

Asahi Kasei Corp.
April 23, 2025

Notice regarding revision of remuneration system for Directors

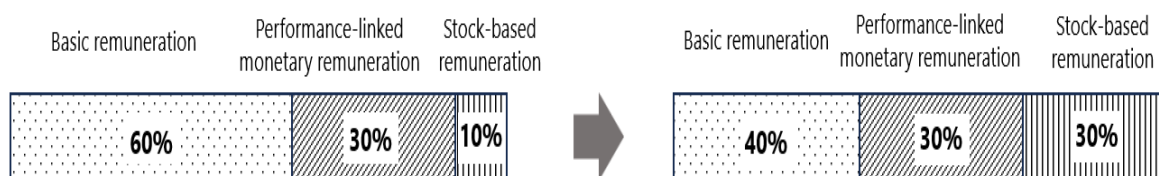
As announced on April 10, 2025, Asahi Kasei has launched “Trailblaze Together” as a new medium-term management plan (MTP) for fiscal 2025–2027. In line with the new MTP, the Board of Directors of Asahi Kasei today resolved to submit a proposal regarding revision of the amount of remuneration of Directors (below item no. 4) at the 134th General Meeting of Shareholders to be held in late June 2025 (Shareholders’ Meeting) and furthermore resolved to revise the remuneration system for Directors, including the policy for determining remuneration of Directors (below items no. 1, 2, 3, and 5) on condition that the aforementioned proposal be approved at the Shareholders’ Meeting.

To ensure the appropriateness of the content and the independence, objectivity, and transparency of the decision-making process, the content of the resolution has been deliberated by the Remuneration Advisory Committee, a majority of which is composed of Outside Directors.

1. Revision of proportions of Executive Director remuneration

Executive Directors receive basic remuneration, performance-linked monetary remuneration, and stock-based remuneration. To enhance their motivation to achieve management objectives and heighten their awareness of improving corporate value over the medium- to long-term, the proportions of performance-linked monetary remuneration and stock-based remuneration is to be increased, resulting in the ratio of basic remuneration to performance-linked monetary remuneration to stock-based remuneration changing from approximately 6:3:1 to 4:3:3.

Concept of revision of proportions of Executive Director remuneration



Note: Levels of remuneration and proportion of types of remuneration are adjusted to provide appropriate incentives according to management strategy and management tasks in consideration of third-party survey data.

2. Revision of performance-linked monetary remuneration

Performance-linked monetary remuneration, a component of the remuneration of Executive Directors, is configured to reflect achievement of both financial targets, including invested capital efficiency, and non-financial targets, including progress on sustainability, as an incentive linked to earnings and management strategy as members of senior management. Consolidated net sales, which had been included as a financial indicator, is now removed from the perspective of emphasizing earnings and invested capital efficiency. Regarding non-financial indicators, individual targets in line with the new MTP will be reviewed.

As a result, in determining the performance-linked monetary remuneration of the President and Representative Director, for example, in addition to financial targets consisting of operating

income, ROE, and ROIC, comprehensive consideration will be given to the achievement level of non-financial targets such as promoting initiatives for important subjects, etc., including reduction of GHG emissions and amount of contribution to reduced GHG emissions by Environmental Contribution Products.

3. Revision of performance-linked evaluation indicators for stock-based remuneration

The details of stock-based remuneration, a component of the remuneration of Executive Directors, is currently determined at the discretion of the Board of Directors within the framework approved at the 131st General Meeting of Shareholders held on June 24, 2022. This is to be revised to align with the new MTP.

Based on the Share Grant Regulations adopted by the Board of Directors, each Director is conferred points according to their individual rank and degree of achievement of performance targets, and Asahi Kasei's shares are granted to eligible Directors corresponding to the accumulated number of points at the time of their retirement as Director. Non-financial indicators related to sustainability were used to measure the degree of achievement of performance targets. These indicators are to be changed as shown below, with the addition of the perspective of increasing corporate value over the medium- to long-term (changes are underlined).

Before revision (previous MTP for fiscal 2022 -2024)

| Indicator | Weighting | Method of calculation | FY2022 target/result | FY2023 target/result | FY2024 target/result |
|-------------------------|-----------|--|----------------------|----------------------|----------------------|
| <u>Job satisfaction</u> | 1/3 | <u>Percentage of employees on leave of absence due to mental health issues</u> | 0.80%/1.07% | 0.70%/1.16% | 0.64%/1.20% |
| <u>DX</u> | 1/3 | <u>Number of digital professional personnel</u> | 1,000/1,206 | 1,750/1,728 | 2,500/TBD |
| Diversity | 1/3 | Percentage of women among managers and Group Masters | 3.9%/3.8% | 4.4%/4.4% | 5.0%/4.7% |

After revision (current MTP for fiscal 2025 -2027)

| Indicator | Weighting | Indicator calculation method | FY2024 result | FY2025 target | FY2026 target | FY2027 target |
|----------------------------|-----------|--|---------------|---------------|---------------|---------------|
| <u>Employee engagement</u> | 1/3 | <u>Vitality index (favorable respondents)¹</u> | 57.3% | 58.2% | 59.1% | 60.0% |
| Diversity | 1/3 | Percentage of women among managers and Group Masters ² | 4.9% | 6.0% | 7.0% | 8.0% |
| <u>Corporate value</u> | 1/3 | <u>Asahi Kasei's total shareholder return (TSR) relative to stock price growth index³</u> | 97.3% | ≥100% | ≥100% | ≥100% |

¹ Percentage of employees reporting favorable vitality (≥3.5 on 5-point scale) in annual engagement survey

² The reference date for the target and results of diversity-related indicators will change from the last day of the fiscal year to the first day of the following fiscal year

³ Ratio of Asahi Kasei's total shareholder return (TSR) to the TOPIX growth rate, including dividends (the average closing prices for the last month of the previous fiscal year and the last month of the current fiscal year are used)

4. Revision of the maximum remuneration of Directors (proposal at Shareholders' Meeting)

At the 131st General Meeting of Shareholders held on June 24, 2022, shareholders approved the current amount of remuneration for Directors at ¥800 million or less per year (of which ¥80 million or less per year for Outside Directors), and this amount remains unchanged at present.

With a new MTP starting in fiscal 2025, Asahi Kasei will submit a proposal at the Shareholders' Meeting to revise the amount of remuneration for Directors to ¥1 billion or less per year (of which

¥150 million or less per year for Outside Directors) to establish an effective level of remuneration to obtain diverse human resources with outstanding insight and knowledge while increasing the proportion of performance-linked monetary remuneration in order to further motivate Executive Directors to achieve management objectives.

5. Revision of policy for determining remuneration of Directors

Asahi Kasei's policy for determining remuneration of Directors, as described in the Business Report of the meeting agenda for the 133rd General Meeting of Shareholders, is to be revised to reflect the above-described revisions.