicle Dept.	2005.07.01	ISO9001-JQA-QMA12249
Construction Materials	Hozumi Plant, Sakai Plant, Iwakuni Plant	1998.04.24	ISO9001-RQ1838
Asahi Kasei Corp.	Asahi Kasei Engineering Co., Ltd.	2002.03.29	ISO9001-JQAQM8040
	Toyo Kensa Center Co., Ltd.	1999.08.13	ISO9001-JQA-QM3656

OHSMS certification

Core operating company	Registered entity	Standard	Date of registration	Registration No.
Asahi Kasei Chemicals Corp.	Asahi Kasei Metals Co., Ltd./Tomobe Plant	OHSAS18001	2002.07.22	JCQA-0-0004
	Kawasaki Works/Ion Exchange Membranes Div.	OHSAS18001	2003.06.27	JCQA-OH0044
Asahi Kasei EMD Corp.	Asahi Kasei Microsystems Co., Ltd./Nobeoka Plant	JISHA OHSMS Standards 2003	2005.12.14	171214-05-45-1-1

Independent Review

[translation from Japanese]

June 11, 2007

Japan Responsible Care Council
Verification Advisory Committee
Chairman
Akio Yamamoto

Responsible Care Verification Center
Chief Director
Yasuo Tanaka

To: Shiro Hiruta, President
Asahi Kasei Corporation

Scope and Objectives of Verification

Responsible Care Report Verification was performed with respect to the *Asahi Kasei Group CSR Report 2007 Edition* ("the Report") prepared by Asahi Kasei Corporation, with the objective of expressing an opinion as a chemical industry specialist with respect to the following:

1. Reasonableness of methods of calculation and aggregation of performance metrics (numerical values), and the accuracy of numerical values.
2. Consistency of reported information other than performance metrics (numerical values) with supporting documents and materials.
3. Evaluation of Responsible Care activities.
4. Characteristics of the Report.

Verification Procedure

- At the head office: Examination of the reasonableness of methods of aggregation and compilation of performance metrics reported from each site (office, plant) and confirmation of the consistency of reported information with supporting materials were performed through interviews of responsible parties and compilers of the Report and receipt of internal documents and explanation thereof.
- At the Mizushima Works and in the Fuji Region of the Asahi Kasei Group: Examination of the reasonableness of methods of calculation and aggregation of performance metrics reported to the head office, examination of the accuracy of numerical values, and confirmation of the consistency of reported information with supporting documents and materials were performed through interviews of responsible parties and compilers of the Report and receipt of internal documents and explanation thereof.
- Performance metrics and reported information were verified by sampling.

Opinion

1. Reasonableness of methods of calculation and aggregation of performance metrics (numerical values); accuracy of numerical values.
   - Performance metrics at the Mizushima Works and in the Fuji Region have been calculated and aggregated by a reasonable method.
   - Performance metrics within the scope of examination have been calculated and aggregated accurately.
   - Original documents and vouchers should be easily traceable throughout the process of aggregating group-wide performance metrics. Records of the formulas used and of intermediate subtotals should be kept.
2. Consistency of reported information other than the performance metrics with supporting documents and materials.
   - Information contained in the report was confirmed to be consistent with supporting materials. Some minor issues related to appropriateness of expression and ease of understanding were identified in the draft stages, but these are rectified in the present Report and no important matters warranting correction are believed to exist at present.
3. Evaluation of Responsible Care (RC) measures.
   - It is noteworthy that top management' s enthusiasm for RC has energized activities throughout the entire group.
   - It is noteworthy that the entire group is successfully reducing emissions of greenhouse gases and hazardous atmospheric pollutants.
   - It is noteworthy that Asahi Operation Academy, a training facility for plant operation, is established at the Mizushima Works and is available for use by other companies. Meetings were held with the local community prior to the construction of major facilities to gain understanding and maintain a good relationship.
   - It is noteworthy that a biotope inhabited by a diverse range of creatures is being placed in the Fuji plant grounds in accordance with the advice of specialists. It is also noteworthy that measures for separation of trash are implemented for ease of recycling in the Fuji Region.
4. Characteristics of the Report.
   - The content pertaining to community outreach is quite ample and the use of photos has made it easy to read.
   - The report is prepared though an established system for coordination among the various relevant departments and divisions.

Environmental and safety data

JEPIX-method ecoefficiency

Fiscal year	2001	2002	2003	2004	2005	2006
Environmental impact (million EIP)	50,723	49,799	43,162	33,968	33,796	31,578
Sales (¥ million)	1,195,393	1,193,615	1,253,534	1,377,697	1,498,620	1,623,791
Eco efficiency (¥/EIP)	23.6	24.0	29.0	40.6	44.3	51.4

FY 2006 treatment and disposal of industrial waste[1] by operating segment

(thousand tons)

	On-site				Effluent	Off-site		
	Waste generated	Recycling	Volume reduction	Landfill		Recycling	Volume reduction	Final disposal
Chemicals[2]	210.1	37.3	65.8	0	106.9	85.3	12.8	8.7
Pharma	9.5	0	0.7	0	8.8	7.7	0.4	0.7
Fibers	39.9	23.9	0	0	16.1	15.5	0	0.5
Electronics Materials & Devices	7.8	0	0.4	0	7.4	6	1.3	0
Construction Materials	25.7	0.5	0	0	25.2	20.3	1.9	3
Services, Engineering & Others	0.5	0	0	0	0.5	0.3	0	0.1
FY 2006 total	293.5	61.7	67	0	164.8	135.3	16.4	13.1
FY 2005	301.4	63.2	80.2	0	158	122.5	19.1	16.3
FY 2004	355.4	87.9	107.7	0	159.7	124.1	18.2	17.4
FY 2003	424.1	126.3	120.6	0.1	177.1	135.9	17.4	23.8
FY 2002	395.4	53.6	182.9	0.1	158.8	114.7	18.3	25.9
FY 2001	362.9	44	183.3	0.1	135.5	98.6	11.4	25.4
FY 2000	361.9	3.5	187.5	0.1	170.8	122	21.9	26.8

FY 2006 off-site final disposal waste[1] by category

	Plastic waste	Glass, ceramics	Sludge	Waste fiber	Others	Total
Volume (thousand tons)	4.6	4.1	3.1	0.4	0.8	13.1
Percent of total	35	32	24	3	6	100

[1] Not including waste generated from non-recurring events such as dismantling closed plants or waste generated from dismantling old homes when constructing new homes sold by Asahi Kasei Homes.
[2] Inclusive of the former Life & Living segment.

Final disposal of industrial waste generated at construction sites of Asahi Kasei Homes

(thousand tons)

Fiscal year	2000	2001	2002	2003	2004	2005	2006
New construction	16.6	8.7	7.1	6.1	5.8	4.9	5.2
Dismantling	39.1	19.7	15.0	19.6	17.9	15.0	16.6
Total	55.7	28.4	22.1	25.7	23.6	19.9	21.8

ALC trimmings recycled by Asahi Kasei Construction Materials

(tons)

Fiscal year		2001	2002	2003	2004	2005	2006
Recycled to:	Hebel™ panels	535	630	749	796	388	429
	Cement material	3,859	4,348	4,183	4,925	5,789	6,940
	Lightweight artificial soil	0	0	0	0	78	117
Total		4,394	4,977	4,932	5,721	6,255	7,487

Release and transfer of PRTR-specified substances by fiscal year

(tons)

Fiscal year		2000	2001	2002	2003	2004	2005	2006
Release	To air	4,724	2,273	1,594	1,457	968	566	381
	To water	170	168	117	133	92	87	70
	To soil	0	0	0	0	0	0	0
	Total	4,894	2,441	1,711	1,589	1,060	653	451
Transfer		2,134	1,986	2,685	3,550	4,384	4,211	4,487

FY 2006 release and transfer of PRTR-specified substances

(tons)

Operating segment	Site	Substance	Release to:			Transfer
			Air	Water	Soil	
Chemicals	Nobeoka	1,1-Dichloroethylene (vinylidene chloride)	38.5	0.0	–	53.8
		Tetrafluoroethylene	23.7	0.0	–	0.0
		Trichlorotrifluoroethane (CFC-113)	11.7	0.9	–	0.0
		Toluene	9.9	0.3	–	2.9
		trans-1,2-Dichloroethylene	9.2	0.0	–	33.8
		Boron and its compounds	0.0	8.8	–	1.1
		Chloroethylene (vinyl chloride)	8.0	0.0	–	0.0
	Mizushima	Styrene	85.8	0.0	–	51.4
		Molybdenum and its compounds	0.0	20.7	–	0.7
		Acrylonitrile	9.9	0.0	–	9.9
	Moriyama	Dichloromethane (methylene chloride)	16.4	0.0	–	0.8
	Fuji	Tetrachloroethylene	15.9	0.0	–	0.7
	Kawasaki	Ethylbenzene	29.5	0.0	–	177.9
		Xylene	20.2	0.0	–	75.9
		Methyl methacrylate	15.4	0.7	–	160.9
		Methyl acrylate	3.3	5.0	–	5.1
	All specified substances at other sites		47.2	20.0	–	3,713.0
	Subtotal		344.6	56.4	–	4,288.1
Pharma	Nobeoka	Dichloropentafluoropropane (HCFC-225)	15.6	0.0	–	0.6
	Ohito	Dichloromethane (methylene chloride)	5.2	0.0	–	0.7
	All specified substances at other sites		3.7	0.8	–	28
	Subtotal		24.6	0.8	–	29.3
Fibers	Nobeoka	Water-soluble copper salts (except complex salts)	0.0	5.5	–	0.0
	All specified substances at other sites		4.0	1.2	–	95.6
	Subtotal		4.0	6.6	–	95.6
EMD	Nobeoka	Hydrogen fluoride and its water-soluble salts	0.0	5.6	–	0.0
	All specified substances at other sites		2.7	0.3	–	26.8
	Subtotal		2.7	5.9	–	26.8
All specified substances in other segments			5.1	–	–	46.9
Total			380.9	69.8	–	4,493.7

Note:
- Substances listed are those of which total release was 5 tons or more.
- All figures rounded to the nearest tenth of a ton.
- Chemicals segment data inclusive of the former Life & Living segment.

Release of priority atmospheric pollutants by fiscal year

(tons)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Acrylonitrile	112.5	109.0	100.9	108.7	83.5	51.2	40.4	28.6	6.3	6.4	6.8	14.1
Acetaldehyde	–	–	–	–	3.8	3.0	0.9	0.5	0.5	0.6	0.7	0.6
Vinyl chloride monomer	60.1	53.2	63.2	60.8	22.9	21.0	13.8	12.3	11.9	12.2	8.7	8.1
Chloroform	0.3	0.3	0.3	0.2	0.3	0.2	0.2	0.5	0.2	0.1	0.4	0.3
Dichloromethane	536.2	568.0	495.2	485.7	476.3	340.5	140.6	96.2	72.3	52.0	37.1	27.2
1,2-Dichloroethane	10.0	8.6	9.0	8.3	5.7	5.9	9.8	8.4	10.6	3.6	2.0	2.4
Tetrachloroethylene	163.9	161.0	150.0	118.0	94.0	92.0	48.5	38.3	46.3	21.6	17.8	15.9
Trichloroethylene	2.3	4.6	6.4	2.1	1.8	2.0	2.5	0.3	0.0	0.0	0.1	0.1
Ethylene oxide	5.5	5.3	5.3	4.7	4.3	3.6	5.1	4.9	4.9	4.9	4.1	3.2
1,3-Butadiene	418.5	370.8	366.6	83.3	26.3	14.9	10.1	10.2	5.3	3.3	2.1	2.2
Benzene	9.5	7.2	7.6	7.3	4.7	4.9	3.1	4.9	6.1	3.9	1.5	0.6
Formaldehyde	7.0	4.0	4.0	4.0	3.3	3.6	6.2	5.6	3.9	5.4	4.6	2.8
Total	1,325.8	1,292.1	1,208.5	883.1	726.8	542.7	281.2	210.9	168.3	114.0	85.8	77.5

FY 2006 release of priority atmospheric pollutants by operating segment

(tons)

	Chemicals[1]	Pharma	Fibers	Electronics Materials & Devices	Construction Materials	Total
Acrylonitrile	14.1	–	–	–	–	14.1
Acetaldehyde	–	–	0.6	0.04	–	0.6
Vinyl chloride monomer	8.1	–	–	–	–	8.1
Chloroform	0.3	–	–	–	–	0.3
Dichloromethane	21.9	5.2	–	–	–	27.2
1,2-Dichloroethane	2.1	0.3	–	–	–	2.4
Tetrachloroethylene	15.9	–	–	–	–	15.9
Trichloroethylene	0.1	–	–	–	–	0.1
Ethylene oxide	–	3.2	–	–	–	3.2
1,3-Butadiene	2.2	–	–	–	–	2.2
Benzene	0.6	–	–	–	–	0.6
Formaldehyde	1.4	–	1.3	0.02	0.01	2.8
Total	66.8	8.8	1.9	0.1	0.01	77.5

[1] Inclusive of the former Life & Living segment.

Release of air and water pollutants by fiscal year

(tons except water effluence, million m^3)

	2002	2003	2004	2005	2006
SOx	5,941	6,114	7,179	7,073	6,650
NOx	6,099	4,881	5,356	5,507	5,607
Soot and dust	282	224	211	224	229
Waste water effluence	339	249	232	213	214
COD	1,975	1,438	1,549	1,536	1,357
Nitrogen	6,761	5,960	5,948	6,378	5,493
Phosphorus	47	28	14	12	18

FY 2006 release of air and water pollutants by site

(tons except water effluence, million m^3)

	Nobeoka	Mizushima	Moriyama	Fuji	Ohito	Kawasaki	Others	Total
SOx	5,468	519	0	10	6	5	642	6,650
NOx	2,665	2,067	65	57	88	162	500	5,607
Soot and dust	84	77	1	1	11	28	29	229
Waste water effluence	125	36	13	10	1	18	11	214
COD	651	120	13	11	1	423	139	1,357
Nitrogen	4,710	320	14	59	2	353	34	5,493
Phosphorus	0	3	2	4	0	4	5	18

Greenhouse gas emissions by fiscal year

(million tons CO_2 equivalent)

	Baseline*	2002	2003	2004	2005	2006
Carbon dioxide	5.06	4.86	4.86	4.87	4.96	4.86
Nitrous oxide	6.82	0.56	0.56	0.90	0.76	0.93
Methane	0.00	0.00	0.00	0.01	0.01	0.00
HFCs	0.16	0.19	0.19	0.16	0.02	0.00
PFCs	0.01	0.09	0.09	0.13	0.14	0.13
Sulfur hexafluoride	0.00	0.02	0.02	0.03	0.04	0.01
Total	12.06	5.72	5.72	6.10	5.92	5.93

* FY 1990 for carbon dioxide, dinitrogen oxide, and methane; FY 1995 for HFCs, PFCs, and sulfur hexafluoride.
Note: Our target is to maintain average greenhouse gas emissions at 50% of the baseline level from FY 2008 to FY 2012.

FY 2006 greenhouse gas emissions by operating segment

(thousand tons CO_2 equivalent)

	Chemicals[1]	Pharma	Fibers	Electronics Materials & Devices	Construction Materials	Services, Engineering and Others	Total
Carbon dioxide	4,207	166	273	88	122	4	4,860
Nitrous oxide	928	0	0	0	0	0	928
Methane	0	0	0	0	0	1	1
HFCs	0	0	2	1	0	0	4
PFCs	0	42	0	84	0	0	126
Sulfur hexafluoride	0	0	0	12	0	0	12
Total	5,136	209	274	185	122	5	5,931

[1] Inclusive of the former Life & Living segment.

Unit energy consumption

Fiscal year	Energy consumed (million L crude oil equivalent)	Product output, as converted to benchmark product (kt)	Unit energy consumption	Change from previous year
2005	1,581	5,029	0.3144	–
2006	1,595	5,124	0.3112	–1%

Note: Calculated in accordance with the Energy Conservation Law.

Investment in environmental and safety modification

(¥ billion)

Fiscal year	2002	2003	2004	2005	2006
Environmental protection	2.28	3.10	2.41	2.51	2.08
Safety	3.33	4.10	5.08	3.26	5.37
Total	5.61	7.20	7.49	5.77	7.44

VOC emissions

Fiscal year	2000 baseline year	2005	2006
Volume (tons)	10,411	4,218	4,077
Reduction rate (%)	–	59	61

ISO 14001 certification

(94 applicable plants)

Fiscal year	2002	2003	2004	2005	2006
Plants	57	63	68	85	87
Percent of total	61	67	72	90	93

OHSMS implementation

(86 applicable plants)

Fiscal year	2002	2003	2004	2005	2006
Plants	12	61	73	75	77
Percent of total	14	71	85	87	90

Lost workday injury indices

Fiscal year		2001	2002	2003	2004	2005	2006
Frequency rate	Asahi Kasei Group	0.27	0.21	0.20	0.36	0.21	0.36
	Chemical industry, Japan	1.03	0.83	0.92	0.88	0.90	0.88
	Manufacturing industries, Japan	0.97	0.98	0.98	0.99	1.01	1.02
Severity rate	Asahi Kasei Group	0.045	0.024	0.034	0.011	0.005	0.036
	Chemical industry, Japan	0.16	0.07	0.07	0.06	0.07	0.10
	Manufacturing industries, Japan	0.10	0.12	0.11	0.11	0.09	0.11

Note: Fatalities contributed to the FY 1987 and FY 1996 peaks in the severity rate graph on p. 43. Three fatalities occurred in FY 1987, due to an automobile collision, an airplane crash, and a collapsing mound; one fatality occurred in FY 1996, due to crushing by machinery.

The Asahi Kasei Responsible Care Group

Prefecture	Location	Operating Segment	Company	Plant, laboratory, or department	Main products/business line
Hokkaido	Shiraoi	Construction Materials	Asahi Kasei Construction Materials Corp.	Shiraoi Plant	Autoclaved lightweight concrete panels
			Hokkaido Shiba Kogyo Co., Ltd.	–	Construction materials processing
		Pharma	Asahi Kasei N&P Co., Ltd.	Shiraoi Plant	Functional food additives
Gunma	Ota	Chemicals	Asahi Kasei Pax Corp.	Gunma Plant	Laminated film for packaging, molded plastic containers
Ibaraki	Tomobe	Chemicals	Asahi Kasei Metals Ltd.	Tomobe Plant	Aluminum paste
			Asahi SKB Co., Ltd.	–	Shotgun cartridges
	Sakai	Construction Materials	Asahi Kasei Construction Materials Corp.	Sakai Plant	Autoclaved lightweight concrete panels
				Neoma Foam Plant	Phenolic foam insulation panels
			Chuwa Kogyo Co., Ltd.	–	Construction materials processing
			Tanaka Kiko Co., Ltd.	–	Construction materials processing
			Sakai Kako Co., Ltd.	–	Construction materials processing
Tochigi	Mibu	Chemicals	Asahi Kasei Color Tech Co., Ltd.	Mibu Plant	Plastic coloring & compounding
Saitama	Kamisato	Chemicals	Asahi Kasei Techno Plus Co., Ltd.	Saitama Plant	Plastic molding and sale
	Ageo	Chemicals	Asahi Kasei Pax Corp.	Ageo Plant	Film lamination
Chiba	Chiba	Chemicals	Asahi Kasei Chemicals Corp.	Xyron Production Dept.	Modified polyphenylene ether
				R&D units	Applied research for plastics and plastic processing
			PS Japan Corp.	Chiba Plant	Polystyrene
		Electronics Materials & Devices	Asahi Kasei EMD Corp.	Plastic Optical Fibers Dept.	Plastic optical fiber
Tokyo	Tokyo	Chemicals	Asahi Kasei Geotechnologies Co., Ltd.	–	Sale of industrial explosives
			Asahi Kasei Home Products Corp.	–	Development and sale of cling film and other household products
			Sun Delta Corp.	–	Sale of synthetic resin products
		Construction Materials	Asahi Kasei Foundation Systems Co., Ltd.	–	Installation of piles
			Asahi Kasei Extech Corp.	–	Installation of exterior wall panels
		Services, Engineering and Others	Casanavi Co., Ltd.	–	Building and home fixtures e-marketplace
			Sun Associates Co., Ltd.	–	Patent-related subcontracting
			Sun Trading Co., Ltd.	–	Sale of fibers, chemicals, and medical devices
			Asahi Kasei Create Co., Ltd.	–	Real estate brokerage, subcontracted office work
			Asahi Kasei Amidas Co., Ltd.	–	Personnel placement, agency and training; ISO consulting
			Asahi Kasei Ability Co., Ltd.	–	Printing, bookbinding, and office work
			Asahi Kasei Engineering Co., Ltd.	–	Plant, equipment, process engineering
			Sun Foods Co., Ltd.	–	Provision of employee meals
			Asahi Finance Co., Ltd.	–	Investment, finance
			Asahi Research Center Co., Ltd.	–	Information and analysis
			Asahi Kasei Fukuri Service Corp.	–	Company housing, recreational facilities
			Asahi Kasei Trading Service Co., Ltd.	–	Sale of Asahi Kasei Group products
Kanagawa	Kawasaki	Chemicals	Asahi Kasei Chemicals Corp.	AN/XY Prod. Dept.	Acrylonitrile, 2,6-xylenol
				MMA Prod. Dept.	Methyl methacrylate, cyclohexyl methacrylate
				ABS & SB Latex Prod. Dept.	Styrene-acrylonitrile resin, styrene-butadiene latex
				Synthetic Rubber Prod. Dept.	Synthetic rubber
				Acrylic Plastics Prod. Dept.	Polymethyl methacrylate
				Ion Exchange Membranes Prod. Dept.	Ion-exchange membranes
				Power Supply Dept.	Utilities (electricity, steam, water)
				R&D units	Creation of new high performance materials, R&D for performance products and systems, applied research for plastics and plastic processing
			Nippon Crenol Co., Ltd.	–	2,6-xylenol
			PS Japan Corp.	R&D Dept.	Polystyrene R&D
			Kawasaki Sun Business Co., Ltd.	–	Contract work
	Atsugi	–	Asahi Kasei Corp.	Information Technology Lab.	Establishment of new solution-oriented businesses
Shizuoka	Fuji	Chemicals	Asahi Kasei Chemicals Corp.	Photo Products Plant	Photopolymer
				Plastics Fabrication Plant	Polymethyl methacrylate sheet
				Microza Plant	Filtration membranes and modules
				Fuji Power Supply Dept.	Utilities (electricity, steam, water)
			Asahi Kasei Epoxy Co., Ltd.	Fuji Plant	Epoxy hardener
		Pharma	Asahi Kasei Pharma Corp.	Biologics Bulk Prod. & Tech. Dept.	Bulk pharmaceuticals and trial medicines
				Research Center	R&D for new pharmaceuticals
		Electronics Materials & Devices	Asahi Kasei EMD Corp.	Electronics Materials Plant	Photosensitive polyimide
				Electronic Interconnecting Materials Plant	Photosensitive dry film resist
				R&D Center	R&D for new electronics materials and devices
			Asahi Kasei Electronics Co., Ltd.	Fuji Plant	Hall elements
		Services, Engineering and Others	Asahi Kasei Engineering Co., Ltd.	–	Development, design, and installation of plant and equipment
			Sun Business Services Co., Ltd.	–	Subcontracting
			Asahi Kasei Fukuri Service Corp.	–	Welfare
		–	Asahi Kasei Corp.	Central R&D Labs.	Advancement of technology, development of new interdisciplinary technology
				Fundamental Tech. Lab.	Analysis and computer simulation
				Marketing Center, FPC/FPD Materials	R&D for FPC/FPD materials
	Ohito	Chemicals	Asahi Kasei Clean Chemical Co., Ltd.	–	Environmental chemicals, water treatment equipment
		Pharma	Asahi Kasei Pharma Corp.	Ohito Pharmaceuticals Plant	Pharmaceutical intermediates and animal feed additives
				Ohito Diagnostics Plant	Diagnostic enzymes, diagnostic reagent kits
				Kamishima Pharmaceuticals Plant	Pharmaceuticals
				Engineering Dept.	Design, construction, and maintenance; utilities management
				Research Center	R&D for new pharmaceuticals
			Asahi Kasei Pharma Support Co., Ltd.	–	Subcontracting of maintenance, safety, and animal care
		Services, Engineering and Others	Toyo Kensa Center Co., Ltd.	–	Environmental and other analysis, clinical testing, soil pollution evaluation
		–	Asahi Kasei Corp.	Biotechnology Group	Development of bioprocesses for performance chemicals
Aichi	Miyoshi	Pharma	Asahi Kasei Pharma Corp.	Nagoya Pharmaceuticals Plant	Pharmaceuticals
Gifu	Mizuho	Construction Materials	Asahi Kasei Construction Materials Corp.	Hozumi Plant	Autoclaved lightweight concrete panels
			Hozumi Kako Co., Ltd.	–	Construction materials processing

As of April 1, 2007

Prefecture	Location	Operating Segment	Company	Plant, laboratory, or department	Main products/business line
Shiga	Moriyama	Chemicals	Asahi Kasei Chemicals Corp.	Hipore Plant	Microporous membrane
		Electronics Materials & Devices	Asahi Kasei EMD Corp.	Electronics Materials Plant	Photosensitive polyimide
			Asahi-Schwebel Co., Ltd.	Moriyama Plant	Glass fabric
		Fibers	Asahi Kasei Fibers Corp.	Spunbond Plant	Spunbond
				Roica Plant	Elastic polyurethane filament
				Power Supply Dept.	Utilities (electricity, steam, water)
			Moriyama Sun Business Co., Ltd.	–	Subcontracting
		Construction Materials	Asahi Kasei Construction Materials Corp.	Marine Materials Dev. Dept.	Artificial fish reefs
	Higashiomi	Homes	Asahi Kasei Jyuko Co., Ltd.	Shiga Plant	Steel frames
Mie	Suzuka	Chemicals	Asahi Kasei Chemicals Corp.	Suzuka Plant	Cling film, plastic foam and film
			Suzuka Sun Business Co., Ltd.	–	Plastic processing
			Sundic Inc.	Mie Plant	Polystyrene sheet
Wakayama	Gobo	Chemicals	Asahi Kasei Chemicals Corp.	Wakayama Plant	Acrylic latex, performance paper
Osaka	Osaka	Chemicals	Asahi Kasei Finechem Co., Ltd.	Osaka Plant	Specialty chemicals
		Fibers	Asahi Kasei Fibers Corp.	R&D Lab. for Applied Product	Evaluation of new fibers, R&D for fiber processing technology
		Construction Materials	Asahi Kasei Marinetech Co., Ltd.	–	Artificial fish reefs
Hyougo	Ono	Chemicals	Asahi Kasei Pax Corp.	Ono Plant	Molded plastic containers
Okayama	Mizushima	Chemicals	Asahi Kasei Chemicals Corp.	Basic Petrochemical Prod. Dept.	Ethylene, benzene
				1st Monomers Prod. Dept.	Styrene monomer, cyclohexanol, ammonia
				2nd Monomers Prod. Dept.	Acrylonitrile, styrene monomer, polycarbonatediol
				1st Polymers Prod. Dept.	ABS, SB Latex, Epoxy
				2nd Polymers Prod. Dept.	High density polyethylene, low density polyethylene, polyacetal
				Power Supply Dept.	Utilities (electricity, steam, water)
				Chemical Technology Lab.	Research on monomers, catalysts, chemical processes, and functional products
			Sanyo Petrochemical Co., Ltd.	Mizushima Plant	Petrochemical feedstocks
			PS Japan Corp.	Mizushima Plant	Polystyrene
			Mizushima Sun Business Co., Ltd.	–	Subcontracting
Yamaguchi	Iwakuni	Construction Materials	Asahi Kasei Construction Materials Corp.	Iwakuni Plant	Autoclaved lightweight concrete panels
			Kyowa Kogyo Co., Ltd.	–	Construction materials processing
Fukuoka	Chikushino	Chemicals	Asahi Kasei Chemicals Corp.	Chikushino Plant	Metal cladding
Oita	Oita	Chemicals	Asahi Kasei Chemicals Corp.	Oita Plant	Explosives
			Japan Elastomer Co., Ltd.	Oita Plant	Synthetic rubber
		Pharma	Asahi Kasei Medical Co., Ltd.	Oita Plant	Artificial kidneys and other medical devices
Miyazaki	Nobeoka/ Hyuga	Chemicals	Asahi Kasei Chemicals Corp.	Atago Plant	Nitric acid, caustic soda, chlorine, hydrochloric acid, fertilizer, vinylidene chloride resin and latex
				Electrolysis Systems Plant Tech. Dept.	Electrolysis systems
				Tohmi Plant	Industrial explosives
				Ceolus Plant	Microcrystalline cellulose
				Detonator Plant	Detonators
				Leona Plastics & Materials Plant	AH salt, adipic acid, hexamethylenediamine, nylon 66
				Leona Filament Plant	Nylon 66 filament
				Hyuga Chemicals Plant	Coating materials
				Nobeoka Power Supply Dept.	Utilities (electricity, steam, water)
			Asahi Kasei New Port Terminal Co., Ltd.	–	Receiving and storage of fuel and feedstocks
			Nobeoka Plastic Processing Co., Ltd.	–	Nylon 66 compounding
			Asahi Kasei Leona Filament Co., Ltd.	–	Subcontracting of production, packing, and shipment of nylon 66
			Asahi Chemitech Co., Ltd.	–	Bonded anchors
			Asahi Cord Co., Ltd.	–	Tire cord processing, resin production
			Asahi Kasei NS Energy Corp.	–	Electricity and steam
			Asahi Kasei Finechem Co., Ltd.	Nobeoka Plant	Specialty chemicals
		Pharma	Asahi Kasei Pharma Corp.	Nobeoka Pharmaceuticals Plant	Pharmaceutical intermediates
			Asahi Kasei Aime Co., Ltd.	–	Contact lenses
			Asahi Kasei Medical Co., Ltd.	Tsunetomi Plant	Artificial kidneys and other medical devices
				Okatomi Plant	Artificial kidneys and other medical devices
				Planova Plant	Virus removal filters
		Fibers	Asahi Kasei Fibers Co., Ltd.	Polyester Plant	Polyester filament
				Bemberg Plant	Cuprammonium rayon, nonwoven cellulose filament
				Nonwovens Plant	Artificial suede, melt-blown and spunlace nonwovens
				R&D Lab. for Fibers & Textiles Tech.	R&D for new fibers
			Asahi Kasei Eltas Co., Ltd.	–	Spunbond
			Asahi Kasei Fibers Nobeoka Co., Ltd.	–	Monofilament, cuprammonium rayon and polyester subcontracting
			Nobeoka Kakoshi Co., Ltd.	–	Subcontracted work at Nonwovens Plant
		Electronics Materials & Devices	Asahi Kasei EMD Co., Ltd.	Finepattern Devices Dept.	Fine-pattern coils
				Pellicle Dept.	Pellicles
				Fab. 1	Hall elements
				Fab. 2	LSIs
			Asahi Kasei Microsystems Co., Ltd.	Nobeoka Plant	LSIs
			Asahi Kasei Technosystem Co., Ltd.	Nobeoka Plant	Plant diagnostic and environmental surveillance devices
			Asahi Kasei Electronics Co., Ltd.	Nobeoka Plant	Hall elements
			Asahi Kasei EMS Co., Ltd.	Hyuga Plant	Fine-pattern coils
				Nobeoka Plant	Pellicles
		Services, Engineering and Others	Asahi Kasei Kankyoujigyou Co., Ltd.	–	Disposing of Asahi Kasei Group industrial waste
			Asahi Kasei Office One Co., Ltd.	–	Utilization of Asahi Kasei Group assets, subcontracting
			New Asahi Services Co., Ltd.	–	Insurance agency, cellular phone sales, bowling center
			Toyo Kensa Center Co., Ltd.	Nobeoka Office	Environmental and other analyses, clinical testing, soil pollution evaluation

Correspondence with GRI reporting elements and performance indicators

Reporting elements

		Pages
Strategy and Analysis		
1.1	Statement from the most senior decision-maker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy	2
1.2	Description of key impacts, risks, and opportunities	Inside cover, 2,8,9
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2.4	Location of organization's headquarters	Back cover
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3.2	Date of most recent previous report (if any)	1
3.3	Reporting cycle (annual, biennial, etc.)	1
3.4	Contact point for questions regarding the report or its contents	Back cover
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3.5	Process for defining report content	18,19,81
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers)	1
3.7	State any specific limitations on the scope or boundary of the report	1
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations	1
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3.12	Table identifying the location of the Standard Disclosures in the report	80
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4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	23
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4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles	18,19
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	18,19
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Corporate profile

Company Name	Asahi Kasei Corporation
Date of Establishment	May 21, 1931
Paid-in Capital	¥103.3 billion
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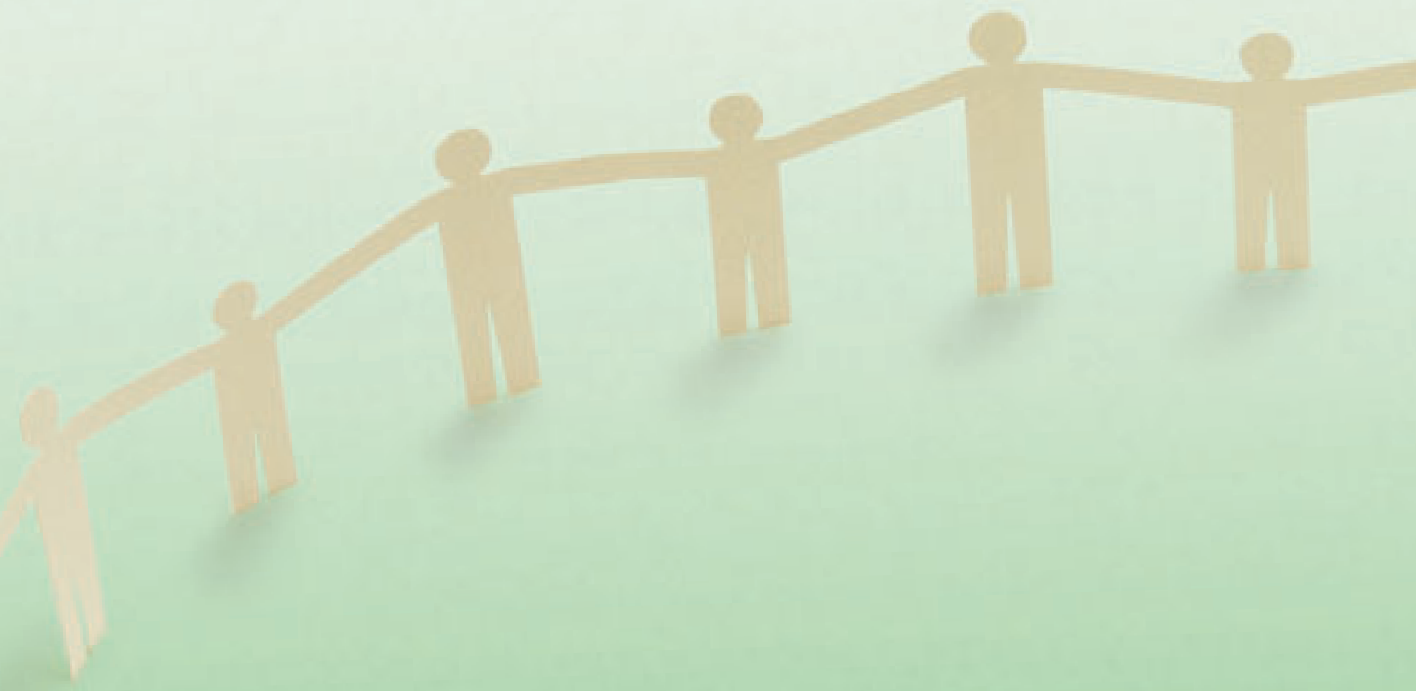
Asahi Kasei Corp.

Preparing the Report

We began publishing Environmental Reports in 1991, followed by annual Responsible Care Reports beginning in 1997. Last year, we supplanted the Responsible Care Report with a CSR Report, featuring a greater depth and breadth of coverage.

The publication of these reports is all part of the ongoing effort for fair and proper disclosure of non-financial information, to maintain the trust of the local communities, employees, and our many other stakeholders. I hope this year's report will help you gain a better understanding of the Asahi Kasei Group.



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