

A large, multi-faceted water drop graphic is centered on the page. The drop is composed of various images: a child and an adult running in a field, a person's face, hands holding water, a person in a lab coat, and a cityscape at night. The background of the entire page is a blue sky with white clouds.

Pioneering "new value for water"

Editorial Policy

The Kurita Group Sustainability Report 2023 (“the Report”) is published as a report to all stakeholders on the Group’s main CSR-related approaches and materiality, as well as its main initiatives during fiscal 2023.

Structure

The Report is broadly comprised of two sections on the Kurita Group’s initiatives related to CSR: a section reporting on strategic initiatives undertaken during the target period; and a section with follow up reports on each of the Group’s seven materiality themes. Information on other initiatives can be found on the Company’s website.

Organizations covered

The scope of coverage is Kurita Water Industries Ltd. (the parent company) and subsidiaries that have adopted management policies. It includes, in principle, all locations of Kurita Water Industries and its consolidated subsidiaries. Companies and locations that meet the following conditions are excluded from the scope of environmental data.

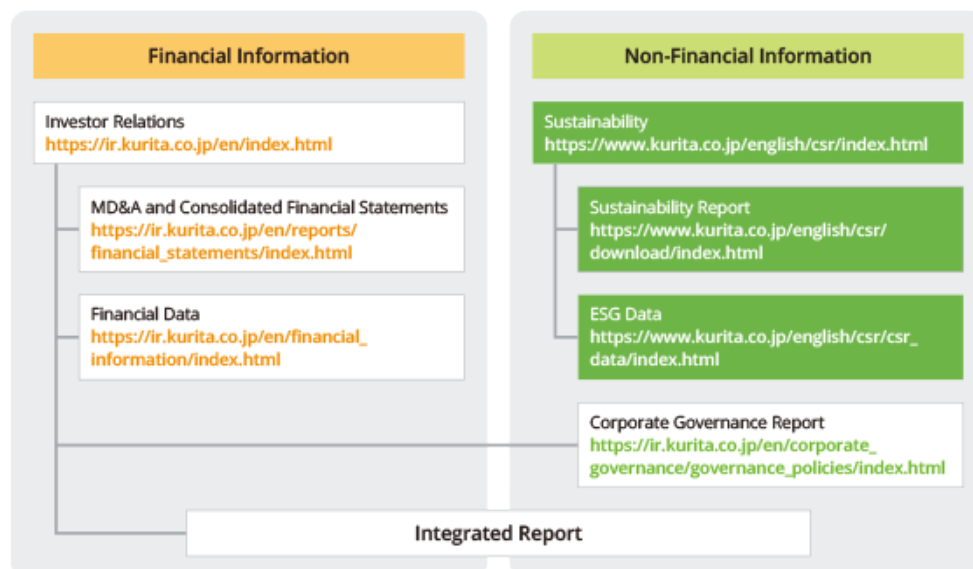
<Conditions for exclusion>

- Companies that have not yet started environmental improvement activities
- Companies that do not incur an environmental impact because they do not have actual business operations
- Subsidiaries that share a location with the parent company (and are included in the parent company)
- Locations where calculating environmental impact is not feasible due to tenant occupancy, etc.

Period covered

Fiscal 2023 (April 1, 2022 to March 31, 2023)

Information Disclosure System on the Company’s Website



Guidelines referred to

GRI Standards etc.

Supplementary information to the contents of the report

- In the Report, “the Company” refers to Kurita Water Industries Ltd.; “the Company and its domestic Group companies” refers to Kurita Water Industries Ltd. and its Group companies in Japan; and “the Kurita Group” refers to all Group companies including those overseas. Information pertaining to specific companies is presented using the names of the companies.
- CO₂ emissions by companies integrated in recent M&As after the base year of targets based on the GHG Protocol have been incorporated into CO₂ emissions. The calculation method for Scope 3 has been adjusted to allow for the effects of price and exchange rate fluctuations. The figures for fiscal 2021 and fiscal 2022 have been revised to reflect these changes.

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Message from the President



Kurita's approach to sustainability management

Kurita Water Industries Ltd.
President and Representative Executive Officer

A handwritten signature in black ink, consisting of stylized characters followed by a long horizontal line.

Rising Awareness of Social Issues

The outlook for the global economy remains highly uncertain due to the protracted situation in Ukraine, economic reopening after the pandemic as vaccinations rates increase, rising interest rates worldwide to control inflation, and growing competition in semiconductor manufacturing as countries move to protect their national interests. Meanwhile, amid record-high average global temperatures, sustainability initiatives and rule formation are gaining momentum and becoming more widespread in response to demands from society. The International Sustainability Standards Board (ISSB) has released its latest sustainability disclosure standards, companies are now required to broaden assessments of climate change risks and opportunities to include the impact on nature itself, and there is growing emphasis on human rights due-diligence and the use of human capital based on respect for diversity.

The Kurita Group's main business is the provision of solutions that address ever-changing issues related to water at various sites around the world. Following my appointment as Kurita's president in April 2023, my main responsibility now is to ensure the Group continues to provide unique value and contributes to the creation of a sustainable society. This will mean accurately assessing risks and opportunities in our constantly changing operating environment and leveraging the Group's "water knowledge" accumulated over more than 70 years in the water and environmental fields.

From CSR to Sustainability

Under our Maximize Value Proposition 2022 (MVP-22) medium-term management plan, which ended in the fiscal year ended March 31, 2023, we put CSR at the core of management. This included establishing materiality as Kurita's CSR Policy, setting materiality metrics and targets, and working to achieve these targets. We also enhanced information disclosure and stakeholder engagement with respect to these initiatives, using feedback from stakeholders to verify our approach and make improvements. These efforts were recognized by third parties, with Kurita being added to leading ESG indices.

One of the materiality initiatives – creating shared value with society by promoting the “CSV business^{*}” approach Groupwide – has helped to raise awareness among our employees about the importance of creating value that is informed by social issues. We also developed a “Value Creation Story” that sets out the Group's path to sustainable, long-term growth with society in order to realize our corporate philosophy, with every one of the Group's employees expected to play their part. These initiatives helped the Kurita Group lay the foundations for sustainability management.

To coincide with the start of our new medium-term management plan, Pioneering Shared Value 2027 (PSV-27), which launched in April 2023, we overhauled the Kurita Group Philosophy System and updated our Corporate Vision to “Pioneering ‘new value for water’ to contribute to the realization of a sustainable society.” These changes have extended the concept at the core of Kurita's management from CSR to sustainability. We define sustainability as corporate activities within the natural environment and social systems, and the pursuit of sustainable growth that takes into account the impact of these activities on the environment and social systems, and vice versa. We also revisited key issues for achieving our Corporate Vision, referencing the latest global challenges related to sustainability. We call these issues the “Kurita Group's Materiality,” which is divided into two broad categories — “Shared value themes” that lead to the creation of shared value with society, and “Basic themes” that serve as the foundation for our management and business activities.

This has resulted in changes to the Group's materiality. “Reduce waste” was updated to “Contribute to building a circular economy society,” reflecting changing conditions in society, and “Strategic development and utilization of human resources” was added. Compared with MVP-22, the number of metrics and targets for each of the eight material issues has doubled, and we have launched a raft of initiatives to back up our vision of becoming a “pioneer” in providing greater value to society, such as measures to mitigate the trade-off between CO₂ emissions and water conservation. In June 2023, Kurita transitioned to a “Company with a Nominating Committee, etc.” Under this new corporate governance structure, we will work to address the Group's materiality using a supervisory framework that takes into account the views of diverse stakeholders.

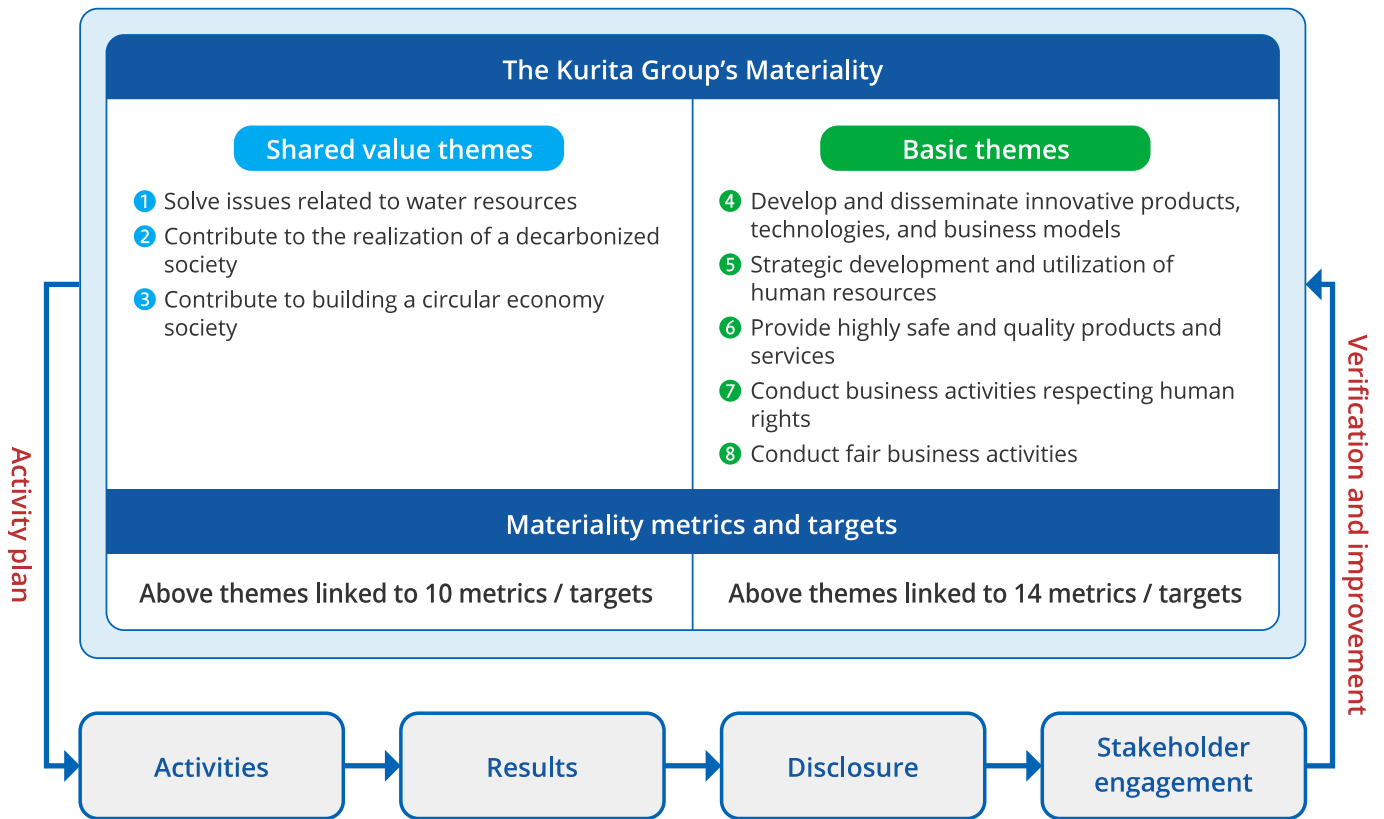
Weaving the Kurita Group's Vision with Warp and Weft

The Kurita Group's Corporate Philosophy — “Study the properties of water, master them, and we will create an environment in which nature and humanity are in harmony” — is supported by the Kurita Group Corporate Philosophy System. These elements are like the warp in a textile. What color of weft should be added to bring this textile to life? We want every member in the Group to become pioneers, weaving their individual weft into our vision by finding their own mission and acting in the best interests of society. In this way, we hope to show a vibrant vision to stakeholders through initiatives that tackle the Kurita Group's Materiality.

* Products, technologies, and business models that are highly effective in saving water, reducing CO₂ emissions and reducing waste, helping to achieve the objectives and targets in the sustainable development goals (SDGs). (Definition in MVP-22 plan)

Sustainability Initiatives (from FY2024)

Sustainability Management



The Kurita Group's Sustainability

The Kurita Group views sustainability as corporate activities within the natural environment and social systems, and the pursuit of sustainable growth taking into account the impact of corporate activities on the environment and social systems, and vice versa. It positions sustainability at the core of business management.

The Kurita Group's Materiality

The Kurita Group's corporate vision is "Pioneering 'new value for water' to contribute to the realization of a sustainable society." To achieve this vision, we will identify key issues for each medium-term management plan based on global challenges related to sustainability, define them as the "Kurita Group's Materiality," and set metrics and targets to address it. These efforts are led by the Sustainability Committee and are overseen by the Board of Directors. The materiality identification process is as follows:

Step 1: Identification of Sustainability Issues

Kurita comprehensively selects sustainability issues across 37 themes as materiality candidates, referencing international rules^{*1}, laws and regulations, disclosure standards^{*2}, and issues identified through stakeholder engagement^{*3}.

*1 International rules: SDGs, Ten Principles of the UN Global Compact, OECD Guidelines for Multinational Enterprises, World Economic Forum's Global Risks Report

*2 Laws, regulations and disclosure standards: GRI Standards, GHG Protocol, SASB Standards, EU Taxonomy, SFDR, CSRD, TCFD, TNFD, etc.

*3 Stakeholder engagement: Responses to CSR procurement surveys, results of supplier surveys, results of employee engagement surveys, information meetings for shareholders and investors, responses to ESG surveys, social contribution activities, etc.

Step 2: Creation of Materiality Matrix

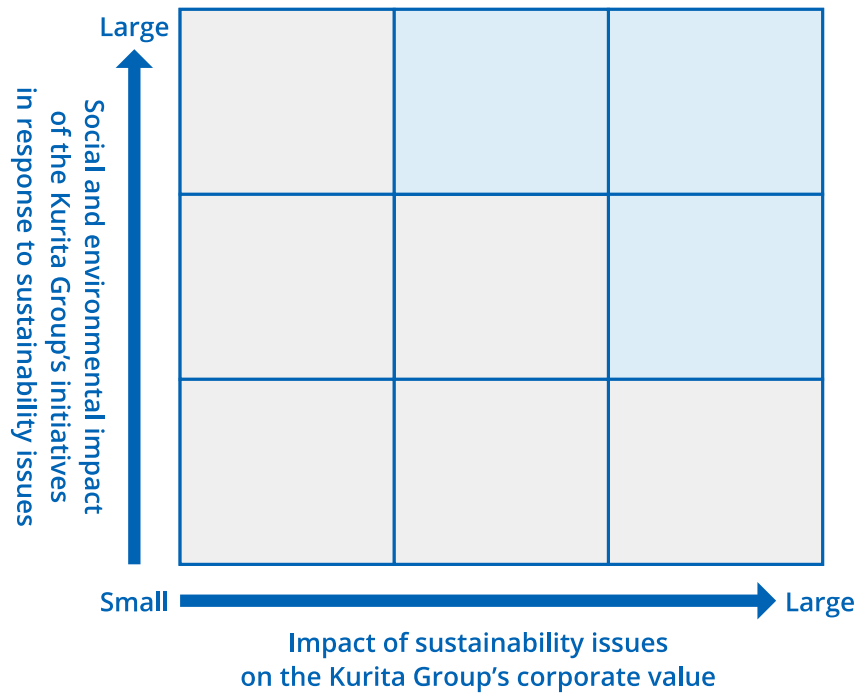
E&S Committee^{*4} members, External Directors, Audit & Supervisory Board members, and the E&S Committee^{*4} Secretariat were surveyed to assess the degree of positive and negative impact (probability and scale of impact) from two perspectives:

(1) Impact of sustainability issues **on the Kurita Group's corporate value**

(2) **Social and environmental impact** of the Kurita Group's initiatives in response to sustainability issues

The results of the survey were organized in a matrix along two axes: (1) above on the X-axis/horizontal axis, and (2) above on the Y-axis/vertical axis. Themes with a significant impact in both the X and Y axes were selected as materiality candidates. The candidates were grouped into seven main themes and five sub-themes covering common issues in multiple areas of materiality.

*4 E&S Committee is the former name of the current Sustainability Committee.



Step 3: Confirmation of Adequacy and Selection of Materiality

Materiality candidates selected in Step 2 were submitted to the Executive Committee and then to the Board of Directors for input. The committee responsible for reviewing the medium-term management plan, which is mainly comprised of members of the Executive Committee, then confirmed the adequacy of the materiality candidates in parallel with the formulation of the medium-term management plan, finalized the Group's eight material issues and categorized them into two: "basic themes" that should serve as the foundation for management and business activities, and "shared value themes" that lead to the creation of shared value with society. These material issues were then approved by the Board of Directors as the "Kurita Group's Materiality," replacing the Group's existing "CSR Policy."

Materiality Metrics and Targets

The Group has set metrics and targets tied to the "Kurita Group's Materiality" and will work to achieve them. The metrics and targets in the Medium-term Management Plan PSV-27 (Pioneering Shared Value 2027) were formulated by the organization responsible for the activity under each metric ("Responsible Organizations"), discussed and decided by the E&S Committee and the committee responsible for reviewing the medium-term management plan, before being approved by the Board of Directors.

	Kurita Group's Materiality	Meaning and Direction	Metrics	Targets (Fiscal Year)				
				2024	2026	2028	2031	2051
Shared value themes	1. Solve issues related to water resources	Strive to solve issues related to water resources in the aspects of the quantity, quality, and accessibility by providing solutions that harness water knowledge and by collaborating with various organizations, and maintain appropriate water circulation as the ecosystem services.	Total number of basins where collective actions are implemented and total population in the basins	3 basins, 130 million people	4 basins, 160 million people	5 basins, 600 million people	7 basins, 700 million people	
			Amount of water savings through CSV business	125 million m ³	200 million m ³	300 million m ³		
			Rate of reduction in the ratio of GHG emissions to water savings through CSV business (compared to FY2023)	5%	35%	50%		
			Rate of reduction of water intake intensity (compared to FY2023, excluding the ultrapure water supply business)	7%	12%	20%		
			Number of individuals, organizations and groups we engage with to raise awareness on water resources	Continuous increase every year	Continuous increase every year	Continuous increase every year		
	2. Contribute to the realization of a decarbonized society	Contribute to the realization of a decarbonized society in the overall supply chain by developing and providing solutions that help reduce GHG emissions in industries and society and by implementing low-carbon business activities.	Rate of reduction in Scope 1+2 emissions (compared to FY2020)	17%	52%	73%	100%	Net-Zero
			Rate of reduction in Scope 3 emissions (compared to FY2020)	11%	17%	22%	30%	Net-Zero
			Avoided GHG emissions through CSV business	630 thousand t	1,000 thousand t	1,500 thousand t		
	3. Contribute to building a circular economy society	Contribute to building sustainable industries and society and preventing and reversing the nature loss by developing and providing products and services that make effective use of and reuse limited resources and recyclable resources in optimal ways.	Rate of increase in resource recovery or reduction of resource input through CSV business (compared to FY2023)	30%	100%	300%		
			In-house waste recycling rate	Continuous increase every year	Continuous increase every year	Continuous increase every year		
Basic themes	4. Develop and disseminate innovative products, technologies, and business models	Contribute to sustainable development of society by striving to develop and disseminate innovative products, technologies, and business models that help solve social issues, through collaborations of various people and organizations inside and outside the Group.	Investment rate in innovation areas	15%	25%	30%		
			Rate of the number of themes in innovation areas	20%	30%	30%		
			Number of stakeholder engagements related to innovation areas	Continuous increase every year	Continuous increase every year	Continuous increase every year		
	5. Strategic development and utilization of human resources	Secure, develop, and utilize diverse human resources who understand our Corporate Philosophy to remain a corporate group where each individual person demonstrates their capabilities and which works to maximize customer value and create shared value with society.	Engagement score (a. Rate of companies above the average of all industries, b. Score of each company surveyed)	a.50% increase b. Continuous increase	a.65% increase b. Continuous increase	a.75% increase b. Continuous increase		
			Rate of [women, foreigners, and experienced personnel] among executives of KWI	30%	35%	40%		
			Fill rate of human resources for development, digital, and intellectual property	65%	75%	80%		
	6. Provide highly safe and quality products and services	Create products and services and continue to make improvements for securing quality and safety, based on information obtained from diverse points of contact with sites, thus increasing social confidence.	Reduction rate in the recurrence rate of accidents that affect customers and society (compared to the previous year)	30% (Kurita Water Industries Ltd.)	20% (Kurita Water Industries Ltd. and group companies in Japan)	20% (Kurita Water Industries Ltd. and group companies in Japan and overseas)		
	7. Conduct business activities respecting human rights	Aim to respect human rights of all the people as an initiative on "humanity" in "an environment in which nature and humanity are in harmony," based on international norms related human rights.	Conducting human rights due diligence on suppliers	Continuous implementation	Continuous implementation	Continuous implementation		
			Accident Severity Rate (KWI), and group companies in Japan)	0.005 or less	0.005 or less	0.005 or less		
			Rate of participation in human rights-related training	100%	100%	100%		
Establishment of a liaison for remedies from human rights violations (grievance mechanism)			—	—	Completed			
8. Conduct fair business activities	Take actions with fairness, transparency, and integrity and work fairly, thus making people working for the Kurita Group prouder of their work and continuously increasing social confidence.	Rate of participation in whistle-blowing system related training	100%	100%	100%			
		Rate of participation in training related to laws and internal rules for anti-bribery and antitrust, etc.	100%	100%	100%			
		Number of violations of anti-bribery and antitrust laws	0	0	0			

*1 Kurita Group Scope 3 category 11 and 13 divided by the water savings contribution in the Water Treatment Facilities CSV business (generating Scope 3 categories 11 and 13).

*2 Refers to "innovation areas" in Deloitte 7 cells (Deloitte's approach to formulating growth strategies).

*3 Kurita Water Industries will be the target in FY2024. The targets will be expanded to domestic group companies in FY2026 and to overseas group companies in FY2027.

*4 Metrics and targets in countries other than Japan will be set separately by FY2026 based on local laws and regulations and other criteria.

*5 Conduct surveys, etc. in FY2024 and FY2026 to prepare for establishment by FY2028. After establishment, set targets related to raising awareness.

Management of materiality initiatives

The Kurita Group will take the following steps to manage materiality and implement initiatives.

Stakeholder engagement

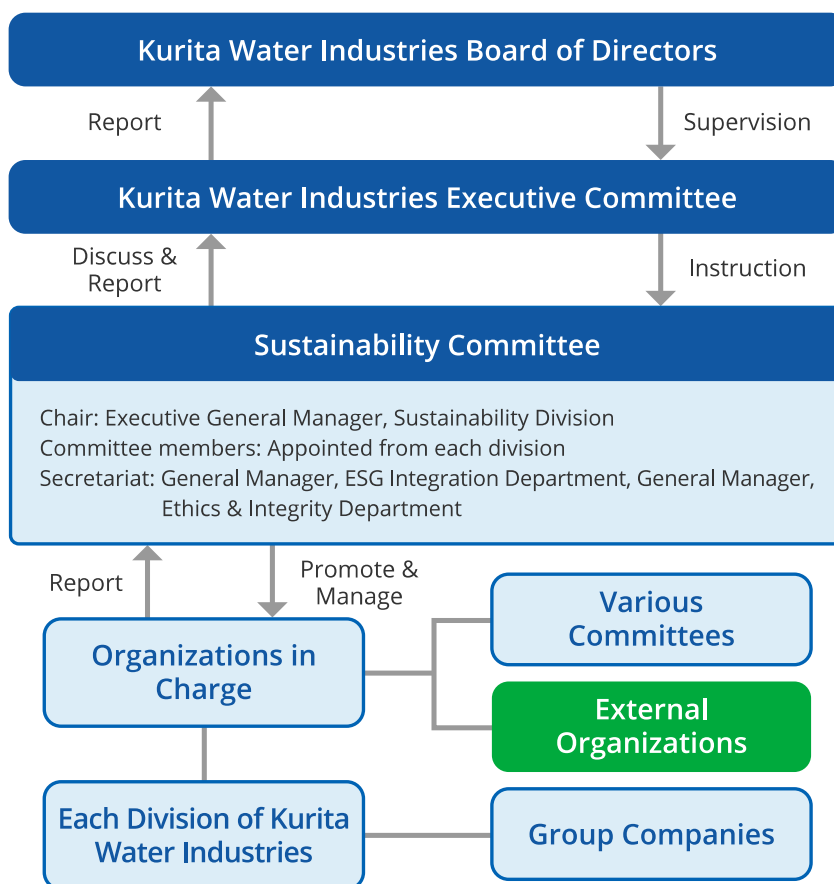
The Kurita Group engages with stakeholders – customers, suppliers, employees, shareholders and investors, and local communities – and uses their expectations, concerns and feedback to adequacy of the “Kurita Group’s Materiality” and its metrics and targets. The information is also reflected in activities to achieve the Group’s materiality targets. The Sustainability Committee compiles all the information from each engagement activity conducted by relevant departments and reflects it in the initiatives outlined above.

Stakeholder	Engagement method
Customers	<ul style="list-style-type: none"> • Respond to CSR surveys from customers and supplier evaluation organizations. • Conduct interviews at the development stage for products, technologies and business models. • Communicate with customers through surveys and sales proposal activities.
Business partners	<ul style="list-style-type: none"> • Conduct surveys using business partner questionnaires and supplier evaluation organizations. • Receive anonymous consultations and whistleblower reports through the business partner helpline. • Investigate and remedy potential human rights risks by implementing human rights due diligence.
Employees	<ul style="list-style-type: none"> • Implement employee engagement surveys. • Conduct dialogue with employees through the self-reporting system and other channels. • Set up a contact point for compliance consultation and for whistleblowing to receive anonymous consultations and whistleblower reports.
Shareholders and investors	<ul style="list-style-type: none"> • Conduct dialogue with shareholders and investors through financial results briefings, participation in conferences, and IR roadshows. Conduct dialogue with individual securities analysts and institutional investors through meetings and conference calls. • Respond to surveys from ESG evaluation organizations and other bodies.
Local communities	<ul style="list-style-type: none"> • Verify negative and positive feedback received by business sites. • Contribute to the Kurita Water and Environment Foundation to support advances in science and technology related to water and the environment. • Work with the WRC* and other external organizations and groups through community initiatives to improve water resources and public health issues and to support future generations. • Conduct activities related to nature conservation, welfare, disaster prevention, and other issues in communities where Kurita business sites are located, and provide support for areas affected by disasters or conflict.

* Please refer to “Participation in Water Resilience Coalition” for more details about the WRC

Promotion system

The Kurita Group will take concerted steps to implement activities related to the Kurita Group's Materiality and its metrics and targets. The Sustainability Committee will receive reports on the status of activities from the Organizations in Charge. In principle, reports on the status of materiality initiatives will be submitted to the Executive Committee twice a year. The Executive Committee will also report the status of activities to the Board of Directors.



*Department responsible for promoting materiality initiatives for each metric

PDCA

The Kurita Group sets Groupwide medium-term targets and fiscal-year targets for each activity related to the Kurita Group's Materiality and its metrics and targets. Revisions to action plans for each fiscal year and to metrics and targets, where necessary, are prepared by the Organizations in Charge, discussed by the Sustainability Committee, and finalized by the Executive Committee. The Sustainability Committee and the Executive Committee evaluate the outcomes of the activities.

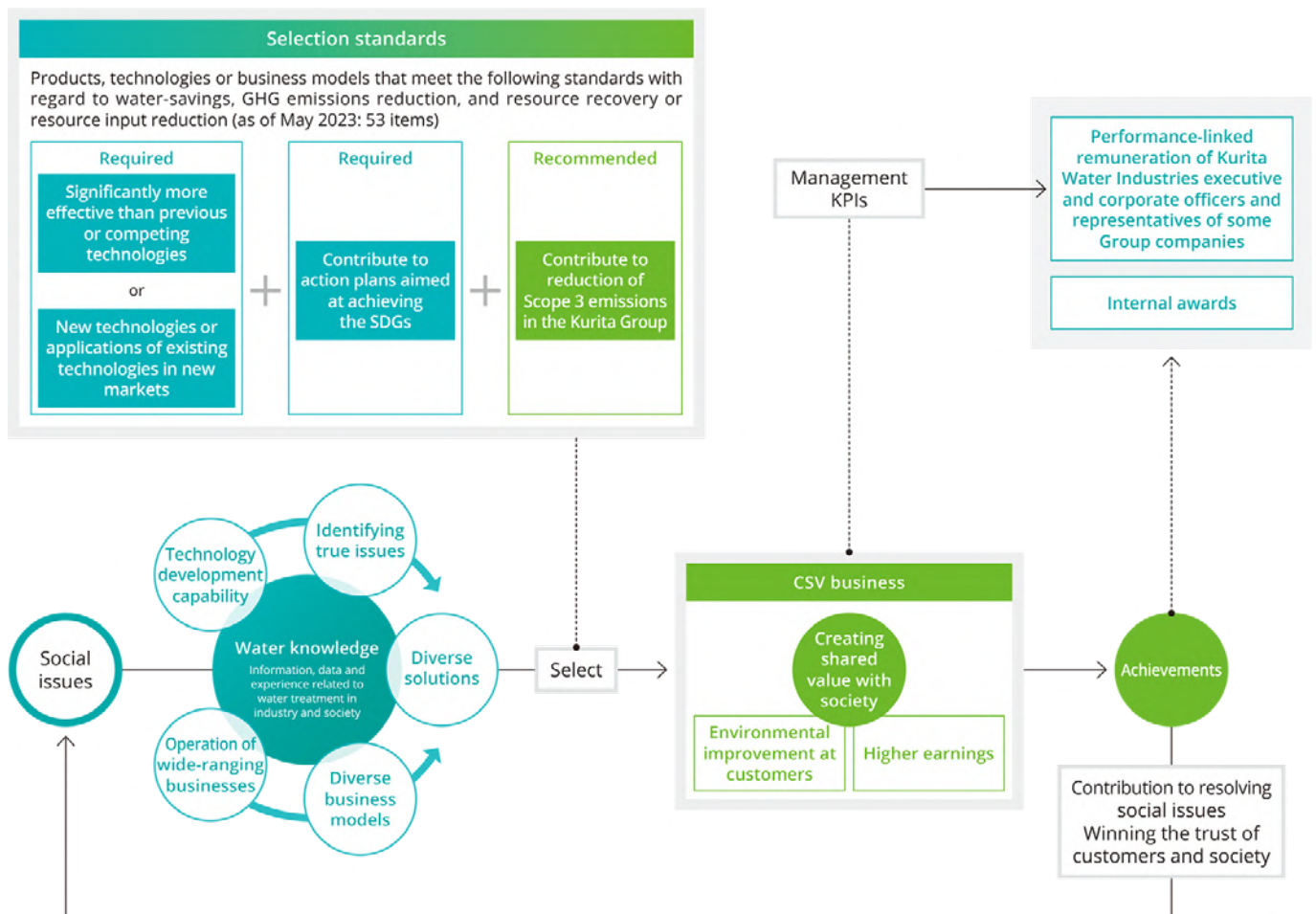
	Plan	Do	Check	Action
Kurita Water Industries Executive Committee	<ul style="list-style-type: none"> To support the implementation of sustainability management, formulate a medium-term management plan and business plan that incorporate materiality and materiality-related initiatives. 		<ul style="list-style-type: none"> Verify and evaluate the materiality metrics and targets and the outcomes of materiality activities. Verify expectations, concerns and feedback of stakeholders. 	<ul style="list-style-type: none"> Receive reports from the Sustainability Committee and discuss and finalize changes to materiality.
Sustainability Committee	<ul style="list-style-type: none"> Identify sustainability issues, prepare materiality themes and present them to the Board of Directors for discussion and approval. Review materiality metrics, targets and the action plan for each fiscal year and present the results to the Board of Directors for discussion and approval. 	<ul style="list-style-type: none"> Verify progress versus materiality metrics and targets. 	<ul style="list-style-type: none"> Verify and evaluate the materiality metrics and targets and the outcomes of materiality activities. Use stakeholders' expectations, concerns and feedback to validate materiality themes, adequacy of metrics and targets, and to improve activities. 	<ul style="list-style-type: none"> Discuss whether materiality and its metrics and targets need to be reviewed and report the results of the discussions to the Board of Directors for approval.
Organizations in Charge Various Committees Each Division of Kurita Water Industries Group Companies	<ul style="list-style-type: none"> Develop action plans based on the materiality metrics and targets, the medium-term management plan and the business plan. 	<ul style="list-style-type: none"> Promote activities related to materiality metrics and targets and report outcomes of activities to the Sustainability Committee. Disclose information on sustainability. Conduct dialogue with stakeholders. 	<ul style="list-style-type: none"> Verify the materiality metrics and targets and the outcomes of materiality activities. Verify expectations, concerns and feedback of stakeholders. 	<ul style="list-style-type: none"> Review activities related to materiality metrics and targets and report the results of the review to the Sustainability Committee.
Affiliated or Partner External Organizations	<ul style="list-style-type: none"> Actively participate in planning processes at external organizations. 	<ul style="list-style-type: none"> Implement activities in partnership with external organizations. 	<ul style="list-style-type: none"> Ensure the activities of external organizations align with the Kurita Group's materiality. 	<ul style="list-style-type: none"> If necessary, reexamine whether activities should continue with certain external organizations.

Promotion of CSV Business

The Kurita Group's CSV Business

The Kurita Group has defined products, technologies, or business models that contribute significantly to water-saving, greenhouse gas (GHG) emissions reduction and resource recovery or reduction of resource inputs compared to previous levels as the "CSV business," and has expressed these advantages as respective coefficients. The reduction of environmental impact from customers' operations is calculated based on these CSV business coefficients and application results. The CSV business is also constantly reviewed in light of the development status of more competitive products, technologies, and business models.

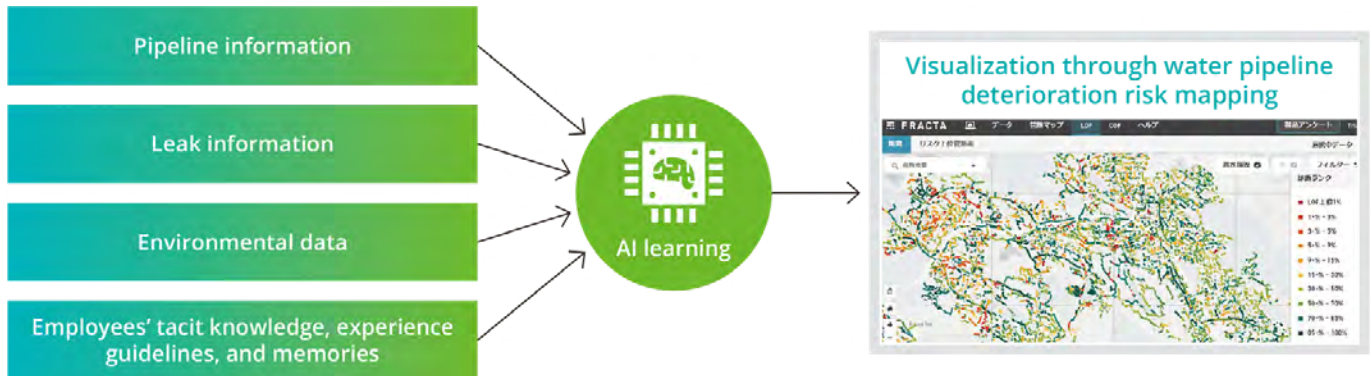
The CSV business is an initiative that links the indicators for Shared Value Themes of the Kurita Group's materiality—solve issues related to water resources, contribute to the realization of a decarbonized society, and contribute to building a circular economy society—with the financial targets for PSV-27. Meanwhile, metrics indicating the contribution of our CSV business to customer performance in water saving, GHG emissions reduction, resource recovery, and resource input reduction are used to evaluate the performance of personnel eligible for performance-linked remuneration, such as the executive and corporate officers of Kurita Water Industries and the representatives of some Group companies.



Representative examples

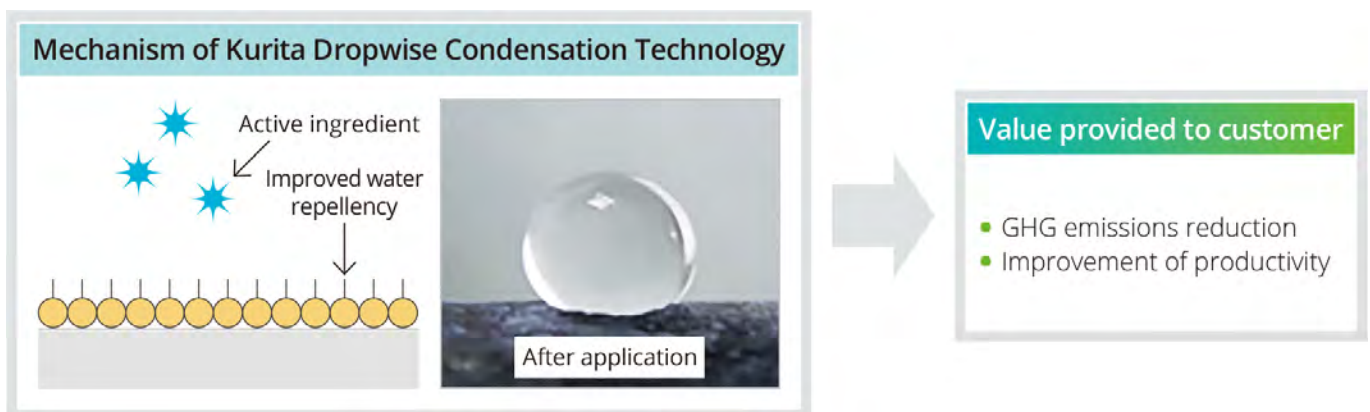
AI-based Water Pipeline Deterioration Diagnosis System

Water pipelines are a vital infrastructure supporting people's lives, and they must be replaced periodically based on the number of years since installation. However, most water pipes are buried underground, and their deterioration rate varies depending on site-specific factors such as the soil environment, traffic conditions, and gradient. It is therefore difficult to prevent water leaks caused by pipe deterioration simply by judging based on the number of years since installation. Kurita's AI-based water pipeline deterioration diagnosis system provides a predictive diagnosis of deterioration by providing an AI with various information such as water pipeline information, local environmental data, and past leak information. The system enables efficient replacement of water pipelines and investigation of leak points, helping to control the occurrence and volume of leaks.



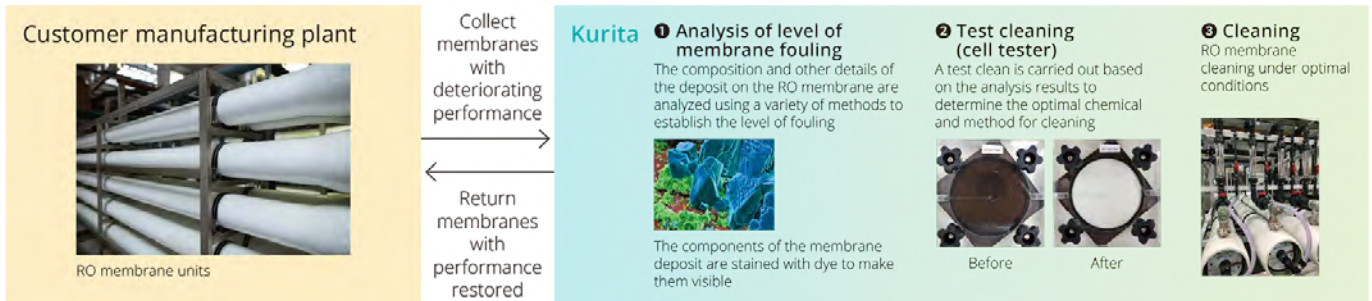
Kurita Dropwise Condensation Technology

The production process at many manufacturing plants uses heat exchangers to heat substances with steam. The steam transfers its heat to the treated substance via the metal surface of a heat transfer plate and then condenses, forming a film of water on the metal surface, which is known to be a factor in blocking heat transfer. Kurita Dropwise Condensation Technology induces water-repellent properties in the heat transfer surface of the heat exchanger, thus preventing the formation of a water film and boosting heat transfer efficiency. This in turn improves productivity and reduces the volume of steam required, which contributes to energy-saving. As the technology works by simply adding water treatment chemicals to the steam, it allows manufacturers to reduce GHG emissions without needing to stop production equipment or make a large-scale investment.



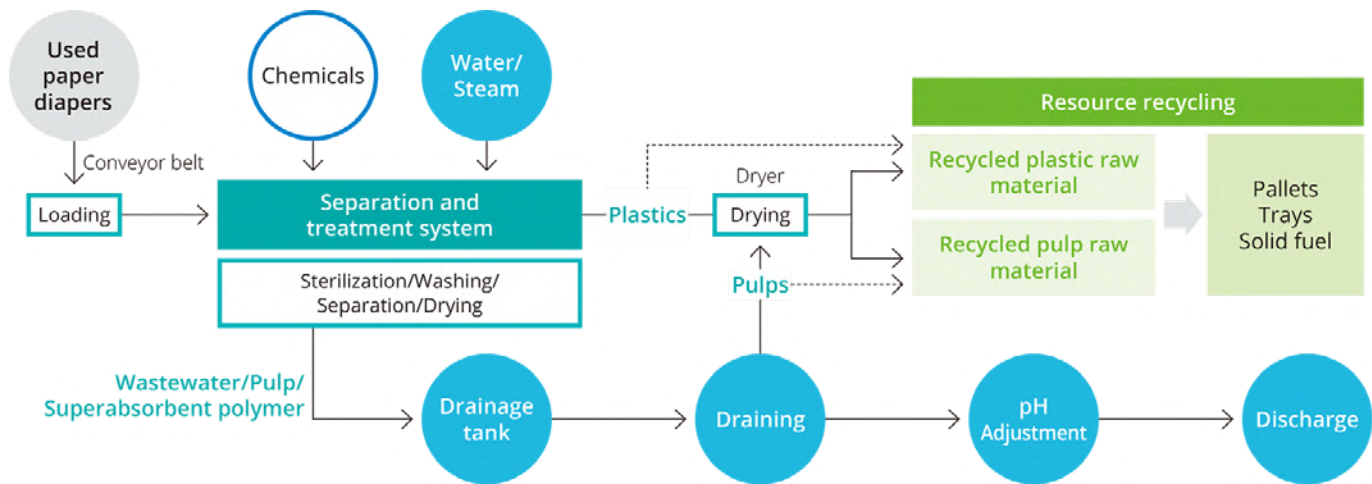
Off-Site Cleaning and Restoration (OSCAR)

Reverse osmosis (RO) membranes have an important function in removing the impurities contained in water and have a wide range of applications, for instance in ultrapure water production and wastewater reclamation. With continued use, RO membranes become clogged with deposits, which lowers performance, and they therefore require periodic cleaning. Conventional cleaning processes were unable to restore high performance, but with OSCAR, performance after cleaning is almost as good as new. This technology is owned by Avista Technologies, Inc., which was acquired by M&A. By enabling RO membranes to be reused and restoring their performance, and thereby achieving reduction of the pump energy required, it contributes to resource recovery and GHG emissions reduction.



Used Diaper Separation and Treatment System

Used paper diapers in Japan are mainly disposed of as general waste by incineration facilities operated by waste disposal companies and local municipalities. As Japan becomes a super-aged society, the volume of waste is expected to increase. Kurita developed a system that washes and separates used diapers for recycling. By adding a bag-tearing function to the system, it is able to process used paper diapers that are sealed inside plastic bags, improving hygiene and operating efficiency. Used paper diapers are washed and disintegrated by the device, then plastics are separated out from the treatment water, which contains pulp. The separated components can be used for application such as solid fuel or recycling plastic.



This report uses the names of products and services in Japan. Please note that product and service names differ in other countries.

Initiatives to Address Climate Change

Basic Concept

The Kurita Group views climate change as an urgent issue that needs to be addressed globally, and based on the TCFD Recommendations, we will continuously reduce greenhouse gases generated by our business activities and contribute to reducing greenhouse gas emissions for our customers through our business.

Promotion System

The Kurita Group sets the Sustainability Committee, chaired by Executive General Manager of Sustainability Division and Executive Officer of Kurita Water Industries, which oversees and promotes initiatives addressing climate change. The Sustainability Committee reports to the Executive Committee on the status of climate change initiatives twice a year, in principle. The Executive Committee discusses the reports and determines measures as necessary. Furthermore, the Executive Committee reports on the status of initiatives for addressing climate change to the Board of Directors, which supervises initiatives in general.



Measures Based on Opportunities and Risks

Based on the two scenarios (1.5°C and 4°C)^{*1} described in IPCC SR1.5 and IPCC RCP8.5, etc. the Kurita Group has evaluated the risks and opportunities by two axes of “probability” and “impact” for short-term, medium-term and long-term^{*2}, and has formulated the measures of the Kurita Group as well as evaluating the financial impacts on our business for some of them.

Type		Risks and Opportunities	Time horizon	Financial Impact/Measures
Policy and Legal	Risk	Introduction or increase of carbon tax.	Med to long term	<p><Financial Impact (As FY2051)></p> <ul style="list-style-type: none"> 1.5°C : 2.2 billion yen^{*3}. 4°C : None. <p><Measures></p> <ul style="list-style-type: none"> Scope1+2 : By FY2031, an estimated cost of approximately 1.1 billion yen will be invested, and 100% reduction will be achieved through the introduction of electric vehicles and the adoption of renewable energy. Scope3 : Reduce emissions by 30% compared to the base year by FY2031 by promoting the CSV business^{*4} and procuring low-carbon raw materials.
	Risk	Regulations for products and services with high GHG emissions.	Med to long term	<p><Measures></p> <ul style="list-style-type: none"> Low carbonization of products and services by utilizing digital technology and reviewing design, etc.
	Opportunity	Dissemination of supportive policy incentives to the conversion to energy with low GHG emissions.	Med to long term	<ul style="list-style-type: none"> Reduction of Scope 1 and 2 emissions by switching to alternative fuels and renewable energies Development and expansion of CSV businesses that contribute to GHG reduction, such as biomass power generation, energy recovery, resource recovery, exhaust gas treatment, CO₂ recovery, and battery-related businesses.
Technology	Risk / Opportunity	Substitution of existing products and services with lower emissions options.	Short to long term	<ul style="list-style-type: none"> Development and expansion of CSV businesses that contribute to GHG reduction, such as biomass power generation, energy recovery, resource recovery, exhaust gas treatment, CO₂ recovery, and battery-related businesses.

Type		Risks and Opportunities	Time horizon	Financial Impact/Measures
Market	Risk	Decreased demand from fossil fuel-related sector.	Med to long term	<Measures> <ul style="list-style-type: none"> Low carbonization of products and services by utilizing digital technology and reviewing design, etc. and business transition through the development and expansion of CSV businesses that contribute to GHG reduction, such as biomass power generation, energy recovery, resource recovery, exhaust gas treatment, CO₂ recovery, and battery-related businesses.
	Risk	Soaring costs of material and energy.	Med to long term	<Measures> <ul style="list-style-type: none"> Low carbonization of products and services by utilizing digital technology and reviewing design, etc.
	Opportunity	Increased demand in the electronic industry due to the acceleration of DX.	Med to long term	<ul style="list-style-type: none"> Reduction of Scope 1 and 2 emissions by switching to alternative fuels and renewable energies Development and expansion of CSV businesses that contribute to GHG reduction, such as biomass power generation, energy recovery, resource recovery, exhaust gas treatment, CO₂ recovery, and battery-related businesses.

Type		Risks and Opportunities	Time horizon	Financial Impact/Measures
Physical Risks	Risk	Increased factory shutdowns and construction delays due to extreme weather events such as cyclones and floods.	Short to long term	<p><Financial Impact (After FY2021)></p> <ul style="list-style-type: none"> 1.5°C and 4°C : About 15.7 billion yen/year at domestic production bases where risks are identified. <p><Measures></p> <ul style="list-style-type: none"> About 14 million yen has been invested to install waterstops at one site. Continuous strengthening of business continuity in preparation for natural disasters such as flood control.
	Opportunity	Increased operating rate of cooling equipment.	Short to long term	<p><Measures></p> <ul style="list-style-type: none"> Low carbonization of products and services by utilizing digital technology and reviewing design, etc. Development and expansion of CSV businesses that contribute to GHG reduction, such as biomass power generation, energy recovery, resource recovery, exhaust gas treatment, CO₂ recovery, and battery-related businesses.
Resource Efficiency	Opportunity	Dissemination of efficient production and distribution processes.	Short to long term	<p><Measures></p> <ul style="list-style-type: none"> Low carbonization of products and services by utilizing digital technology and reviewing design, etc. Development and expansion of CSV businesses that contribute to GHG reduction, such as biomass power generation, energy recovery, resource recovery, exhaust gas treatment, CO₂ recovery, and battery-related businesses.
	Opportunity	Reduction of water usage.	Short to long term	
Energy Source	Opportunity	Dissemination of energy with low GHG emissions.	Short to long term	
	Opportunity	Conversion to distributed energy resources.	Short to long term	
Products and Services	Opportunity	Increased demand for products and services with low GHG emissions.	Short to long term	<p><Financial Impact After (FY2028)></p> <ul style="list-style-type: none"> 1.5°C : About 350 billion yen/year^{*5}. 4°C : None. <p><Measures></p> <ul style="list-style-type: none"> Low carbonization of products and services by utilizing digital technology and reviewing design, etc. Reduction of Scope 1 and 2 emissions by switching to alternative fuels and renewable energies Development and expansion of CSV businesses that contribute to GHG reduction, such as biomass power generation, energy recovery, resource recovery, exhaust gas treatment, CO₂ recovery, and battery-related businesses.
	Opportunity	Increasing diverse technical needs for reducing GHG emissions.	Short to long term	

Type		Risks and Opportunities	Time horizon	Financial Impact/Measures
Resilience	Risk/ Opportunity	Substitution and diversification of fuel and water resources.	Short to long term	<p><Measures></p> <ul style="list-style-type: none"> · Low carbonization of products and services by utilizing digital technology and reviewing design, etc. · Reduction of Scope 1 and 2 emissions by switching to alternative fuels and renewable energies · Development and expansion of CSV businesses that contribute to GHG reduction, such as biomass power generation, energy recovery, resource recovery, exhaust gas treatment, CO₂ recovery, and battery-related businesses.

*1 The scenario in which the temperature rise from the pre-industrial level is 1.5°C and the scenario with the highest temperature rise predicted by the Intergovernmental Panel on Climate Change.

*2 Short-term (1-3 years), medium-term (3-5 years) and long-term (5-20 years).

*3 (Scope 1 and 2 + Scope 3 category 1 in the business operation area) x (Carbon price in the business operation area) estimated based on the FY2051 forecast.

*4 Products, technologies, and business models that contribute to saving water, reducing GHG emissions, resource recovery and reducing resource inputs more greatly than conventional ones.

*5 Trial calculation of SAM (Serviceable Available Market) for new CSV business that contributes to GHG reduction.

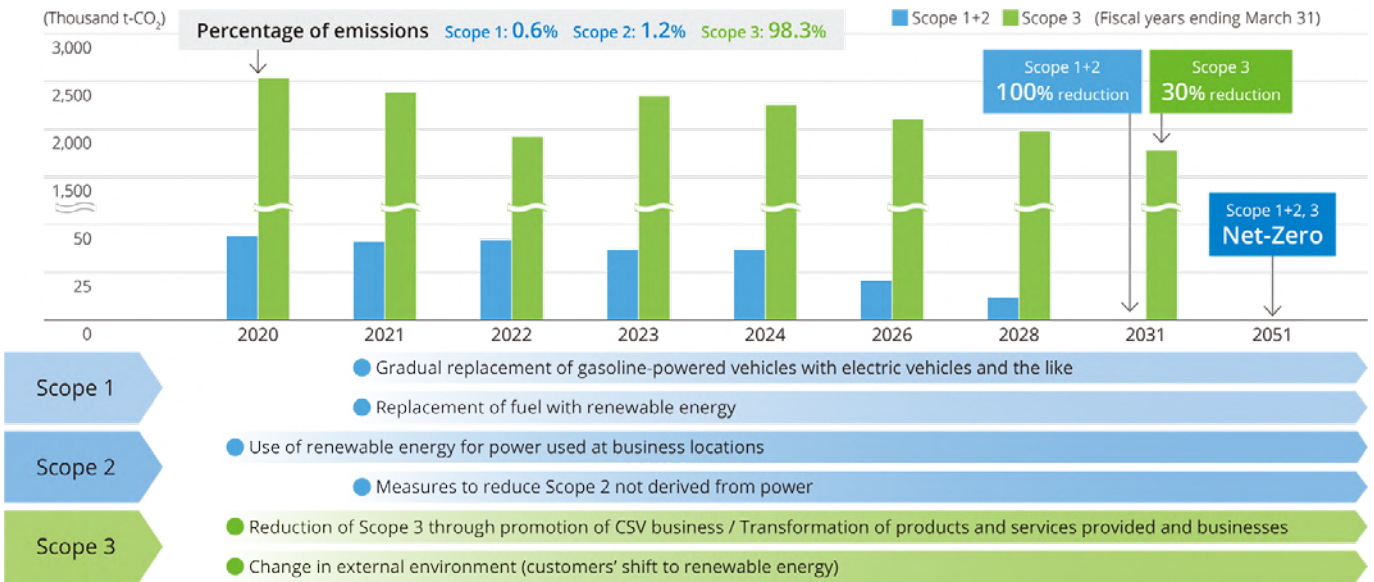
Metrics and Targets

To promote sustainability initiatives, the Kurita Group has identified eight new themes to intensively work on from FY2024 as the “Kurita Group Materiality.” In Theme 2, which is an initiative to tackle climate change issue, in order to make efforts in line with the Paris Agreement, we have set new long-term targets aligned with “Net-Zero target” indicated by SBTi*, starting from FY2020 as the baseline year, and are working to reduce Scope 1, 2 and Scope 3 emissions.

In addition, we have set a new medium-term target for the amount of avoided GHG emissions through CSV business and we will realize a decarbonized society throughout the entire supply chain by developing and providing low-carbon solutions that contribute to reduction of GHG emissions in industry and society.

In FY2023, Scope 1+2 emissions decreased by 15.6% compared to the reference year, FY2020, with the promotion of renewable energy usage. In addition, Scope 3 emissions decreased by 7.4% from the reference year due to a decrease in the amount of electricity consumption based on the procurement record for pumps, which are the main source of emissions, as well as external factors, such as a decrease in the CO₂ emission coefficient due to the spread of renewable energy.

* An initiative that encourages companies to set reduction targets consistent with scientific knowledge, with the goal of limiting the increase in global average temperature caused by climate change to well below 2°C above pre-industrial levels.



➤ The Kurita Group’s report based on the TCFD recommendations.

➤ Scope 1, 2 and 3 CO₂ emissions data are available [here](#).

Participation in Water Resilience Coalition

Participation in WRC

The Company participated in the Water Resilience Coalition (“WRC”) as a Leadership Committee member. The WRC is a new organization established under the CEO Water Mandate, a United Nations Global Compact initiative. It will launch industry-driven initiatives for the preservation of water resources in water-stressed basins all over the world. Through its participation in the WRC, the Kurita Group works with other companies and organizations to preserve and restore the world’s water resources with the aim of achieving the SDGs and realizing its corporate philosophy.

The Company has also participated in the UN Global Compact and has endorsed the CEO Water Mandate.



Water Resilience Coalition

Vision

Global water resilience Creating a world in which water can be consistently supplied to the required place, in the required quantity, and at the required quality

Our Pledge

Improve water availability, quality and accessibility in basins facing serious water resource problems

Raise the global ambition of water resilience through public and corporate outreach

Implement measures to resolve water resource problems across the entire value chain

Leadership Committee members (11 companies)

Participating Companies

Members (25 companies)

- Anheuser-Busch InBev
- Diageo
- PVH
- Gap
- Microsoft
- Cargill
- Dow
- Ecolab
- STARBUCKS
- 3M
- Kurita

- The Coca-Cola Company
- Woolworths
- Cummins
- Levi Strauss & Co.
- IHG Hotels & Resorts
- Danone
- Colgate
- HEINEKEN
- gsk
- PhosAgro
- DUPONT
- MARS
- Reckitt Benckiser
- Braskem
- Keurig Dr Pepper
- Bayer
- Holcim
- Coca-Cola FEMSA
- Culligan
- DP World
- HCL Technologies
- Meta Platforms
- NETAFIM
- Pepsico
- Veolia group

(as of August 2023)

[*Further information about the WRC is available here:](#)

Medium-Term Targets of the WRC

Medium-Term Targets

The medium-term targets of the WRC are as follows

Target year	Target
By 2030	<ul style="list-style-type: none"> Conduct initiatives in more than 100 basins around the world to help improve the water resources of more than 3 billion people in the target basins. Have had a positive effect on the water and sanitary conditions of at least 300 million people.

Targets and Initiatives of the Kurita Group

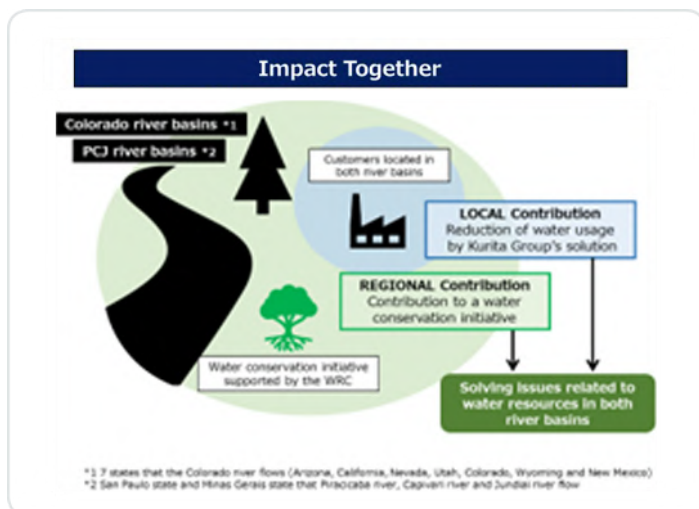
In response to the WRC's targets, the Kurita Group sets the following targets to the Kurita Group's Materiality "1. Solve issues related to water resources".

Target year	Target
FY2031	Total number of basins where collective actions are implemented and total population in the basins: 7 basins, 700 million people

Water Conservation Initiative in the US and Brazil

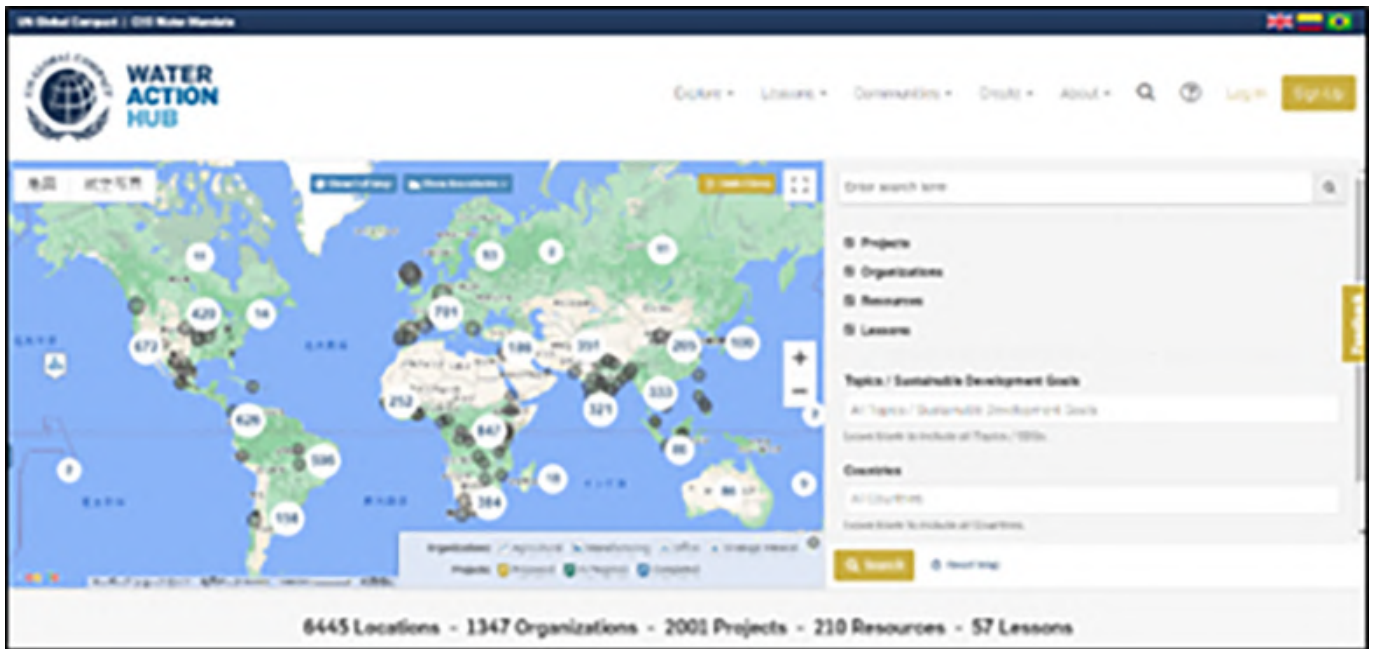
The Kurita Group launched a campaign for solving issues related to water resources, called "Impact Together," in the Colorado river basin in the US and PCJ river basins in Brazil. During the campaign, which aims to solve both river basins' water challenges including water scarcity, Avista Technologies, Inc. and Kurita do Brasil LTDA., which are overseas subsidiaries, contributed to the reduction of water usage by providing a superior water savings solution to customers located in the basin regions. In addition, Kurita Water Industries made a monetary contribution to a water conservation project based on the estimated water saved by the solution.

* Piracicaba, Capivari and Jundiai river basins in San Paulo state



Initiative for the development and socialization of the online platform related to a water conservation

The Kurita Group contributes to the development and socialization of the free online platform the Water Action Hub, which supports water conservation initiatives of companies and organizations. The Water Action Hub is managed by The CEO Water Mandate, which is the upper organization of the WRC, and it has several functions to include connecting partnerships with implementers who are taking actions for solving water challenges, as well as searching and sharing valuable information for water conservation initiatives. In addition, its functions are continually developed for making it a comprehensive platform which aggregates any information and tools related to water challenges. The Kurita Group contributes to the development by testing and providing early feedback on new features and through monetary support, as well as the socialization through advocating the value of Water Action Hub in international conferences such as World Water Week.



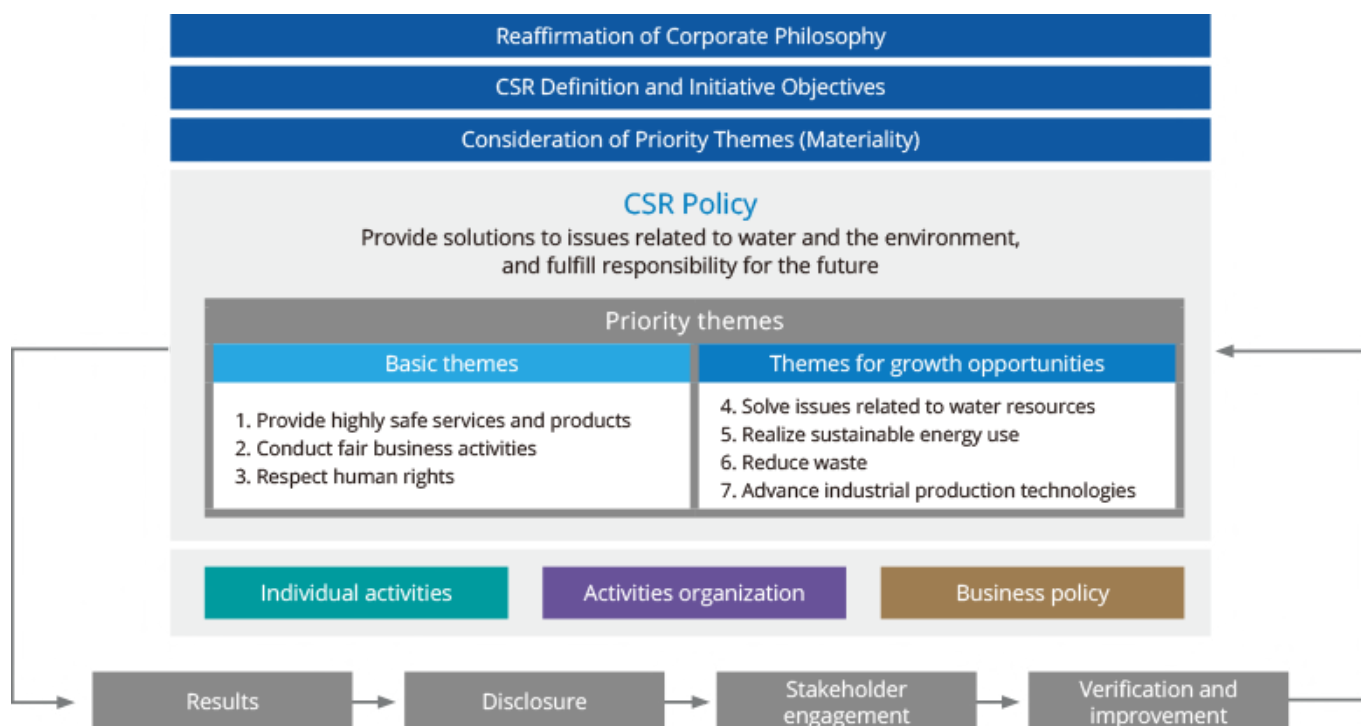
※ Details of “Water Action Hub” are [here](#).

CSR (Through FY2023)

This page contains information about the Kurita Group's CSR Initiatives that concluded in fiscal 2023. The Group started implementing new initiatives based on the Kurita Group's Materiality from fiscal 2024.

*For more information about the Kurita Group's Materiality, please refer to the Sustainability Initiatives (from FY2024) section.

[Sustainability Initiatives \(from FY2024\)](#) >



Definition and Objectives of CSR

The Kurita Group defines its CSR as “the Kurita Group’s responsibility for its impacts on society.” Premised on legal compliance, the Group has set the following two objectives for its initiatives related to CSR. The Group will take action by positioning these initiatives at the core of its corporate activities and management strategies.

Definition

The Kurita Group’s responsibility for its impacts on society

Objectives

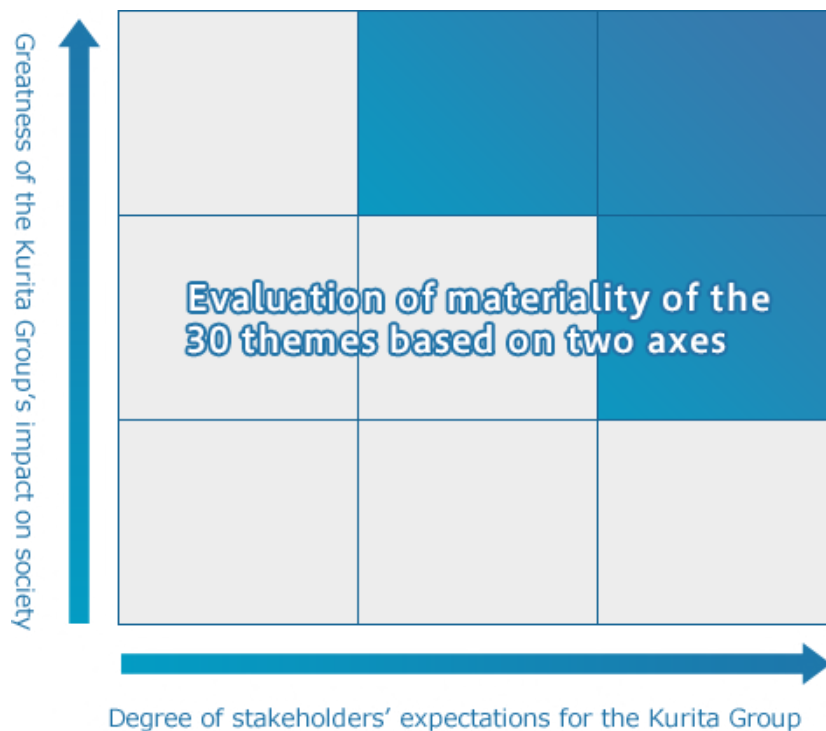
1. Creating and maximizing shared value for the Kurita Group and society
2. Identifying, preventing and mitigating possible adverse impacts by the Kurita Group

Identification of Materiality

Through the following steps, the Kurita Group identified seven material issues related to CSR and finalized as Kurita's CSR Policy, including what we should be like and the frame of mind that we should maintain firmly in 2030.

Step 1: Evaluation of Materiality

By referring to the GRI standards, ISO 26000 (Guidance on social responsibility), "OECD Guidelines for Multinational Enterprises: Recommendations for Responsible Business Conduct in a Global Context" by the Organization for Economic Co-operation and Development (OECD), the 10 Principles of the United Nations Global Compact (UNGC), and Sustainability Development Goals (SDGs), a total of 30 themes on sustainability have been identified and the E&S (Environmental & Social) committee of Kurita evaluated their materiality based on two axes of: 1) Degree of stakeholders' expectations for the Kurita Group and; 2) Greatness of the Kurita Group's impact on society.



Step 2: Identification of Materiality

Based on the results of the evaluation in Step 1, we repeated discussions in line with two themes: tasks that should be positioned as the base of management, and business activities and growth opportunities for achieving our Corporate Philosophy, and identified seven material issues. Further, we have set "what we should be like in 2030" or the "frame of mind" that we should maintain firmly, for each theme.



Step 3: Confirmation of Adequacy

The E&S Committee and Executive Committee of Kurita confirmed the adequacy of the seven material issues, what we should be like in 2030, and the frame of mind that were identified in Step 2, and they were finalized as Kurita's CSR Policy by its Board of Directors.
























Determination of the CSR Policy

CSR Policy, Targets, and Achievement Status

To promote its initiatives related to CSR, the Kurita Group has set out the priority themes as a common policy for the Group as follows. The Kurita Group supports the sustainable development goals (SDGs), and has set out its priority themes to conform them.

A video (in English) about the Kurita Group's efforts to address the SDGs is available [here](#).

Provide Solutions for Issues Related to Water and the Environment, and Fulfill Responsibility for the Future

Priority themes	Contribution to the SDGs	Initiatives toward 2030	Metrics	Medium- to long-term targets for the fiscal year ending March 31		The fiscal year ended March 31, 2023	Evaluation*1	
				Target year	Result			
Basic themes	 	Maintain social trust by developing and providing services and products reflecting considerations for safety, health, and the environment.	1) Rate of product safety evaluations for newly developed products	100%	FY2023	100%	Achieved	
			2) Rate of front-line employee participation in regular safety training directly related to products and services	100%		100%	Achieved	
	2. Conduct fair business activities		Maintain fair and transparent trade based on free competition. Maintain sound relationships with politics and administration.	Rate of participation in compliance-related training	100%	FY2023	100%	Achieved
3. Respect human rights	   	Support and respect international norms related to human rights and promote human rights initiatives by following the Guiding Principles on Business and Human Rights established by the United Nations.	1) Rate of participation in human rights-related training	100%	FY2023	100%	Achieved	
			2) Rate of front-line employee participation in safety training directly related to site operations	100%		100%	Achieved	
Themes for growth opportunities	     	Supply water at the optimum quality and quantity by securing as much water as necessary for the life of all people and the development of industry by applying technologies for saving, purifying, and reusing water.	Water savings at customers – Amount of water intake used in our business activities	240 million m ³	FY2023	112 million m ³	Not achieved**4	
			Number of people that can benefit from improvement in water resources**2	700 million people	FY2031	67 million people	Likely to be achieved	
	5. Realize sustainable energy use	    	Optimize energy use in living and in industries, and introduce technologies for creating energy throughout society.	CO ₂ emissions reduction at customers – CO ₂ emissions from our business activities**3	10,000 t	FY2023	249,000 t	Achieved
				Scope 1 and 2 emissions reduction (rate of reduction since fiscal year ended March 31, 2020)**4	27.5%	FY2031	15.6%	Likely to be achieved
				Scope 3 emissions reduction (rate of reduction since fiscal year ended March 31, 2020)**4	100%	FY2051		
	6. Reduce waste	  	Introduce technologies for using waste as resources and technologies for controlling the amount of waste in order to achieve zero waste.	Waste reduction at customers – Waste generated from our business activities	450,000 t	FY2023	406,000 t	Not achieved**5
	7. Advance industrial production technologies	 	Make full use of big data on water to contribute to innovations in production efficiency and product quality in industries.	Proportion of themes falling into "Contribution to improvement of production process" to product development themes	35%	FY2023	28%	Achieved

*1 We evaluate the degree of achievement of medium- and long-term targets based on the results of the fiscal year under review.
 *2 Number of people that can benefit from improvement in water availability, water quality, and water accessibility in highly-stressed basins. This target was added from the fiscal year ended March 31, 2022, so single-year targets were set from the fiscal year ending March 31, 2023.
 *3 "CO₂ emissions from our business activities" include emissions generated from the ultrapure water supply business, which comes under Category 13 of Scope 3 as well as emissions in Scope 1 and 2 stipulated in the GHG Protocol

**4 Not achieved because the amount of water conservation contribution by customers was lower than expected when the plan was formulated.
 **5 Not achieved because both the amount of waste discharged by the Company and the amount of contribution to reducing waste discharged by customers were lower than expected.

Stakeholder Engagement

The Kurita Group positions its customers, business partners, employees, shareholders and investors, and local communities as its stakeholders. It takes initiatives on stakeholder engagement to understand each stakeholder's expectations, concerns, requests, and other thoughts about Kurita and reflect them in its management.

Fundamental Activity Guidelines

Stakeholder	Purpose	Approach
Customers	Providing solutions through products and services and winning trust from customers	<ul style="list-style-type: none"> Suggest and provide solutions to issues of individual customers, by communicating with them through proposal activities, and check how the solutions are evaluated. Conduct customer surveys to better grasp issues facing the Kurita Group.
Business partners	Fair trade and considerations for society, human rights, and environmental aspects in supply chain	<ul style="list-style-type: none"> Check what individual business partners expect and how they evaluate us, by communicating with them in procurement activities. Conduct questionnaires of business partners to check expectations and evaluations by business partners as a whole and identify the Kurita Group's issues. Set up a helpline for business partners as a contact for anonymous consultations and whistleblowing.

Stakeholder	Purpose	Approach
Employees	Respect for human rights, improvement of employee engagement, and human resource development	<ul style="list-style-type: none"> · Check employees' opinions through a self-reporting system or the similar system. · Check needs and effects of employee capability development by providing human resource development training, supporting female employees in their career development, and taking other measures. · Conduct employee engagement survey to identify any issues. · Set up a contact for compliance consultation and one for whistleblowing to accept anonymous consultations and whistleblowing.
Shareholders and investors	Dialogues with shareholders and investors for mutual understanding with them and winning support from them	<ul style="list-style-type: none"> · The president and the director in charge have dialogues with shareholders and stakeholders in financial results briefing, briefing sessions for shareholders, ones for investors, conferences hosted by securities companies, and IR roadshows. · People who are exclusively in charge of IR have dialogues with individual securities analysts and institutional investors through meetings and conference calls. · Disclose information appropriately and in a timely manner via integrated reports, website, and other media.
Local communities	Contribution to local communities	<ul style="list-style-type: none"> · Carry out activities related to nature conservation, welfare, disaster control, and other issues in areas where our business bases are located, and provide support for affected areas in the event of a disaster. · Contribute to the Kurita Water and Environment Foundation, which was established to contribute to advancing science and technologies related to water and the environment. · Check expectations and evaluations by local communities in light of presence/ absence of complaints and other feedback to each business location and their contents. · Through participation in the WRC*, work to preserve water resources in water-stressed basins all over the world.

* Please refer to "Participation in Water Resilience Coalition" for more details about the WRC

Examination of Initiatives Related to CSR

Based on the following information, we examine our initiatives related to CSR to confirm that they are making progress toward achievement of goals.

- Results of questionnaire and other surveys (of customers, business partners, and employees)
- Results of assessment by major ESG investment evaluation organizations and whether Kurita stock has been selected as an ESG Stock
- Number of complaints lodged against, and acknowledgements given by the local community to, Kurita at each business location
- Achievement status of plans in the external organization to which we belong

FY2023 Activities

Stakeholder	Major Approach	Results	Issues Going Forward
Customers	<ul style="list-style-type: none"> Responded to CSR surveys from customers and supplier evaluation organizations in Japan and overseas. Conducting customer intimacy surveys for customers in Japan and overseas, using NPS^{SM*1} as the evaluation tool. 	<ul style="list-style-type: none"> Responded to all surveys and continued to disclose information to supplier evaluation organizations. Moved from a conventional customer satisfaction survey to a customer intimacy survey including NPS^{SM*1} in fiscal 2022. Examined future activities to improve customer intimacy. 	<ul style="list-style-type: none"> In response to a rise in the number of surveys, develop a mechanism for disclosing information to customers more promptly. Consider the methods and content of surveys to ensure that they contributes not only to improving customer intimacy, but also to expanding and enhancing the sustainability activities of customers and the Kurita Group.
Business partners	<ul style="list-style-type: none"> Conducted a questionnaire of the business partners of Kurita and its Group companies in Japan to confirm that the transactions being carried out are appropriate. Conducted a tracing survey of raw materials to confirm that procured goods do not contain conflict minerals. Also conducted on-site human rights audits of our business partners. Encouraged EcoVadis registration for 392 business partners that had conducted self-assessments by fiscal 2021 (47% of the total amount of orders placed in fiscal 2021). 	<ul style="list-style-type: none"> Working to identify, investigate, and rectify problems related to transactions with the Company and Group companies in Japan from the perspective of our business partners. Confirmed that the tracing of raw materials with regard to conflict minerals is generally managed within an appropriate range. Confirmed, through on-site audits of business partners, risks related to long working hours and employment of foreign workers at some business partners. In Japan and overseas, 123 companies have been registered with EcoVadis and their evaluation has been completed (accounting for 28% of the total amount of orders placed in fiscal 2021). 	<ul style="list-style-type: none"> Continue to inform business partners of the Supplier Helpline. Continue to expand our research on conflict minerals and human rights at our business partners, actively encouraging improvements in these areas. Continue to expand the number of business partners registered with EcoVadis. In alignment with our human rights due diligence efforts, strengthen our capabilities in identifying and addressing risks.

Stakeholder	Major Approach	Results	Issues Going Forward
Employees	<ul style="list-style-type: none"> Conducted a compliance behavior survey of all Kurita Group employees and dispatch staff. Changed the employee happiness and well-being survey that began in fiscal 2020 to the engagement survey. 	<ul style="list-style-type: none"> Identified the risks and results of compliance activities in the Kurita Group. Positioned the employee engagement survey as part of the Kurita Group's efforts to promote D&I.*2 	<ul style="list-style-type: none"> To avoid compliance activities taking a negative tone, develop measures that encourage employees to take pride in their work. Expand the scope in fiscal 2024 to conduct employee engagement surveys, identify issues, and use them to promote D&I.
Shareholders and investors	<ul style="list-style-type: none"> Improved ESG information disclosure, responded to surveys from ESG evaluation organizations, had dialogues with ESG investors. 	<ul style="list-style-type: none"> Continued to be included in the leading ESG indexes,*3 including selection for all ESG indexes used by the GPIF. 	<ul style="list-style-type: none"> Continuously improve initiatives related to CSR and information disclosure in light of new ESG disclosure standards, trends in sustainability strategies in Europe and the United States, matters of interest to investors, and other considerations.
Local communities	<ul style="list-style-type: none"> Confirmed whether there were complaints from local residents at each Kurita Group company site. As a WRC activity, began working toward solving water resource-related issues in basins where there are problems such as water shortages. 	<ul style="list-style-type: none"> There were no thanks or complaints. Began working to solve water resource problems in two water basins, located in the United States and in Brazil. 	<ul style="list-style-type: none"> Continue to confirm the opinions of local residents near business sites. Expand our target basins while continuing to work on solving water resource issues.

*1 NPSSM (Net Promoter Score) is a registered trademark or service mark of Bain & Company, Fred Reichheld, and Satmetrix Systems.

*2 Diversity & Inclusion

*3 For details, see "External Evaluation" on the CSR page of the Company's website:

<https://www.kurita.co.jp/english/csr/management/index.html>

Information Disclosure

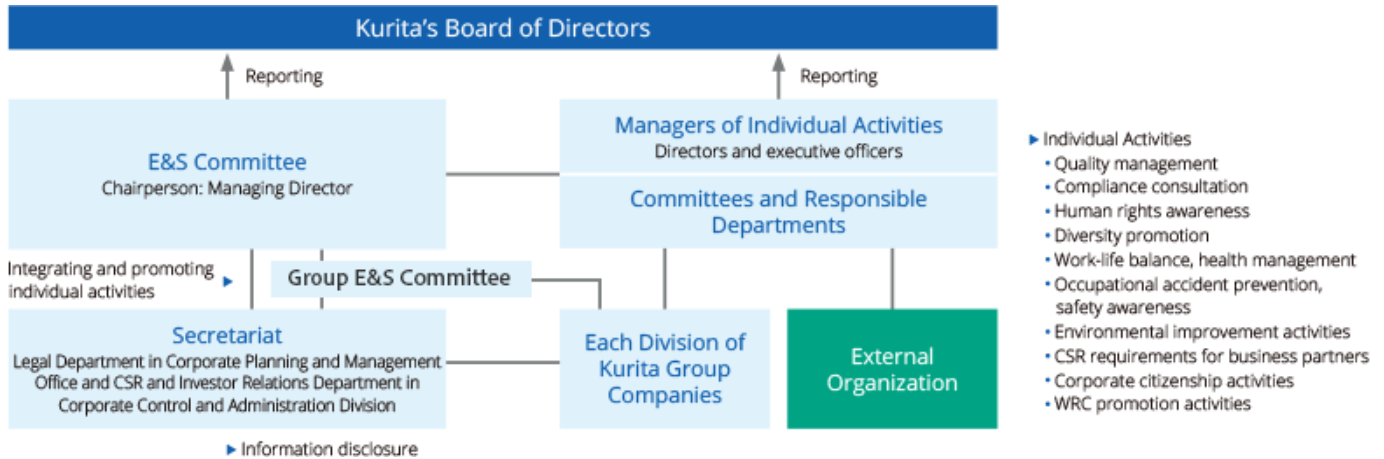
We disclose our CSR-related information to our stakeholders by the following methods.

- Disclosing reports created by referring to international standards on information disclosure
- Answering questionnaire and other surveys conducted by research institutions and other organizations
- Answering questions and surveys from customers, shareholders, and investors

Promotion System and PDCA

Promotion System

The Kurita Group positions the themes stipulated in its CSR Policy as material issues and makes group-wide efforts to work on activities related to the fields of 1) corporate governance, 2) product and service liability, 3) fair operating practices, 4) respect for human rights, 5) appropriate labor practices, 6) environmental improvement, and 7) corporate citizenship. The chairperson of the E&S Committee, who is a director of Kurita, is responsible for integrating and promoting the individual activities, with a director or an executive officer of Kurita assigned for each one of the activities as the responsible manager.






PDCA

For each of the individual activities, we formulate the Group's common medium-term targets and annual action plans, and Kurita and Group companies manage activity targets. Determination of the action plan and evaluation of results of actions are made by Kurita's Board of Directors.

	Plan	Do	Check	Action
Directors of Kurita	<ul style="list-style-type: none"> Formulate medium-term management plans/business plans by reflecting group-wide tasks related to CSR initiatives. 		<ul style="list-style-type: none"> Check and evaluate results of individual activities on CSR. Recognize and accept stakeholders' expectations, concerns, and requests. 	
E&S Committee	<ul style="list-style-type: none"> Identify group-wide tasks related to CSR initiatives and formulate the CSR Policy and KPIs. 	<ul style="list-style-type: none"> Check the progress of individual activities on CSR. Disclosure information related to CSR. Have dialogues with stakeholders. 	<ul style="list-style-type: none"> Consolidate the results of individual activities on CSR. Evaluate and analyze the results of individual activities on CSR based on stakeholders' expectations and concerns. 	<ul style="list-style-type: none"> Review CSR Policy and CSR-related KPIs. Outcomes of activities and improvement measures reported to Board of Directors
Various committees, each division of Kurita, each Group company	<ul style="list-style-type: none"> Implement measures in light of tasks related to individual activities on CSR and medium-term management plan/business plan. 	<ul style="list-style-type: none"> Carry out the individual activities on CSR. Report the results of individual activities on CSR to the E&S Committee. Have dialogues with stakeholders. 	<ul style="list-style-type: none"> Evaluate and analyze the results of individual activities on CSR. Check stakeholders' expectations and concerns. 	<ul style="list-style-type: none"> Review measures on individual activities on CSR
External Organization	<ul style="list-style-type: none"> Actively participate in the planning process of external organizations 	<ul style="list-style-type: none"> Carry out activities in cooperation with external organizations 	<ul style="list-style-type: none"> Confirm that the activity results of external organizations match the direction of the Kurita Group's CSR policy 	<ul style="list-style-type: none"> If necessary, reexamine the external organizations in which the Kurita Group participates

Inclusion in ESG Indexes


 <p>FTSE4Good</p>	<p>FTSE4Good Index Series</p> <p>This index was developed by FTSE Russell, a global index provider based in the United Kingdom. The FTSE4Good Index Series is designed to promote investment in companies that meet global environmental, social, and governance (ESG) standards.</p> <p>Official website</p>
 <p>FTSE Blossom Japan</p>	<p>FTSE Blossom Japan Index</p> <p>This index was developed by FTSE Russell. The FTSE Blossom Japan Index is designed to measure the performance of Japanese companies that are making outstanding efforts on ESG.</p> <p>Official website</p>
 <p>FTSE Blossom Japan Sector Relative Index</p>	<p>FTSE Blossom Japan Sector Relative Index</p> <p>This index was designed by FTSE Russell, as a sector neutral benchmark that reflects the performance of Japanese companies demonstrating strong environmental, social and governance practices (ESG). Also the index is designed to support the transition to a low carbon economy by evaluating companies' climate governance activities aligned with the Taskforce on Climate-related Financial Disclosures' recommendations and carbon emissions intensity to determine stock eligibility for index inclusion.</p> <p>Official website</p>
	<p>MSCI ACWI ESG Leaders Index</p> <p>This index was developed by MSCI, a global index provider based in the United States. The index is composed of companies with excellent ESG evaluations, selected from a parent index (the MSCI ACWI Index), which covers companies in 23 advanced countries and 26 emerging countries.</p> <hr/> <p>MSCI World ESG Leaders Index</p> <p>This index was developed by MSCI. The index is composed of companies with excellent ESG evaluations, selected from a parent index (the MSCI Index), which covers companies in 23 advanced countries.</p>

<p>2023 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX</p>	<p>MSCI Japan ESG Select Leaders Index This index was developed by MSCI. The index is composed of companies with excellent ESG evaluations, selected from among the constituent stocks of the MSCI Japan IMI Top 700 Index without any bias in terms of industry.</p>
<p>2023 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)</p>	<p>The MSCI Japan Empowering Women Index (WIN) This index was developed by MSCI. It is composed of companies in the MSCI IMI Top 500 Index that have been selected based on their data regarding employment of women, disclosed under the Act on Promotion of Women's Participation and Advancement in the Workplace and corporate policies regarding gender diversity.</p>
<p>2023</p>  <p>Sompo Sustainability Index</p>	<p>SOMPO Sustainability Index This index was developed by Sompo Asset Management Co., Ltd., a Japanese asset management company. The index is composed of independently selected stocks, emphasizing their ESG evaluation based on the Buna-no-Mori Environmental Questionnaire (environmental assessment) conducted by Sompo Risk Management Inc. and the IntegreX Survey (social and corporate governance assessments) conducted by Integrex Inc.</p>
 <p>Japan ex-REIT Gender Diversity Tilt Index</p> <p>TOP CONSTITUENT 2023</p>	<p>Morningstar Japan ex-REIT Gender Diversity Tilt Index This index was developed by Morningstar. It uses the Gender Equality Score provided of Equileap, an organization that collects and evaluates companies' gender-related data, to identify companies whose gender diversity policies are instilled in their culture and that are committed to providing equal opportunities for employees regardless of their gender. Kurita was ranked Group 1, the highest of the five levels. Read disclaimer here.</p>
 	<p>iSTOXX MUTB Japan Platinum Career 150 Index This index, which was jointly developed by Mitsubishi UFJ Trust and Banking Corporation and STOXX, an index provider that is a subsidiary of Deutsche Börse, consists of 150 Japanese companies that are active in building employees' careers from three perspectives: long term view, active learning, and social contribution.</p>

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Evaluation by ESG Rating Organization

	<p>ISS-ESG</p> <p>Certified as a “Prime” company in the ESG ratings of ISS ESG, the Responsible Investment division of US-based proxy advisory firm Institutional Shareholder Services. Prime status indicates that Kurita exceeded industry-specific rating criteria.</p> <p>Official website</p>
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Evaluation by Supplier Evaluation Organization

	<p>EcoVadis</p> <p>Awarded the Silver Medal, indicating a ranking in the top 25% of all companies in all industries, by EcoVadis, a French firm that rates the sustainable procurement capabilities of suppliers from a sustainability perspective.</p>
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Evaluation by Creating a Corporate Culture that Facilitates Work

	<p>Kurumin</p> <p>This is a system in which the Minister of Health, Labour and Welfare of Japan certifies companies that meet certain requirements as "childcare support company" among the companies that work to support the balance between work and childcare.</p>
	<p>Class 3 Eruboshi</p> <p>This is a system in which the Minister of Health, Labour and Welfare of Japan certifies as a "company promoting the active participation of women" based on the Act on Promotion of Women's Participation and Advancement in the Workplace.</p>

Priority Themes: Basic Themes

The Kurita Group's Basic Themes

The Kurita Group has positioned safety and quality, compliance, human rights, and occupational health and safety as basic themes for its initiatives related to CSR, and is working to prevent damage to the Group's value.



Provide Highly Safe Services and Products >

We introduce the Kurita Group's product quality improvement activities.



Conduct Fair Business Activities >

We introduce the Kurita Group's compliance activities.



Respect Human Rights >

We introduce the Kurita Group's initiatives related to respect for human rights and health and safety.

Provide Highly Safe Services and Products

Improving Quality

In order for the Kurita Group to continue its business and grow as a company, it must maintain its status as a trusted supplier for its customers. To gain the trust of our customers, we believe we must consider the impact on customers of the actual products and services that we supply, which is to say, we must develop products and services that consider safety, health, and environmental impact throughout the product lifecycle, and also ensure their stable manufacture as well as safe shipment and delivery.

The Kurita Group will strive to maintain the trust of society by continuing to develop and provide products and services that are considerate of safety, health, and the environment.

Contribution to Achieving the SDGs



Basic Policy

The Kurita Group has established the “Kurita Group Product Quality Policy” and continuously promotes quality improvement activities based on this policy in an effort to raise the quality of the products and services it provides to customers.

The basis of this policy is the “Kurita Group will speedily provide our customers with products and services that can meet their quality expectations, thereby winning unshakable trust.” To provide products and services that are trusted by customers and to fulfill our social responsibilities in conducting our business, we have established the policy with the goal of conducting quality activities that take into account observance of laws and regulations, safety and quality, and environmental impact.

To improve quality, each Group company has built and operates a quality management system based on the policy. In addition, we constantly monitor the current quality level through self-inspections, surveys by the person in charge of promoting quality improvement activities or their designated person, and feedback of opinions and requirements from customers. Improvements are made each time an issue is recognized.

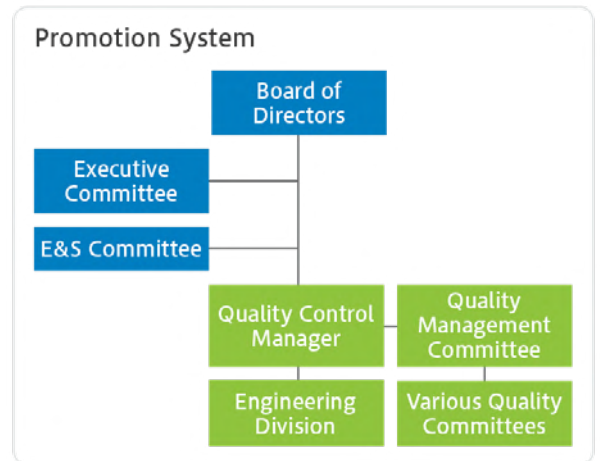
➤ [Kurita Group Product Quality Policy \(FY2023\)](#)

Kurita Group Product Quality Policy

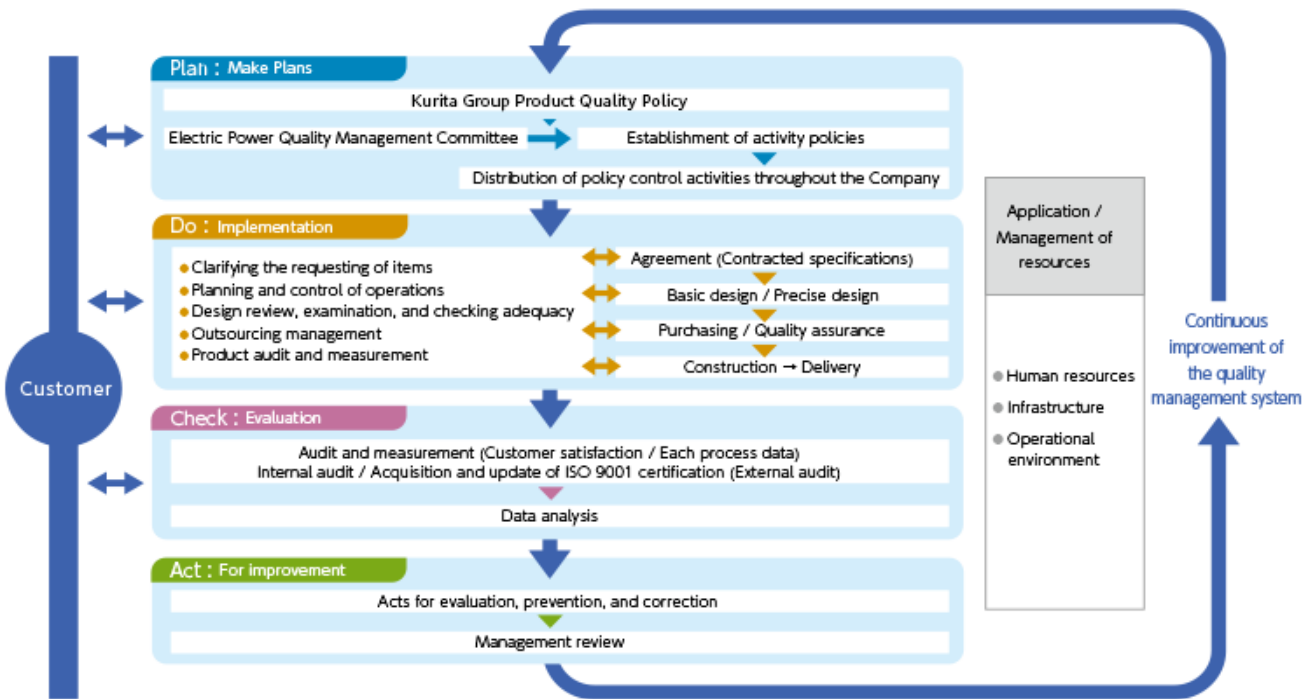
- We will establish a quality management system suitable for the business environment and continue improvement activities to enhance customer satisfaction.
- We will actively disclose appropriate information concerning products and services and provide safe and secure products and services.
- We will determine quality control processes and criteria, properly operate them, regularly confirm the operation status and thereby secure the quality of products and services.
- We will promote the development and improvement of products and services considering environmental impact and contribute to environmental preservation.

Promotion System (FY2023)

The Kurita Group has established a quality management system that includes the quality management divisions of Group companies, the Company's Quality Management Committee, and other quality management committees, including those at Group companies. The Quality Control Manager oversees these committees, and determines and assesses quality outcome goals and progress toward process goals, reporting the results to the Board of Directors once a year.



▶ Conceptual Diagram of Quality Management System (Example of Kurita Water Industries' Facilities for Electric Power Industries Group)



Targets and Achievements

The Kurita Group's targets and achievements for the fiscal 2023 for the theme are as shown below.

	Targets for FY2023	Achievements in FY2023
Rate of safety evaluations for newly developed products	100%	100%
Rate of front-line employee participation in regular safety training directly related to products and services	100%	100%

Main Initiatives

Safety Evaluation of Newly Developed Products

The Company has a rule that, when it uses a new chemical substance in product development, it assesses the risk the chemical substance poses to the environment and health based on internal rules. In addition, when we manufacture a product, we submit mandatory notifications and reports following laws and regulations, including the Industrial Safety and Health Act, the Act on the Evaluation of Chemical Substances and Regulation of Their Manufacture, etc., and the Fire Service Act.

Sharing Information Related to Product Safety

To ensure the appropriate provision of information to customers, Kurita Water Industries uses GHS^{*1}-compliant SDS^{*2} and labels to inform them of applicable laws and hazards of the product and provide other information. We also issue Yellow Cards^{*3} and affix Yellow Card-compliant labels to containers^{*4} to ensure transportation safety.

- *1 GHS stands for the Globally Harmonized System of Classification and Labeling of Chemicals. Under this system, physical hazards and health hazards/environmental hazards of chemicals are classified based on international standards, and products classified as hazardous ones are stated on SDSs and indicated on the containers. GHS has been introduced in many countries in accordance with a recommendation by the United Nations. In Japan, compliance with GHS is required by the Industrial Safety and Health Act.
- *2 SDS (Safety Data Sheet), is a sheet on which a product's hazards, applicable laws, how to handle and transport the product, emergency measures, and other information are presented in a specific format. The Company creates SDSs for all of its products, commodities, and developed articles and provides them to its customers.
- *3 A Yellow Card is a yellow-colored card showing information about procedures for handling an accident as a safety measure for transportation of a chemical. This card is taken along by the transport operator when a chemical is transported on a tanker truck or the similar vehicle.
- *4 A Yellow Card cannot be used in the case of consolidated transport or transport of small lot products. Therefore, in such a case, the Company affixes a label indicating safety information (United Nations Number and Emergency Response Guide Number of the chemical name) on each container.

Clarifying Customer Evaluations with NPSSM Surveys

The Kurita Group conducts an NPSSM survey and utilizes the findings for creating sales and marketing strategy and transforming business processes. In fiscal 2022, the survey was administered to customers in Japan and overseas, and responses were obtained from 929 companies and 1,477 individuals. The next survey will be held in fiscal 2024.

* NPSM is the registered trademark or service mark of Bain & Company, Fred Reichheld, and Satmetrix Systems.

Providing Training to Improve Knowledge and Skills

In order to raise the quality of services provided to customers, the Company runs training courses to improve the expertise and skills of all Kurita Group employees. The courses comprise units on a range of topics, including basic knowledge about water treatment chemicals, technical training about water and wastewater treatment, safety and legal training, communication skills and problem-solving.

Number of Participants in Training (Fiscal Year Totals)	
FY2021	1,906
FY2022	3,042
FY2023	2,382



Technical training session

Safety Training

The Company runs a product safety e-learning course for Kurita Group employees. The course is designed to deepen employee understanding about product safety.

Number of Participants	FY2021	FY2022	FY2023
Kurita Water Industries, Group companies in Japan	5,789	3,236	3,281
Group companies overseas	2,454	2,394	2,525
Total	8,243	5,630	5,806

Response to Defects

Defects that arise prior to installation at customers and complaints received from customers are entered in the in-house “problem information” database and that information is shared widely throughout the Company.

Internal Audit

In fiscal 2023, we reviewed the quality-related internal audit framework and quality-related education and training that we have implemented so far. Our aim in doing so is to enable each organization to improve the quality management system autonomously. We will continue using the quality committees of each organization to conduct internal audits, working to improve quality by understanding the issues and addressing them with improvements.

Quality Survey Conducted by External Institution

Since fiscal 2021, the Company has engaged an external institution to conduct quality surveys, covering Group companies in Japan involved in production. The surveys cover the quality management systems and operation status of each company. Based on the survey’s findings, quality-related issues were identified and improvement measures formulated as we continue to raise quality levels at domestic Group companies.

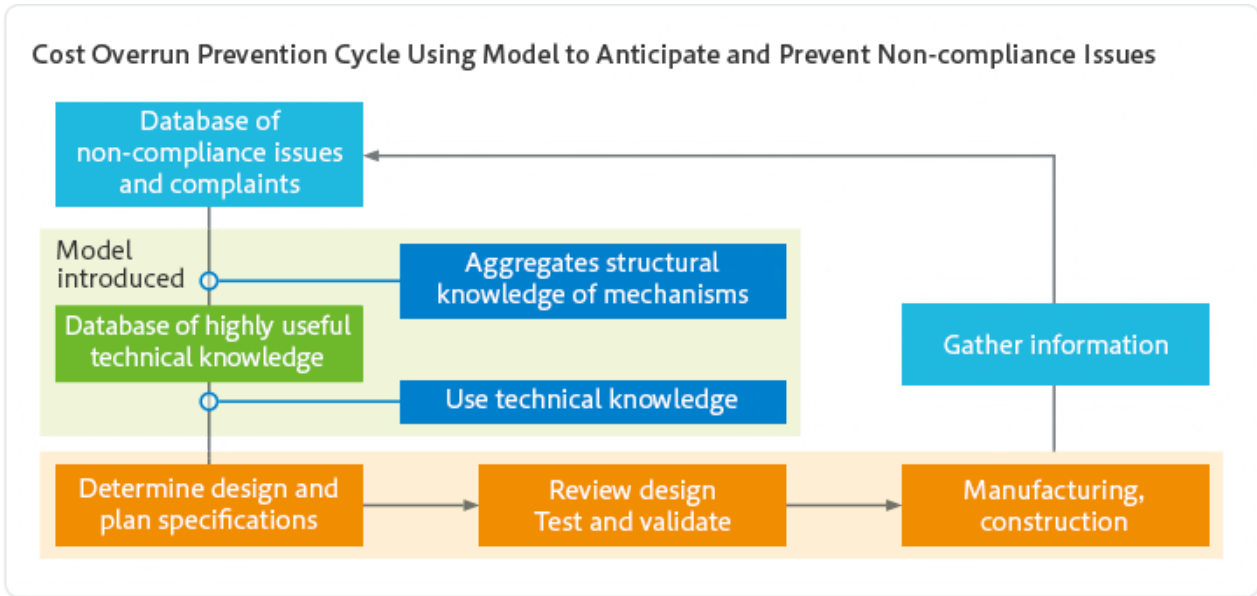
Using Change Point Management to prevent abnormalities

As a quality improvement initiative, in fiscal 2023 we have focused on Change Point Management. For work that falls under the 3H of hajimete / henko / hisashiburi (“first time / change / after a long time”), where the probability of occurrence of abnormalities and malfunctions is high, we examine the problem in advance and devise a way of addressing it. We will continue this initiative, preparing to prevent mistakes and to quickly address changes when they arise.

Introducing SSM to Shift from Recurrence Prevention to Simple Prevention

To improve the quality of product design, Kurita became the first engineering company in Japan to introduce a Stress-Strength Model (SSM)* to prevent defects and stop issues from reoccurring. Building and leveraging the SSM framework will help curb the occurrence of defects. Since fiscal 2021, we are also using SSM in the project order approval process, as well as in the design process. We plan to extend the use of SSM to Group companies in Japan and overseas as well to strengthen product quality management across the Group.

* A mechanism for structurally identifying and rendering into shareable knowledge the mechanisms of defects, to be used to prevent defects and stop issues from reoccurring. A quality management approach mainly used in the manufacturing sector, developed by Yasuhiko Tamura of the Institute of Structured Knowledge Yielding Co., Ltd.



Number of Serious Accidents in the Kurita Group Involving Products and Services		
FY2021		0
FY2022		0
FY2023		0

Acquisition of ISO 9001 Certification

To encourage continuous quality improvements, the Kurita Group is promoting acquisition of ISO 9001 certification at companies that have production processes involving procurement, manufacture, and processing to provide products and services. The results of the periodic review conducted by the assessment body at the company acquiring certification are shared with the Company's Quality Control Department, and we assess how to address any issues. The status of certifications acquired as of March 2023 is as follows. For data such as overall acquisition rate for the entire Group, refer to presented under ESG Data-Social.

[> ESG Data](#)

List of ISO 9001 Certified Bases (As of March 2023)

- Kurita Water Industries Ltd.
(Facilities for Electric Power Industries Group,
Sales and Engineering for
Chemical Cleaning of Power Station Boilers)*¹
- Kurita Chemical Manufacturing Ltd.
- Kurita Analysis Service Co. Ltd.
- Kurita Meiki Ltd.
- Kuritec Service Co. Ltd.*²
- Kuritaz Co., Ltd.
- Kurita Creation Co., Ltd.
- Land Solution Inc.
(Environmental Management Department III)
- Kurita-GK Chemical Co., Ltd.
- Kurita (Taiwan) Co., Ltd.
- Kurita Water Industries (Dalian) Co., Ltd.
- Kurita Water Industries (Jiangyin) Co., Ltd.
- Hansu Co., Ltd.
- Kurita Europe GmbH (Ludwigshafen)
- Kurita France S.A.S.
- Kurita Italia S.r.l.
- Kurita Iberica SL
- Kurita Turkey Kimya A.S.
- Kurita AquaChemie Saudi Arabia Co.
- Kurita AquaChemie FZE
- Kurita UK Ltd.
- Keytech Water Management
- Kurita do Brasil LTDA.
- Kurita Water Industries (Suzhou) Ltd.
- Hansu Technical Service Ltd.
- Kurita (Singapore) Pte. Ltd.
- Kurita Water (Malaysia) Sdn. Bhd.
- PT Kurita Indonesia
- Kurita America Inc.

*1 Includes Miyoshi Industries Co., Ltd.

*2 Includes San-ei Industries Co., Ltd., Nippon Fine Co., Ltd., and Aoi Industries Co., Ltd.

CSR Requirements for Suppliers

The Kurita Group considers it vital to obtain cooperation from suppliers to provide customers with safe, high quality products and services. To this end, we have established the Kurita Group CSR Procurement Guidelines, and we have asked suppliers to comply with laws and regulations regarding product safety, provide high quality products and services to the Kurita Group, and provide appropriate information. In particular, we ask major suppliers to conduct a self-evaluation based on the guideline and to implement improvement measures.

In addition, since fiscal 2022, we have been using the platform* of EcoVadis for the purpose of expanding evaluation items, enhancing the reliability of evaluation results, and reducing the burden on suppliers. As of March 2023, 123 suppliers in Japan and overseas (accounting for 28% of total order amount in fiscal 2021) were registered on the platform.

* A platform for rating the sustainable procurement capabilities of suppliers from a CSR perspective. The content and number of questions are customized according to industry, company size, and country or region.

Conduct Fair Business Activities

Compliance

The Kurita Group is involved with solving many customers' problems in areas around the world. This is proof of the trust that customers in various countries have placed in the Group, and it entails a heavy responsibility. To ensure that we continue to be highly rated as a company by customers, suppliers, employees, shareholders, and local communities throughout the world, we recognize that it is more important than ever to conduct business fairly at all times in every country where we operate. All Kurita Group officers and employees observe the stance stated in our CSR Policy, "Maintain fair and transparent trade based on free competition. Maintain sound relationships with politics and administration," and are committed to fulfilling the Group's responsibilities for the future.

Contribution to Achieving the SDGs



Kurita Group Code of Conduct and Code of Ethics

All Kurita Group officers and employees share fairness, transparency, integrity, safety, and compatibility as Code of Ethics, and the Kurita Group Code of Conduct has been created to set out basic guidelines for judgment and conduct for how all Kurita Group officers and employees should conduct themselves and what conduct is prohibited. The Code has been disclosed on the Company website. The Kurita Group's basic approach toward compliance is to implement this code of conduct by promoting deeper understanding of the code within the organization, reviewing the compliance guidelines formulated at each division and Group company, and promoting awareness of them throughout the organization.

> [The Kurita Group Code of Conduct](#)

The Kurita Group has formulated the following various policies to ensure the promotion of fair business practices throughout the entire Group, and they are now being applied in Kurita Group companies.

Kurita Group Anti-Bribery Policy and Group Guideline on Anti-Bribery

The Kurita Group formulated its Anti-Bribery Policy to prevent bribery and promote fair business activities within the Group. This policy defines basic items related to the Group's bribery prevention systems. Under the policy, the Company and each Group company define items to be complied with as rules and works on the reduction of the risk of the occurrence of bribery. We also developed the Group Guideline on Anti-Bribery in fiscal 2021, which establishes more specific rules on preventing bribery. The policy and guideline stipulate the prohibition of bribery through agents such as deputy or mediator.

> [The Kurita Group Anti-Bribery Policy](#)

The Kurita Group Antitrust Policy and Group Guideline on Antitrust

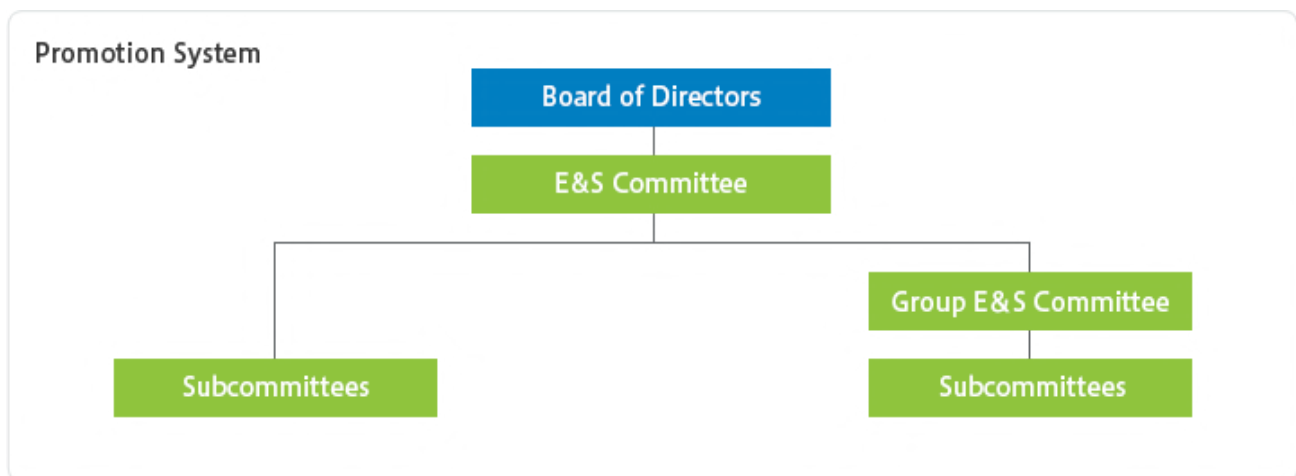
The Kurita Group has established the Kurita Group Antitrust Policy to ensure that the Group conducts fair transactions and to prevent its officers and employees from violating antitrust laws in countries around the world. The policy sets out basic items regarding observing local antitrust laws and antimonopoly laws, and associated regulations in different countries and regions. In addition, we formulated the Group Guideline on Antitrust in fiscal 2021 to establish rules based on the respective business characteristics of the Company and Kurita Group companies.

[▶ The Kurita Group Antitrust Policy](#)

These policies have been translated into 16 languages so that all Kurita Group officers and employees throughout the world can understand them.

Promotion System (FY2023)

The Kurita Group has established the E&S Committee and the Group E&S Committee as organizations to oversee compliance activities. Both committees are chaired by a Managing Director of the Company, and the Group E&S Committee's members are representatives of Group companies. The committees are tasked with deciding polices and key measures related to compliance activities, which are conveyed to all employees through subcommittees in each headquarters division and Group company. The E&S Committee also manages the activities and reports the activity results once a year to the Company's Board of Directors, which evaluates the activity results.



Targets and Achievements

The Kurita Group's target for the theme in fiscal 2023 and its achievements are as shown below.

	Target for FY2023	Achievement in FY2023
Rate of participation in compliance-related training	100%	100%

* In fiscal 2023, we conducted antitrust law compliance training for executives and employees whose work may involve antitrust law considerations for overseas Group companies.

Main Initiatives

Preventing Problems from Occurring

The Kurita Group has established targets and measures to be taken for improvement of the risk of legal or regulatory infringements, and is working to prevent compliance-related problems from occurring. Specifically, we created a "Non-Compliance Risk Map" consisting of a list of 60 items and tailored to the business characteristics of each organization and company. We have identified key themes to be addressed by conducting risk assessments at each organization and company based on the results of a Compliance Behavior Survey from the previous fiscal year. Based on these findings, we work to make improvements by formulating an improvement plan for each fiscal year.

Compliance Behavior Survey

The Kurita Group conducts the Compliance Behavior Survey for Kurita Group employees and dispatch staff each year in order to clarify the impact of compliance activities and any problems, and to identify latent legal and regulatory infringement risks to help reduce risks going forward. The survey results were reported back to the personnel in charge of compliance in each organization and Group company.

Status of Compliance Behavior Survey Implementation

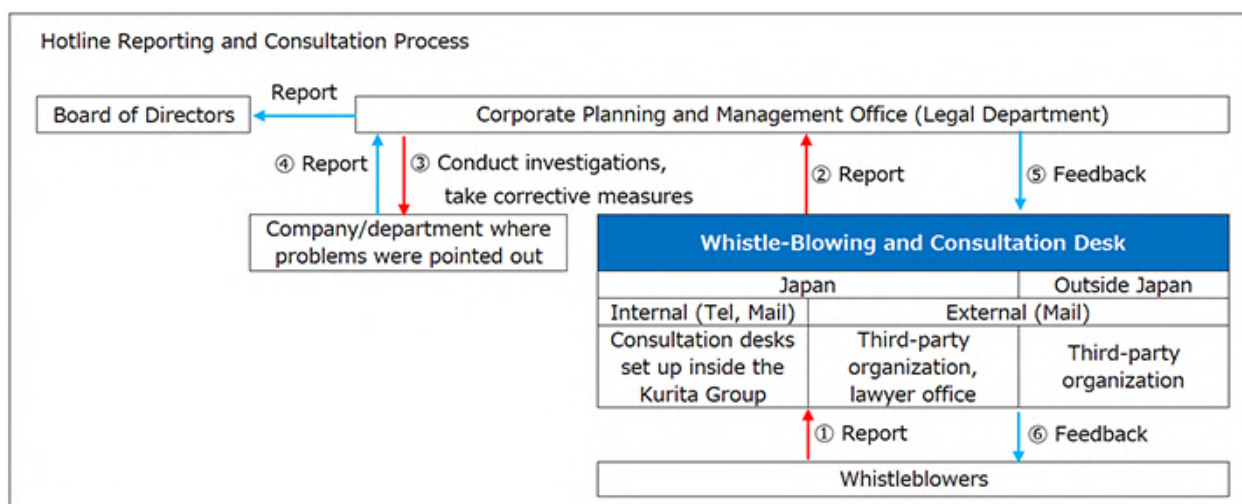
	FY2021	FY2022	FY2023
Number of people surveyed	7,503	7,531	7,630
Number of respondents	7,413	7,386	7,512
Response rate (%)	98.8	98.1	98.5

Whistleblowing and Consultation Desk

The Kurita Group seeks to enable employees to work in the Group with peace of mind. To this end, we have established the Kurita Group Code of Conduct, as well as Whistleblowing and Consultation Desk within and outside group where people can report or consult if they observe behavior that breaks laws, internal company rules. These desks are available 24/7 for officers, employees, dispatched workers, and employees of business partners (hereafter referred to as "whistleblowers"). These desks and how to use it are posted on the company intranet for Group employees, and distributed pamphlets to business partners to inform them on a regular basis and provide regular training.

In Japan, whistleblowers can use the hotline anonymously, and the Kurita Group operates a system to protect whistleblowers from disadvantageous treatment such as retaliation. In addition, the operating status of the whistleblowing system is reported once a year to the Board of Directors by Executive general manager of the Corporate Planning and Management Office of the Company.

Through these systems and mechanisms, the Kurita Group strives to protect those who consult and report and to detect misconduct at an early stage.



Status of Consultation Desk Usage (Cases)

	FY2021	FY2022	FY2023
Japan	21	30	23
Overseas	2	1	3
Total	23	31	26

Compliance Training for Management

The Company conducts ongoing compliance training for its management team and those of its domestic Group companies. In fiscal 2023, the theme of the training was “Respect for Human Rights: A Corporate Responsibility Expected by the International Community.” A total of 32 people participated.

Antitrust Law Training

The Kurita Group conducts antitrust law training to ensure that officers and employees of the Kurita Group conduct fair transactions based on the Kurita Group Antitrust Policy and to prevent any violation of antitrust laws worldwide. In fiscal 2023, we conducted training for officers and employees of overseas Group companies.

CSR Requirements for Suppliers

The Kurita Group considers it vital to obtain cooperation from suppliers to conduct fair business across the entire supply chain. We have established the Kurita Group CSR Procurement Guidelines, and we have asked suppliers to observe laws and social norms, such as conducting fair business and prohibiting corruption and bribery, and to provide appropriate information. In particular, we ask major suppliers to conduct a self-evaluation based on the guideline and to implement improvement measures.

In addition, since fiscal 2022, we have been using the platform* of EcoVadis for the purpose of expanding evaluation items, enhancing the reliability of evaluation results, and reducing the burden on suppliers. As of March 2023, 123 suppliers in Japan and overseas (accounting for 28% of total order amount in fiscal 2021) were registered on the platform.

* A platform for rating the sustainable procurement capabilities of suppliers from a CSR perspective. The content and number of questions are customized according to industry, company size, and country or region.

[▶ The Kurita Group CSR Procurement Guidelines](#)

Human Rights

The Kurita Group has operations in over 30 countries, where it encounters diverse working environments, business customs, and trading practices. It is important to approach business with a respect for stakeholders' human rights. Therefore, recognizing that human rights are a priority issue for management, the Kurita Group promotes respect for human rights among all stakeholders, including employees, in the countries and regions where it conducts business. The Group recognizes that these initiatives need to be thoroughly implemented both internally and throughout the supply chain. We therefore request our business partners to consider human rights and require their understanding and cooperation, and we confirm that human rights are being respected through periodic monitoring surveys.

Contribution to Achieving the SDGs



Basic Concept of Human Rights

The Kurita Group Code of Conduct presents a model for specific practice of correct conduct based on observation of laws and regulations and on social ethics. The code stipulates that all officers and employees should respect and observe human rights in their conduct. Furthermore, we have also established the Kurita Group Human Rights Policy to complement the corporate philosophy and the Kurita Group Code of Conduct.

[> The Kurita Group Human Rights Policy \(FY2023\)](#)

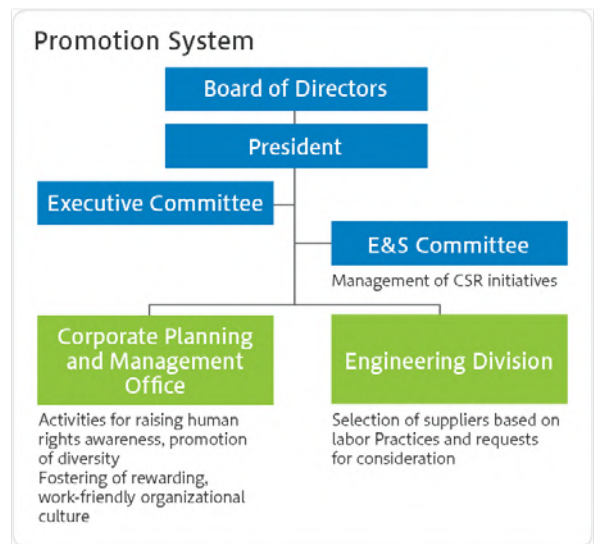
Policy

This policy applies to every directors and employees of Kurita Water Industries Ltd. and its consolidated subsidiaries. Moreover, the Kurita Group will encourage its business partners and other related parties on which it can have an influence to implement this policy.

- The Kurita Group will respect the human rights as set out in the International Bill of Human Rights and the fundamental rights and principles as set out in the Declaration on Fundamental Principles and Rights at Work. In addition, we will promote efforts to respect human rights in accordance with the Guiding Principles on Business and Human Rights stipulated by the UN.
- The Kurita Group will comply with applicable laws and regulations of each country and region in which it performs its business activities. In the case of any conflict between the internationally recognized human rights and any law, regulation or rule of any country or region, Kurita Group will search for a way to respect the principles of internationally recognized human rights.
- The Kurita Group will establish a mechanism for human rights due diligence to identify any adverse human rights impacts and seek to prevent or mitigate such impact.
- In the event of any adverse human rights impacts or its revealed involvement in such adverse human rights impacts, the Kurita Group will endeavor to provide a remedy to those affected through proper proceedings.
- The Kurita Group will publicize this policy. Furthermore, it will provide appropriate education and training to ensure the effectiveness of this policy.
- The Kurita Group will consult with the relevant stakeholders on responses regarding potential and actual impacts on human rights.
- The Kurita Group will report the progress of its efforts to respect human rights in its corporate social responsibility (CSR) reports and on its website.

Promotion System (FY2023)

The Kurita Group's promotion system for human rights initiatives is shown on the right. The Corporate Planning and Management Office undertakes human rights awareness-raising activities, mainly for employees, and manages initiatives for fostering a rewarding, work-friendly organizational culture, while the Engineering Division is in charge of requesting suppliers to respect human rights.



Targets and Achievements

The Kurita Group's target for the theme in fiscal 2023 and its achievements are as shown below.

	Target for FY2023	Achievement in FY2023
Rate of participation in human rights-related training	100%	100%

* Courses in fiscal 2023 were targeted at employees of the Company and Group companies in Japan.

Main Initiatives

Formulation of the Kurita Group Personnel Management Guidelines

The Kurita Group has put in place the Kurita Group Personnel Management Guidelines with the aim of managing personnel based on a common approach throughout the Group. The guidelines set out basic approaches to personnel management such as management development, sincere employment, and respect for diversity. The Group manages personnel in accordance with the guidelines, integrating them with the unique personnel management strategies of each company based on its individual circumstances, such as country, region, culture, and company culture.

Human Rights Due Diligence

The Group conducts human rights due diligence to identify human rights risks and adverse impacts on human rights in its business activities, analyze and evaluate those risks, and formulate and implement appropriate measures. To promote respect for human rights throughout the value chain, we encourage our business partners to consider human rights including by prohibiting forced labor, prohibiting child labor, and eliminating discrimination. We use periodic monitoring surveys to check the status of compliance by our business partners. In fiscal 2023, we conducted an independent and professional audit of our supply chain. As a result, we have found out that certain companies had long working hours or health and safety issues, so we have advised them to correct these. We also identified a risk the foreign technical intern systems used by our business partners, whereby a local staffing agency would collect fees exceeding the stipulated amount from interns themselves. To prevent human rights violations that may occur when a business partner accepts foreign workers, we will use briefings and other activities to actively engage with business partners. We will continue to strengthen our response by further expanding our scope of evaluation and listing up risks.

Human Rights Awareness Training

Kurita Water Industries provides ongoing “Human Rights Training Programs” to raise employees’ awareness of human rights. We also conducted human rights awareness raising training for the management of the Company and its domestic Group companies, aiming to raise management’s awareness of the human rights, which is becoming increasingly important in corporate management, and to promote initiatives with employees. In fiscal 2023, we also conducted training for the management of the Company and Group companies in Japan, on the theme of “Business and Human Rights.”

Number of Participants in Human Rights Awareness Training

	FY2021	FY2022	FY2023
Theme	Anger management	Diversity and inclusion	Human rights violations in the age of social media
Number of participants	2,095	4,778	4,754

Fostering an Organizational Culture that Embraces and Capitalizes on Diversity

To ensure the diversity of the Group’s human resources, we established a dedicated group in October 2020 to accelerate progress on diversity. The group works to foster an organizational culture and develop mechanisms and systems for generating innovation from diverse perspectives and backgrounds.

Dialogue with Employees

Since October 2016 the Company holds “Town Hall Meetings” in which President Kadota and employees can speak directly with each other (42 meetings had been held as of March 2023). In 2023, we held a roundtable discussion with members of the global project team. Nine participants in the project’s training program participated in the discussion, talking about what they had learned during the training and how they have been putting it into practice.

* Title as of 2022

Dialogue with the Labor Union

In addition to securing the Company’s sound growth and continuation, Kurita Water Industries and the labor union maintain a sound and fair relationship. Labor and management each do their utmost to improve the economic and social standing of union members and to maintain and improve working conditions. Specifically, the Company and the Labor Union have concluded a labor agreement, share management information and exchange opinions at management consultation meetings and so forth, and promote dialogue.

CSR Requirements of Suppliers

The Kurita Group considers it vital to obtain cooperation from suppliers to ensure respect for human rights across the entire supply chain. We have established the Kurita Group CSR Procurement Guidelines, and we have asked suppliers to respect basic human rights, such as prohibiting forced labor and child labor and eliminating discrimination, and to provide appropriate information. In particular, we ask major suppliers to conduct a self-evaluation based on the guideline and to implement improvement measures.

In addition, since fiscal 2022, we have been using the platform* of EcoVadis for the purpose of expanding evaluation items, enhancing the reliability of evaluation results, and reducing the burden on suppliers. As of March 2023, 123 suppliers in Japan and overseas (accounting for 28% of total order amount in fiscal 2021) were registered on the platform.

* A platform for rating the sustainable procurement capabilities of suppliers from a CSR perspective. The content and number of questions are customized according to industry, company size, and country or region.

[> The Kurita Group CSR Procurement Guidelines](#)

Status of Labor Issues and Response

Number of Consultations Regarding Discrimination

The number of consultations from individuals regarding instances of discrimination (including harassment) in the Kurita Group is as follows. The human resource and legal affairs divisions conduct an investigation of the facts while maintaining the anonymity of the person making the complaint. If the facts are confirmed, guidance and warnings are issued to the persons concerned.

	FY2021	FY2022	FY2023
Kurita Water Industries	4	3	10
Domestic subsidiaries and affiliated companies	10	16	4
Overseas subsidiaries and affiliated companies	2	0	0
Total	16	19	14

Evaluation of Employee Human Rights Risk

The results of human rights risk evaluations at Kurita Water Industries are as follows.

		FY2021	FY2022	FY2023
Child Labor	Number of business sites with significant risks regarding child labor	0	0	0
	Number of business sites with significant risk of hazardous work undertaken by people aged under 18	0	0	0
Forced Labor	Number of business sites with significant risks regarding forced labor	0	0	0

Securing Diverse Human Resources

Employment of Personnel with Disabilities

Kurita Water Industries and Group companies in Japan work to attract and retain diverse personnel by providing a wide range of employment opportunities for people with disabilities. In April 2013, With Kurita Ltd. was established with the goal of securing employment opportunities for people with disabilities. As of May of the same year, With Kurita has been approved as a special subsidiary company under the Act on Employment Promotion, etc. of Persons with Disabilities.

As of March 2023, the Company and three Group companies in Japan were eligible under the special subsidiary system^{*}, and satisfied the statutory number of employees with disabilities in Japan.

^{*} Established by Japan's Ministry of Health, Labour and Welfare to promote and stabilize the employment of persons with disabilities. If an enterprise establishes a subsidiary with special consideration for employment with disabilities and meets certain requirements, the workers employed by the subsidiary can be regarded as being employed by the parent company as a special case.

Status of Employment of Personnel with Disabilities at Kurita Water Industries and Group companies in Japan^{*}

	FY2021	FY2022	FY2023
Number of people employed	68	72	73
Employment rate (%)	2.4	2.5	2.6

^{*} The number of employees with disabilities in group companies deemed to be subject to group application under the Employment Rate System for Persons with Disabilities.

Employment of Foreign Nationals

Kurita Water Industries seeks to recruit diverse human resources without regard to nationality. We employ foreign nationals, mainly from among overseas students studying in Japan.

Status of Employment of Foreign Nationals at Kurita Water Industries

	FY2021	FY2022	FY2023
Number of people employed	19	19	19

Securing Employment Opportunities for Senior Personnel

In conjunction with the enforcement of the amended Act on Stabilization of Employment of Elderly Persons from 2006, Kurita Water Industries has established a system to secure employment opportunities for people who have retired having reached the mandatory retirement age. These employment opportunities are offered for up to a maximum of five years from the time of mandatory retirement (60 years old) in accordance with the 2013 amendment to the Act on Stabilization of Employment of Elderly Persons.

Establishment of SOGIE Minority Related Consultation Desk, Formulation of Regulations Regarding Same-Sex and Common-Law Partners

The Company and its domestic Group companies have set up an external SOGIE* minority related consultation desk where employees (including dispatch staff) can be consulted anonymously. The purpose is to reduce the psychological burden due to sexual minorities in daily life and to enable manager and colleagues to respond appropriately to them based on advice from qualified persons such as psychological counselors.

We also extend the various personnel systems provided to executives and employees to same-sex and common-law partners as well. We are developing similar regulations for domestic Group companies with a large number of employees, and in fiscal 2023 brought them into effect at one such company.

* A term that combines Sexual Orientation, Gender Identity, and Gender Expression.

Fair Personnel System

Ratio of Employees Receiving Personnel Evaluations

To bring out the best of each individual employee's abilities, companies need to conduct fair evaluations of each employee based on their roles and results, and provide appropriate remuneration, education, and roles based on the evaluation. At Kurita Water Industries, the employees confirm their own results and issues together with their supervisor at an interview in an effort to ensure transparent and fair evaluations.

Ratio of Employees under the Personnel Evaluation System at Kurita Water Industries (%)

Classification	FY2021	FY2022	FY2023
Management	100	100	100
Non-management	100	100	100

Introduction of a Self-Reporting System and Implementation of Transfer Survey

Kurita Water Industries has introduced the Self-Reporting System for employees to express to the Company their own views of their duties and workplaces, and their intentions regarding development and utilization of their own potential. Once a year, supervisors and employees talk about the employee's suitability for their current duties, their hopes for transfers to future career formation, their family status, and other matters. This enables the Company to understand the employee's thinking and the results are used to assist personnel development and workplace invigoration. In other initiatives, a Transfer Survey is conducted to enable employees to tell the Company about their aspirations for career advancement.

Creating a Corporate Culture that Facilitates Work

The Company is taking measures to support employees seeking to balance their careers and family life in order to create an environment that makes it easy for employees to work.

Parental Leave and Shortened Working Hours for Childcare

In accordance with the Act on Advancement of Measures to Support the Development of the Next-Generation Children, we have established a workplace that supports employees who need to balance work with raising children. In principle, employees can take childcare leave until the child reaches two years of age, but the period can be extended in certain specified conditions. Furthermore, employees may choose to work for shorter hours until the end of their child's third year of elementary school. In addition, we are working to improve our system by introducing childcare leave at birth and allowing employees to take their childcare leave in installments.

Status of System Use

		FY2021	FY2022	FY2023
Number of people using leave	Male	24	30	32
	Female	25	24	7
Usage rate (%)	Male	37	51	68
	Female	100	100	140*

* The number of female workers who began or used childcare leave in fiscal 2023 is higher than the number of female workers who gave birth that year, resulting in a usage rate of more than 100%.

Caregiving Leave, Work Less Hours for Caregiving, and Short-term Caregiving Leave Systems

The Company offers a Caregiving Leave system to employees who have family members requiring care and who wish to continue working after caregiving. The system can be used for up to one year (365 days) in principle. Moreover, for each eligible family member requiring care, the Company offers employees a cumulative total of up to 12 months of working less hours to provide caregiving. In addition, when employees apply for leave to provide caregiving or other care to family members who need it, they can receive 5 days of special paid leave for each eligible family member per year, up to a maximum total of 10 days in the case of two or more eligible family members.

Status of System Use (Number of people)

		FY2021	FY2022	FY2023
Caregiving leave system	Male	0	0	2
	Female	0	0	0
Work less hours for caregiving system	Male	0	0	0
	Female	0	0	0
Short-term caregiving leave system	Male	9	11	9
	Female	2	3	3

Short-term Nursing Leave System

The Company provides paid leave for nursing. Employees with a child yet to enter elementary school who need to nurse that child because of an injury or illness can take up to five days a year of leave for one child or 10 days a year of leave for two or more children.

Leave System Due to Spouse Being Transferred

The Company offers employees up to three years of leave so that they accompany a spouse transferring overseas so that they can provide living and mental support.

Status of System Use (Number of people)

		FY2021	FY2022	FY2023
Leave system due to spouse being transferred	Male	0	0	0
	Female	0	0	1

Volunteer Leave System

The Company has a volunteer leave system for all employees, enabling them to take up to two days of paid volunteer leave per year.

Status of System Use (Number of people)

		FY2021	FY2022	FY2023
Volunteer leave system	Male	1	0	0
	Female	0	0	0

Promoting Women's Participation and Advancement in the Workplace

Promoting women's participation and advancement in the workplace has been an issue for Japan as a country. The average number of years of service among female employees of the Company is 15.8, indicating a working environment that encourages women to continue working for a relatively long period. On the other hand, little progress was made in appointing women to management positions. However, as Japan faces the prospect of a society with a shrinking population, the ability to successfully promote women's participation and advancement in the workplace has become an urgent issue for the Company in terms of securing management resources. In response, we are working to improve this situation under an action plan based on the Act on Promotion of Women's Participation and Advancement in the Workplace and the Act on Advancement of Measures to Support Raising Next-Generation Children. As a "childcare support company" and "company promoting the active participation of women", we have been certified by the Minister of Health, Labour and Welfare as the "Kurumin Mark"*1 and "Eruboshi (Class 3)"*2. Kurita Water Industries has been selected for the MSCI Japan Empowering Women (WIN) Index.

Although we apply the same standards to the wages of our employees regardless of their gender, certain differences arise in terms of average wages due to variations in employee qualifications and the composition of certain age groups. Particularly in the age group over 40, men have a higher proportion of manager-equivalent positions (including managers) than women, resulting in comparatively higher average wages for men. However, the wage gap between men and women at the managerial level is roughly on the same level with the average wage of a female department manager equivalent to 96% that of a male department manager and the average wage of a female section manager equivalent to 92% that of a male section manager. We will actively work to ensure diversity by carrying out initiatives such as increasing the proportion of female hires, supporting women in their career development, and promoting women as core human resources. In addition, among our part-time and fixed-term workers, a higher proportion of male contractors held more advanced positions, such as qualified personnel such as construction management and executives of consolidated subsidiaries. This results in comparatively higher average wages for men.

Wage difference between male and female workers (%)

	FY2023
All employees	68.0
Of which, full-time employees	67.5
Of which, part-time and fixed-term workers	65.9

> The MSCI Japan Empowering Women (WIN) Index.

*1 A system in which Ministry of Health, Labour and Welfare certifies companies that meet certain requirements as "childcare support company" among companies that are working to support the balancing of work and childcare.

*2 This is a system in which the Minister of Health, Labour and Welfare of Japan certifies as a "company promoting the active participation of women" based on the Act on Promotion of Women's Participation and Advancement in the Workplace.



Status of Kurita Water Industries

		FY2021	FY2022	FY2023
Ratio of Female Personnel (%)*	Employees	15.2	15.4	15.9
	Of Which, Management	2.4	2.7	4.1
Average Years of Service for Female Personnel		16.4	16.2	15.9

* As of December 1 for each fiscal year

General Employers Action Plan Based on the Act on Promotion of Women's Participation and Advancement in the Workplace

In the five-year plan for the period from April 2023 to March 2028, Kurita Water Industries has set the following targets.

The targets for the period from April 2018 to March 2023 for the number of women in management positions and the percentage of female new graduates are expected to be met (as of March 2023). In the five-year plan for the period from April 2023 to March 2028, Kurita Water Industries has set the following numerical targets.

① Providing career opportunities for female workers

- Percentage of women in career track employment (new graduates/experienced professionals): About 30-40%
- Percentage of management positions held by women: About 10%

② Development of an employment environment that contributes to balancing work life and family life

- Childcare leave uptake rate among male employees: About 80-90%
- Duration of childcare leave taken by male employees: About 2-8 weeks

* The childcare leave targets for male employees are addressed in the General Employer Action Plan based on the Next Generation Nurturing Support Measures Promotion Act.

Initiative	Measures Taken
Increasing the proportion of female hires	When seeking to hire new graduates and experienced professionals, provide opportunities for candidates to meet with female employees of the Company. In addition, review the recruitment page on our website and provide information to motivate women to actively build their careers
Career development support	Carry out career development workshops tailored for three stages until promotion to a management position, and a career development workshop that focuses on expertise, with the participation of executives and the supervisors of female employees.
Systematically appointing women and expanding their roles	Share the plan for appointing women to management positions with stakeholders and update. While assigning female employees to roles that have few female workers, we will strive to support their efforts so that women can become firmly established throughout our workforce.
Establishing internal and external networking opportunities for women	Promote the sharing of knowledge of women both inside and outside the company who have balanced work and family. Alongside this, support networking to enable female employees to seek advice about their concerns.

Action Plan Based on the Act on Advancement of Measures to Support Raising Next-Generation Children

In the period from April 2023 to March 2028, Kurita Water Industries will conduct the following initiatives in stages. The previous plan for the period from April 2018 to March 2023 has generally been achieved in terms of promoting understanding of the percentage of people taking parental leave, the average number of days taken, and diversity. However, there remains room for improvement with regard to promoting the use of subsidized childcare agency services and promoting the use of annual paid leave. We will continue working to address these areas. Based on these results, the following initiatives will be implemented in phases from April 2023 to March 2028.

Initiative	Measures Taken
Promote understanding of childcare leave for male employees	Use videos and training for managers, male employees who themselves are eligible for childcare leave, and colleagues to foster an environment where such leave can be taken easily.
Promote understanding of childcare-related systems	Promote understanding and use of the system through explanatory videos, expansion of the handbook for introducing childcare-related systems, and internal communications.
Share information about childcare leave of male employees	Provide a place for sharing insights from employees who have used the system; use internal communications to promote success stories throughout the organization.
Promote use of annual paid leave	Reduce factors that hinder employees from taking paid leave; in parallel with this, promote activities to encourage taking paid leave.

Work Style Reforms

As a work style reform initiative, we are creating workplace environments that allow for more flexibility by amending the practice of working long hours and promoting working remotely.

Policy

1. Transform the mindset of workers

Increase individual employee awareness of time and train them to perform their work efficiently.

2. Reform work processes

Review work flow and operating procedures, reduce waste and promote standardization to make work more efficient.

3. Organize working environment and rules

Establish work rules that set out a balance between working and breaks and create an environment that supports flexible work styles.

Amending the Practice of Working Long Hours

The Company is taking the following initiatives to rectify the issue of working long hours.

- (1) Introduced working intervals program
- (2) Lights turned out when employees should leave the office
- (3) Stricter control of working hours for employees who manage their own hours
- (4) Promotion of annual paid leave

Promoting Working Remotely

The Company is carrying out the following initiatives to promote working remotely.

- (1) At all sites, employees work from home in principle (excluding jobs that require working from the office or visiting business partners for the sake of ongoing customer projects or the public interest, etc.)
- (2) Develop and maintain infrastructure for working remotely (personal computers, smartphones, etc.)
- (3) Promote online company events, internal training, and internal/external meetings, etc.
- (4) Online training to improve IT skills
- (5) Promote paperless administration and introduce digital signatures (approval seals)
- (6) Provide work-at-home benefits

Streamline Operations by Introducing IT Equipment

The Company has distributed mobile IT devices primarily to employees engaged in design work to streamline operations. Specifically, the confirmation of construction work that was previously done on paper, is now carried out using the screen of the IT device and photographs of the site. In addition, the confirmed items can be quickly shared inside and outside the Company, which has eliminated differences in understanding between relevant parties, and cut down reworking. The system also enables speedy communication with suppliers and reduces travel time to offices. By reducing the work time of engineers, they are able to shift their focus to creative operations.



Health and Safety

The Kurita Group recognizes that due to the nature of its business, its employees and those of business partners are often faced with various safety risks for manufacture and delivery of water treatment chemicals or assembly, delivery, and installation of water treatment facilities. We have therefore positioned “occupational health and safety as the top priority in operating business.” We are working to ensure the safety and support the health of Kurita Group directors and employees, as well as employees of suppliers to create working environments where they can work with confidence.

Basic Policy

The Kurita Group has established a common policy for the Group in an effort to ensure the health and safety of directors and employees, create comfortable working environments, and improve on them. We continuously promote initiatives for health and safety based on this policy.

▶ [The Kurita Group Occupational Health and Safety Policy](#)

Policy

1. Compliance with laws

Kurita Group will observe laws and regulations related to occupational health and safety which apply in each country or region where it conducts business activities.

2. Investment of management resources

Kurita Group will strive to maintain and improve a safe, comfortable work environment by investing its management resources such as human resources, equipment, and funds.

3. Clarification of roles, authority, and responsibilities

Kurita Group will clarify the roles, authority, and responsibilities of occupational health and safety organizations and occupational health and safety managers of Group companies, so as to conduct voluntary, sustained occupational health and safety activities.

4. Setting targets, planning, and implementation for occupational health and safety

Kurita Group will have the occupational health and safety organizations of Group companies set targets for their occupational health and safety activities in accordance with business contents and regional characteristics of each company, as well as the laws and regulations which apply in each country, develop plans to achieve the targets, and implement the plans through the united efforts of operators and employees. In addition, Kurita Group will conduct appropriate reviews based on the results of implementation and make continuous improvements.

5. Elimination and reduction of risk factors and hazards

Kurita Group will conduct risk assessments, identify risk factors and hazards to make improvements, and eliminate or reduce the risks.

6. Education and training

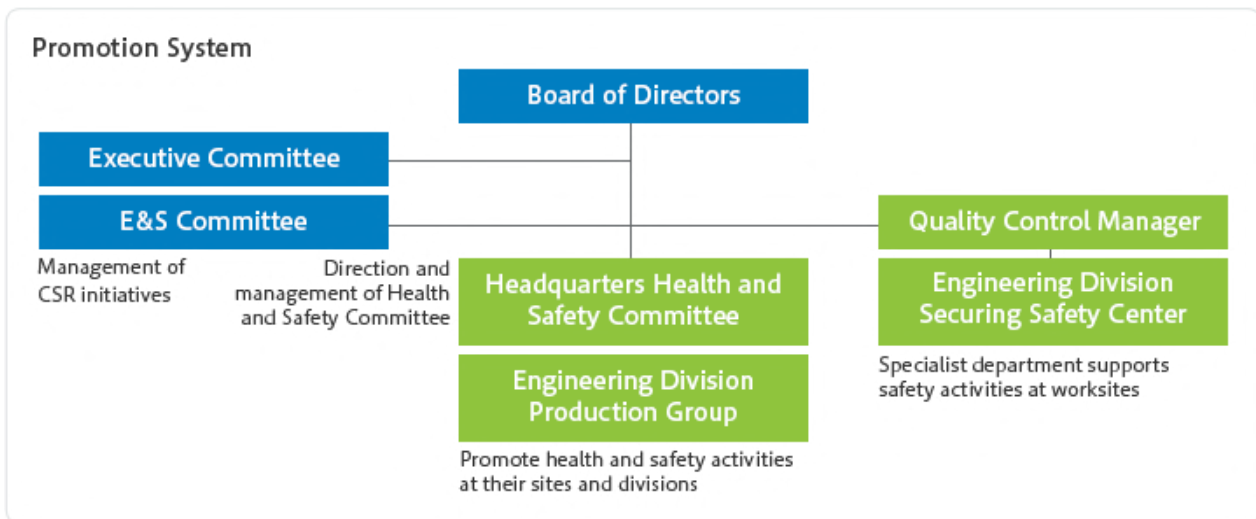
Kurita Group will provide education and training on occupational health and safety to its directors, employees, and business partners and inform them thoroughly of the Occupational Health and Safety Policy and the objective, plans, and measures of its occupational health and safety activities.

Promotion System (FY2023)

The Company and its domestic Group companies have established a health and safety system based on labor safety laws and regulations such as the Industrial Safety and Health Act. Under the Headquarters Health and Safety Committee, a joint labor-management committee which is chaired by an executive officer of the Company, each office and division of the Company has established a Health and Safety Committee (chaired by the office manager or persons designated by the chairperson of the Headquarters Health and Safety Committee), and domestic Group companies have also established Health and Safety Committees. Each Health and Safety Committee holds discussions on creating the work environment and preventing work-related injuries, and works to maintain and improve the health and safety of employees. Furthermore, the activity policy of the Headquarters Health and Safety Committee and the activity results of each Health and Safety Committee are reported to the Board of Directors of the Company once a year. The Quality Control Manager determines and assesses safety outcome goals and progress toward process goals, reporting the results to the Board of Directors once a year.

The Safety Promotion Department, which is dedicated to safety group wide, supports on-site safety initiatives, as well as planning and implementing work-related injury prevention measures and following up on the efforts of the Health and Safety Committee. Among 21 Health and Safety Committees of domestic Group companies, 16 are joint labor-management committees (as of March 2023). In addition, the percentage of employees who participate in the Health and Safety Committee is 0.4%* at the Company and 8.5% at Group companies in Japan.

* The percentage of employees who participate in the Health and Safety Committee at the Head Office.



Targets and Achievements

The Kurita Group's target for the theme in fiscal 2023 and its achievements are as shown below.

	Target for FY2023	Achievement in FY2023
Rate of front-line employee participation in safety training directly related to site operations	100%	100%

* Courses in fiscal 2023 were targeted at employees of the company, and number of participants in training is 5,294 (Fiscal Year Totals).

Main Initiatives

In fiscal 2023, the Health and Safety Committee stated the direction for its initiatives as “reinforcing that health and safety are the highest priority in carrying out business, and thoroughly implementing the education needed to properly recognize, avoid, and eliminate various risks.” The main themes for our priority measures have been 1) prevention of work-related accidents and 2) health management. Our main initiatives in fiscal 2023 were as follows.

Preventing Work-Related Accidents

Based on the incidence of work-related accidents to date, the Company has focused on preventing of medical injuries, falls, crushing or entanglement, heat stroke, and work-related accidents according to business characteristics. We are working hard to prevent such accidents, including engaging with our partner companies. In fiscal 2023, the Company’s Safety Promotion Department conducted 575 safety patrols at sites on new and existing businesses and projects with a high risk of work-related accidents, which included some performed remotely because of travel restrictions due to the pandemic, and efforts were made to discover and eliminate risks at worksites and raise the safety awareness of the employees of the Company and its business partners. In safety patrols, worksite safety measures and other aspects were evaluated by points, following which the results were reported back to employees and business partners and improvements and remedies of the indicated items were carried out.

Fostering a Safety Culture

The Company and Group companies in Japan work to share the value of making safety the highest priority in carrying out business, and to foster a culture in which employees take personal responsibility for safety. Since fiscal 2021, targeting departments related to manufacturing and construction sites of the Company and Group companies in Japan, we have been conducting a safety culture diagnosis to gauge the extent to which efforts to prevent work-related accidents have taken root in each organization. We work continuously to monitor safety status and make improvements.

Number of Safety Patrols (Kurita Water Industries)

	FY2021	FY2022	FY2023
Japan	523	567	491
Overseas	22	8	4
Total	545	575	495

Number of Participants in Safety Education (Kurita Water Industries)

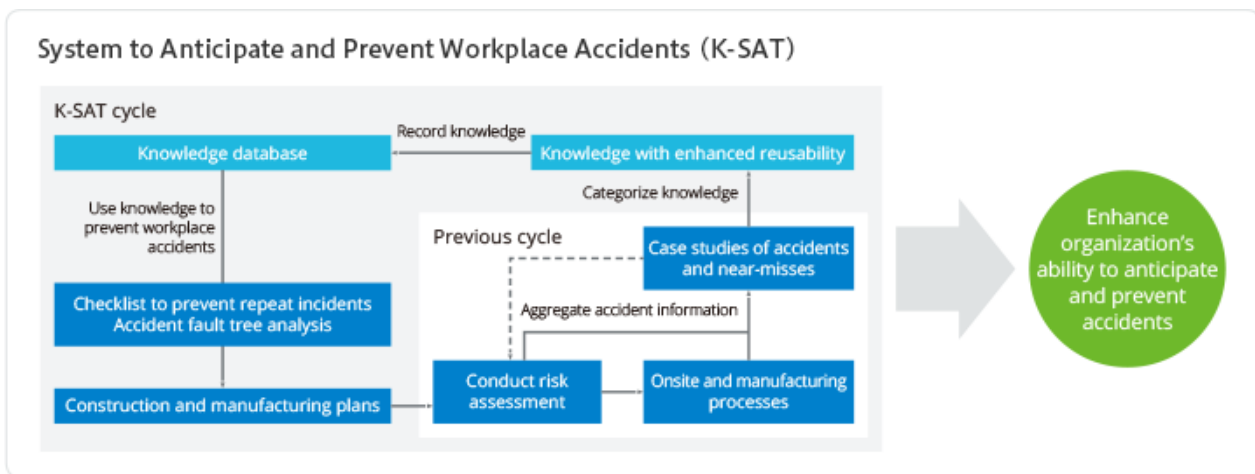
Training name	FY2021	FY2022	FY2023
Training on handling fires	138	52	156
Training on handling chemicals	238	62	141
Safety training for new employees	84	70	64
Safety training for overseas national staff employees	9	0	0
Special training on full-harness type fall prevention devices	12	55	13
Others	35	23	0
Total	516	262	374

Work-Related Accident Cause Identification and Recurrence Prevention

The types of injuries that occurred during work at the Company and domestic Group companies in fiscal 2022 are listed below. For the accidents that occurred, the Company’s dedicated department for promoting onsite safety investigated the cause and established measures to prevent recurrences, which are promoted through the Company and domestic Group companies.

To prevent the recurrence of serious work-related accidents that have occurred in the past, in fiscal 2022, we also began adopting a Stress Strength Model-Safety (SSM-S)* approach. As a further development of this initiative, in fiscal 2023, we officially launched the Kurita-Safety Approach Tool (known internally as “K-SAT”), a model for preventing the recurrence of and mitigating the risk of work-related accidents.

K-SAT is a tool that accumulates knowledge from past work-related accidents in the system, allowing personnel to extract and use the information they need. By using this tool, we will develop knowledge from past work-related accidents into risk assessments that contain no omissions. By ensuring that decided measures are implemented onsite, we will strive to prevent the recurrence of work-related accidents. to extract and use the information they need. By using this tool, we will develop knowledge from past work-related accidents into risk assessments that contain no omissions. By ensuring that decided measures are implemented onsite, we will strive to prevent the recurrence of work-related accidents.



* A mechanism for structurally identifying and rendering into shareable knowledge the mechanisms of defects, to be used to prevent defects and stop issues from reoccurring. A quality management approach mainly used in the manufacturing sector, developed by Yasuhiko Tamura of the Institute of Structured Knowledge Yielding Co., Ltd.

The types of injuries that occurred at the Company and domestic Group companies in fiscal 2023

Crushing and entanglement, falls and trips, projectiles and falling objects, chemical-related injuries, overturning, incidents of being struck in a collision, collisions, recoils, excessive force

Regular Health Examination

The Company conducts regular health examinations for employees. We ensure that all eligible employees receive their examinations.

	FY2021	FY2022	FY2023
Rate of Employees Receiving Regular Health Examinations	100	100	100

Response to Hazardous Operations

The Company's employees may handle organic solvents, designated chemical substances, and other materials when performing analysis and experiments. To deal with hazardous operations by its employees, the Company has devised exposure prevention measures, such as installation of onsite ventilation equipment and protective equipment. We also conduct special health examinations based on surveys of employee's substance usage records.

	FY2021	FY2022	FY2023
Rate of Employees Receiving Special Health Examinations	100	100	100

Health Promotion Initiatives

The Company conducts measures to improve employee health, such as seminars on how to improve diet, measuring physical age, and holding health events such as walking rallies.

	FY2021	FY2022	FY2023
Number of Health Seminars	34	67	60
Number of Health Events	30	20	10

Initiatives to Prevent Mental Health Issues

In our initiatives to prevent mental health issues, each Health and Safety Committee holds seminars on mental health. In addition, we conduct a Stress Check, which is a survey given to all employees for promoting self-awareness, carried out under the guidance of the stress check systems designed by the Ministry of Health, Labour and Welfare according to the Industrial Safety and Health Act.

	FY2021	FY2022	FY2023
Number of Mental Health Seminars	10	16	6
Ratio of Employees Receiving Stress Checks (%)	98.6	98.6	96.0

CSR Requirements of Suppliers

The Kurita Group considers it vital to obtain cooperation from suppliers to conduct safe business across the entire supply chain. We have established the Kurita Group CSR Procurement Guidelines, and we have asked suppliers to ensure the safety of their employees in accordance with laws and regulations, ensure healthy working environments, and conduct labor safety education for workers, and to provide appropriate information. In particular, we ask major suppliers to conduct a self-evaluation based on the guideline and to implement improvement measures.

In addition, since fiscal 2022, we have been using the platform* of EcoVadis for the purpose of expanding evaluation items, enhancing the reliability of evaluation results, and reducing the burden on suppliers. As of March 2023, 123 suppliers in Japan and overseas (accounting for 28% of total order amount in fiscal 2021) were registered on the platform.

* A platform for rating the sustainable procurement capabilities of suppliers from a CSR perspective. The content and number of questions are customized according to industry, company size, and country or region.

[▶ The Kurita Group CSR Procurement Guidelines](#)

Acquisition of ISO 45001 Certification

The Kurita Group is developing a safety management system based on the concepts of ISO 45001 to ensure safety at production and construction sites and prevent work-related injury. The status of ISO 45001 certification as of March 31, 2023 is as follows. See the “Social” section of the ESG Data sheet for group wide certification rates and other data.

ESG Data

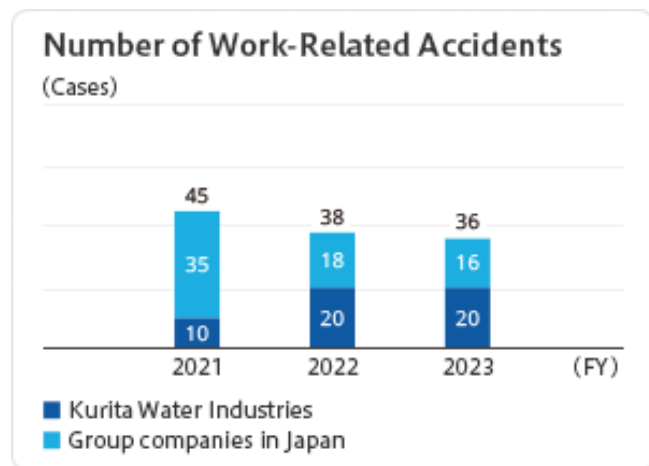
Companies with ISO 45001 certification

- Kurita (Taiwan) Co., Ltd.
- Kurita Water Industries (Dalian) Co., Ltd.
- Hansu Co., Ltd.
- Hansu Technical Service Ltd.
- Kurita Europe GmbH
- Kurita France S.A.S.
- Kurita Turkey Kimya A.S.
- Kurita AquaChemie FZ
- Kurita AquaChemie Saudi Arabia Co.
- Kurita do Brasil LTDA.
- Kurita (Singapore) Pte. Ltd.
- Kurita Water (Malaysia) Sdn. Bhd.
- PT Kurita Indonesia

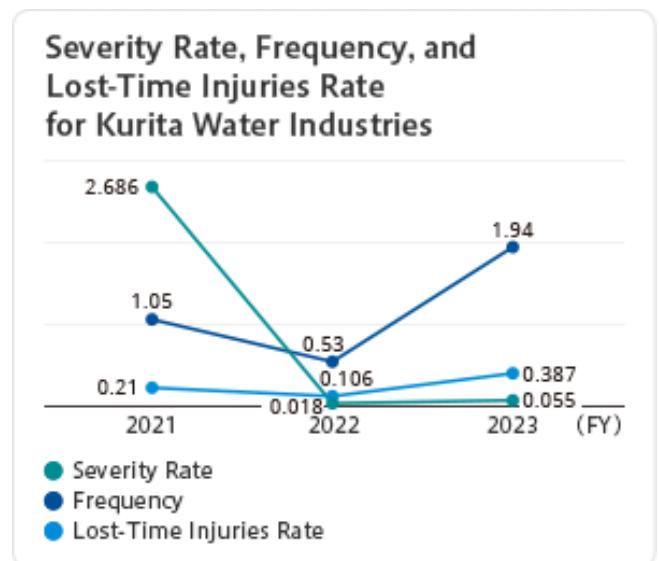
Status of Work-Related Accidents

The number of work-related accidents at Kurita Water Industries and Group companies in Japan is indicated in the graph.

The number of work-related fatalities involving employees of the Company or its Group companies in Japan from fiscal 2021 to fiscal 2023 was 0. During the same period, there was one fatality involving a non-employee.



From fiscal 2022, figures for the Company include figures for Group companies in Japan that merged with the Company in April 2021.



The Kurita Group's Environmental Improvement Activities

The Kurita Group defines its environmental improvement activities as follows:

- 1) activities to comply with the environment-related laws and regulations of each country and region that are applicable in conducting business activities;
- 2) initiatives to solve international issues related to the sustainability of water and the environment through business activities; and
- 3) disclosure of information related to 1) and 2), and engagement with customers, business partners, employees, shareholders and investors, and local communities related to such activities.

The Kurita Group's environmental improvement activities include initiatives to reduce internal water and energy use and waste emissions. They also include activities to reduce environmental impact at customers who use products and services related to water and the environment that the Kurita Group has developed over many years. These are linked with the themes for growth opportunities in our CSR Policy. We are aiming to create shared value with society by working to solve social issues through the reduction of environmental impact at customers and in the Kurita Group, while simultaneously achieving business growth.

Basic Policy (FY2023)

The Kurita Group has established the Kurita Group Environmental Policy as a common policy for the Group regarding environmental issues, which are a common challenge for society. We continuously promote initiatives for environmental improvements based on this policy.

[> The Kurita Group Environmental Policy \(FY2023\)](#)

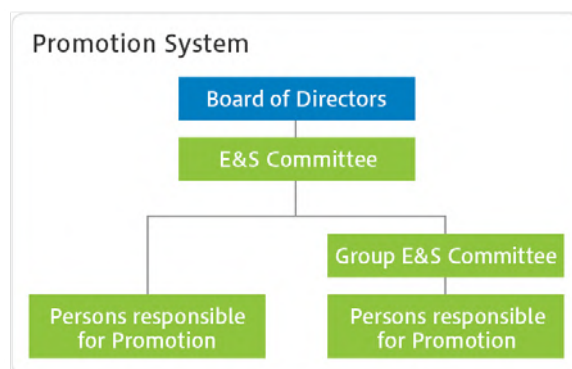
General Provisions

- The Kurita Group will engage in the environmental improvement activities to achieve the four themes: “finding solutions to the water resource issues”; “realizing sustainable use of energy”; “reducing waste”; and “enhancing industrial production technology” of the “CSR Policy” (hereinafter referred to as the “Growth Opportunity Themes”), based on the corporate philosophy, “Study the properties of water, master them, and we will create an environment in which nature and humanity are in harmony”.
- The Kurita Group will support the “SDGs (Sustainable Development Goals) adopted by the UN in 2015 and contribute to achieving relevant goals through the environmental improvement activities.
- The Kurita Group will establish systems and rules, etc. necessary for the performance of the environmental improvement activities.
- Officers and employees of the Kurita Group must actively engage in the environmental improvement activities in their respective capacities.
- The Kurita Group will develop its unified medium-term goals and activity plans by fiscal year related to the environmental improvement activities and manage its activity goals.
- If any actual or alleged breach of the local laws and regulations arises, the officers and employees of the Kurita Group will immediately report the same in accordance with the Kurita Group’s Emergency Communication Procedures.
- The Kurita Group will check that business activities are being carried out appropriately in accordance with local laws and regulations.
- The Kurita Group will verify the effect of the environmental improvement activities on a regular basis, and utilize this for continual improvement.
- The Kurita Group will carry out education and training activities for the promotion of the environmental improvement activities for its officers and employees.
- The Kurita Group will disclose, in an active and fair manner, information which helps its stakeholders to understand the environmental improvement activities.
- The Kurita Group will check expectations and concerns of the stakeholders with regards to the Group, and utilize the results to continually improve the environmental improvement activities.

Environmental Initiative Promotion System (FY2023)

The Kurita Group has established the E&S (Environment & Social) Committee, which is chaired by a Managing Director of the Company, and the Group E&S Committee, chaired by the same director and composed of representatives of Group companies. These committees oversee Environmental Improvement Activities in the Kurita Group. The E&S Committee formulates unified medium-term targets for the Kurita Group’s Environmental Improvement Activities and action plans for each fiscal year. Personnel responsible for promoting the initiatives (committee members or personnel designated by representatives of each company) are tasked with driving efforts to achieve Environmental Improvement Activities targets at their assigned company or organization. They report the status and results of the activities to the E&S Committee.

The E&S Committee confirms stakeholder expectations and concerns, and reports these to the Company’s Board of Directors along with the results for the Kurita Group’s initiatives related to CSR once a year.



Environmental Improvement of Customers' Operations

The Kurita Group is taking steps to solve social issues outlined in the SDGs by providing customers with solutions on the themes of “water-savings,” “CO₂ emissions reduction,” and “waste reduction.”

Promotion of CSV Business

The Kurita Group has defined products, technologies, or business models that contribute significantly to water-savings, CO₂ emissions reduction and waste reduction compared to previous levels as the “CSV business,” and has expressed these advantages as respective coefficients. The reduction of environmental impact from customers' operations is calculated based on these CSV business coefficients and application results. The CSV business is also constantly reviewed in light of the development status of more competitive products, technologies, and business models. Furthermore, “Development of the CSV Business” is one of the priority measures of the MVP-22 plan, and we have established key performance indicators for this, engaging in initiatives linked with the plan. Various measures are conducted to promote the CSV business, including development from the standpoint of social issues and establishment of an awards program.

Promotion of CSV Business (from FY2024) >

Internal Environmental Improvement Activities

The Kurita Group works to reduce water usage, energy usage, and waste, while adhering to the environmental laws and regulations of each country and region that apply to the Group's business activities. These activities, including assessments related to compliance with environmental laws and regulations, are implemented in accordance with the Kurita Group Environmental Policy in order to achieve targets related to the CSR Policy.

Status of Compliance with Environmental Laws and Regulations

		FY2021	FY2022	FY2023
Infringements of environmental laws and regulations	Number of infringements	0	0	0
	Fines (Thousand yen)	0	0	0
Emissions having a serious impact on the environment		None	None	None

Information Collection and Disclosure Based on International Standards

The Kurita Group refers to two international standards—the Greenhouse Gas (GHG) Protocol and the GRI Standards—when collecting and disclosing data on the environmental impact of its business activities. We also make disclosure based on SASB standards.

Please refer to the following link for the environmental data of the Kurita Group based on international standards.

> [ESG Data](#)

Kurita Group KPI: Customer Impact Reduction – Kurita Group Impact

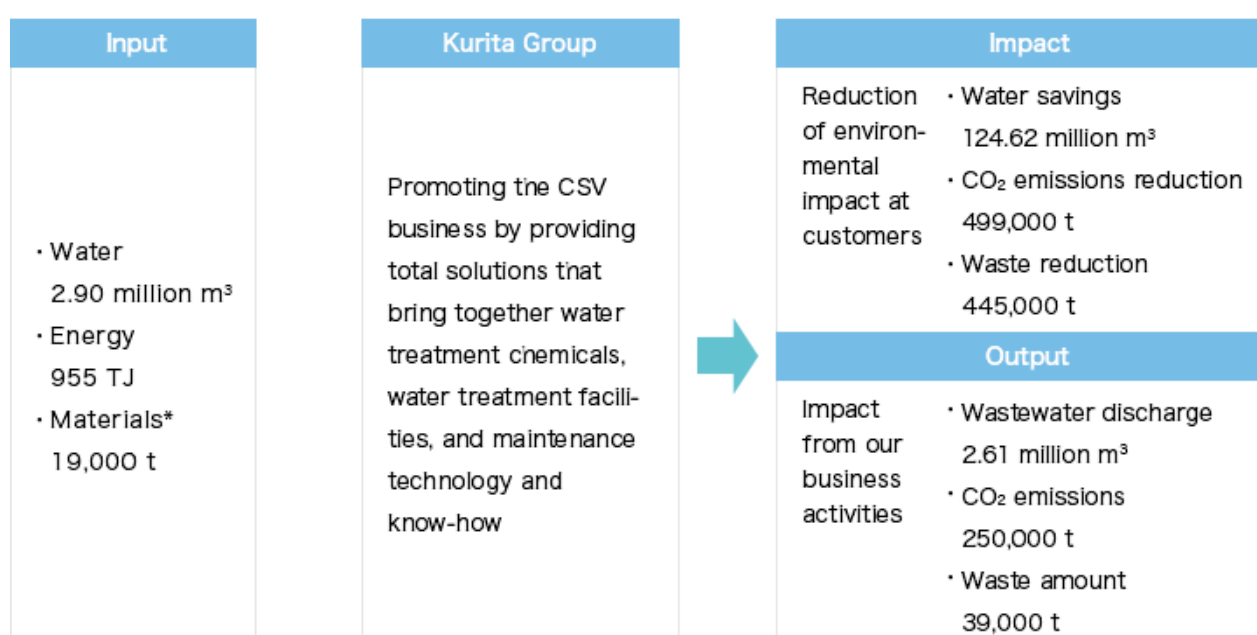
The Kurita Group has set as a target “Customer impact reduction – Kurita Group impact” with the aim of achieving a reduction of environmental impact through its business that offsets and even exceeds the environmental impact generated by its business, and to this end it is compiling data on actual reductions and impact.

About “Water intake used in our business activities”

For the theme of “Solve issues related to water resources” in our CSR Policy, we have set as an indicator “Water savings at customers – Amount of water intake used in our business activities.” Water intake is compiled based on an approach established in 2018 when the target was set; it is not equivalent to water intake under the GRI Standards.

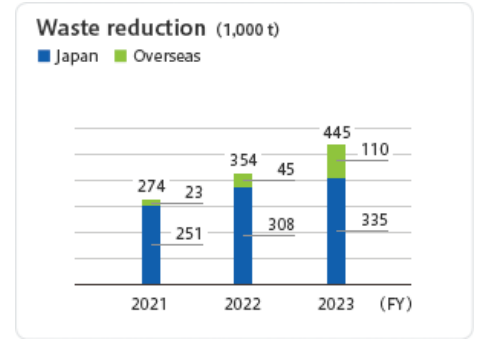
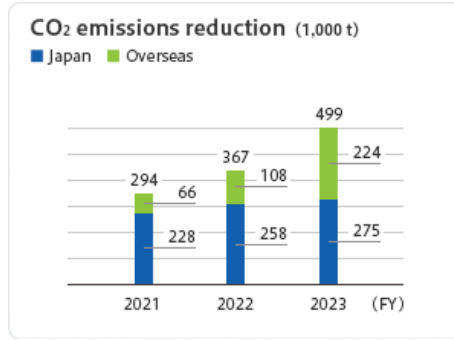
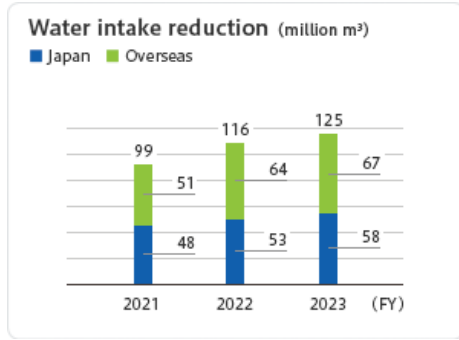
About “CO₂ emissions from our business activities”

For the theme of “Realize sustainable energy use” in our CSR Policy, we have set as an indicator “CO₂ emissions reduction at customers – CO₂ emissions from our business activities.” The scope of the Group’s emissions compiled for this indicator includes data corresponding to Scopes 1 to 3 as defined in the GHG Protocol. The data here is compiled based on an approach established in 2018 when the target was set and differs from ESG data compiled and disclosed based on the GHG Protocol.

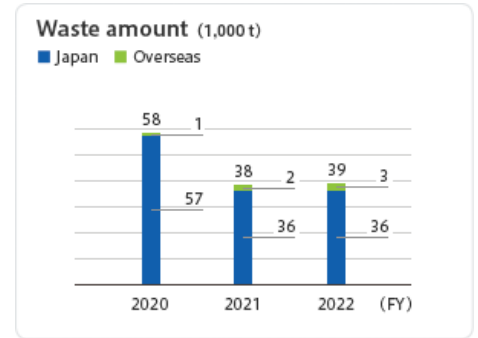
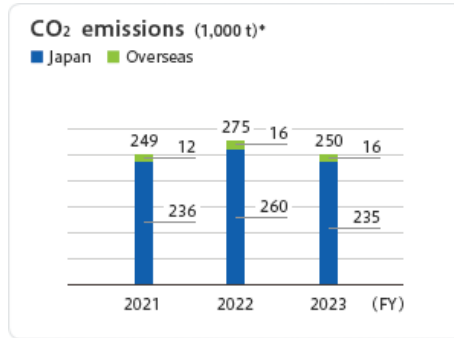
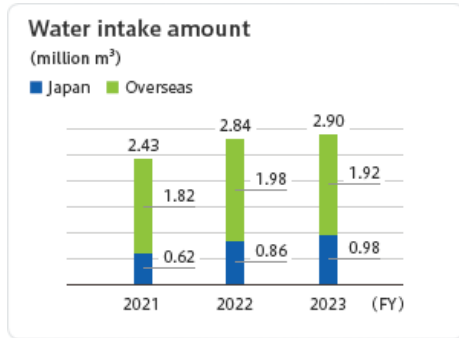


*Materials are raw materials for water treatment chemicals in Japan.

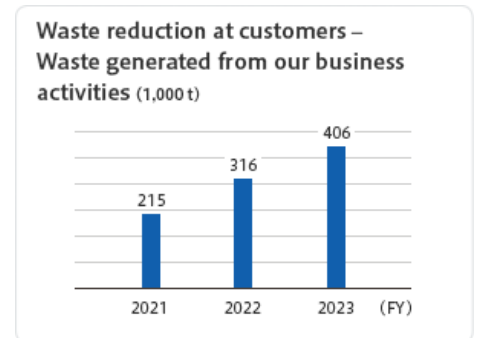
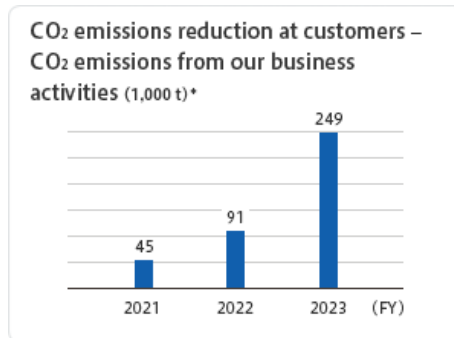
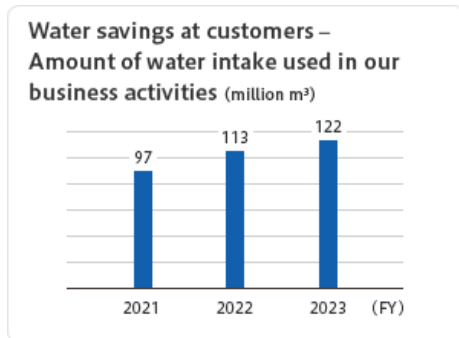
Reduction of Environmental Impact at Customers



Internal Promotion of Environmental Improvements



Kurita Group KPI: Customer Impact Reduction – Kurita Group Impact



* "CO₂ emissions from our business activities" include emissions generated from the ultrapure water supply business, which comes under Category 13 of Scope 3, as well as emissions in Scope 1 and 2 stipulated in GHG (Greenhouse Gas) protocol.

ISO 14001 Certified Bases

The Kurita Group acquires ISO 14001 certification, mainly at business sites that have a heavy environmental impact. As of March 2023, the status of acquisition in the Group is as shown below.

Company	Office
Kurita Water Industries Ltd.	Shizuoka, Toyoura and Tsuruga plants; Yamaguchi sub-branch; Sakai Water Supply Center
Kurita Chemical Manufacturing Ltd.	Head Office, Ako plant
Kuritaz Co., Ltd.	Head office, West Japan branch office and 10 other business sites
Kuritec Service Co. Ltd.*	Head office, East Japan, Mie, West Japan and Oita plants
San-ei Industries Co., Ltd.	Head office, Mie plant
Nippon Fine Co., Ltd.	Head office, Harima plant
Aoi Industries Co., Ltd.	Head office
Kurita-GK Chemical Co., Ltd.	Head office and Rayong branch
Kurita (Taiwan) Co., Ltd.	Kaohsiung plant and office
Kurita Water Industries (Dalian) Co., Ltd.	Head Office and plant
Kurita Water Industries (Jiangyin) Co., Ltd.	Head office
Hansu Co., Ltd.	Head office and three other business sites
Kurita Europe GmbH	Head office and two other business sites
Kurita France S.A.S.	Head Office and plant
Kurita Turkey Kimya A.S.	Head office and Bandirma plant
Kurita AquaChemie Saudi Arabia Co.	Saudi Arabia Office
Kurita AquaChemie FZE	United Arab Emirates Office
Kurita do Brasil LTDA.	Head office and three other business sites
Hansu Technical Service Ltd.	Head office
Kurita (Singapore) Pte. Ltd.	Head office, plant and five other business sites
Kurita Water (Malaysia) Sdn. Bhd.	Head office, plant and eight other business sites
P.T. Kurita Indonesia	Head office
Kurita America, Inc.	Midwest Office & Manufacturing Plant

Communication with Stakeholders

Bolstering Information Dissemination

The Kurita Group disseminates information about its approach, initiatives, and achievements on environmental improvement through its website, sustainability reports, exhibitions, and dialogue with shareholders and investors. In particular, we are working to bolster information dissemination through our website, where we enhance our disclosure based on the Group's initiatives and achievements, making reference to the GRI standards.

CSR Requirements of Suppliers

The Kurita Group considers it vital to obtain cooperation from suppliers to reduce environmental impact across the entire supply chain. To this end, we have established the Kurita Group CSR Procurement Guideline and have business partners to comply with environmental laws and regulations, take steps to reduce their environmental impact by setting voluntary standards to reduce water and energy usage, and to provide information appropriately. In particular, we ask major business partners to conduct a self-evaluation based on the guidelines and to implement improvement measures.

In addition, since fiscal 2022, we have been using the platform* of EcoVadis for the purpose of expanding evaluation items, enhancing the reliability of evaluation results, and reducing the burden on suppliers. As of March 2023, 123 suppliers in Japan and overseas (accounting for 28% of total order amount in fiscal 2021) were registered on the platform.

* A platform for rating the sustainable procurement capabilities of suppliers from a CSR perspective. The content and number of questions are customized according to industry, company size, and country or region.

[▶ The Kurita Group CSR Procurement Guidelines](#)

Solve Issues Related to Water Resources

The Kurita Group Approach

The world is facing various issues related to water, including water shortages due to uneven distribution, water pollution associated with industrial development, and depletion of ground water. These rank among the most serious social issues alongside climate change. The Kurita Group will strive to reduce the amount of water intake for use in its business activities while using its water savings, purification, and reuse technologies to provide the optimal quality and volume of water required for people’s lives and industrial development.

Contribution to Achieving the SDGs



Targets and Achievements

The Kurita Group aims to achieve a reduction of environmental impact through its business that offsets and even exceeds the environmental impact generated by its business. To this end, we have set targets for the “Water savings at customers – Amount of water intake used in our business activities.” We will continue to measure these actual values going forward.

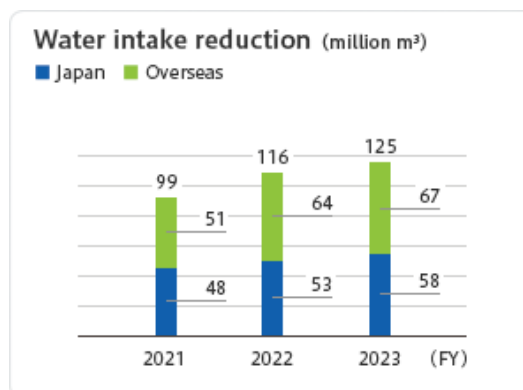
	Target for FY2023	Achievement in FY2023
Water savings at customers – Amount of water intake used in our business activities	240 million m ³	122 million m ³

With Customers

Saving Water at Customers’ Plants and Business Sites

The graph shows the performance of water reduction at customers’ plants and business sites through proposals of the Kurita Group. These mainly represent reduction in the feed water volume by optimizing and managing water quality in boilers and recirculating water in cooling water systems, as well as recovery and reuse of wastewater.

Environmental Improvement of Customers’ Operations



Customer Example

Shanghai Kao Chemical Co., Ltd.: Environmental Improvement Case Study (Project by Kurita Water Industries (Dalian) Co., Ltd.)

Shanghai Kao Chemical Co., Ltd. produces surfactants used as raw material in various products such as industrial detergents and cosmetics, as well as casting-related materials. As a member of the Kao Group, Shanghai Kao Chemical is working to reduce its environmental impact in accordance with the Kao Group's basic philosophy and basic policy on environment and safety. The Kao Group aims to reduce water consumption across the entire lifecycle of its products, and as a production plan, Shanghai Kao Chemical is continuously promoting efforts to reduce the amount of water used in production.

Kurita Water Industries (Dalian) Co., Ltd. examined a range of water saving measures with the customer to help tackle the challenge of reducing water consumption. Focusing mainly on reducing industrial water for cooling, which accounts for around 40% of water consumption, we came up with a water saving strategy of recovering the blow-down water from a cooling tower, which was previously treated as wastewater, as well as rainwater and wastewater from a boiler, treating it with a membrane process to reach the standard quality required for cooling water, and then reusing it as supplementary cooling water supply. The introduction of this strategy enabled a reduction of around 70% in the customers industrial water for cooling.



Cooling Tower Blow-down Recovery system

Voice of the Customer

Kurita is a water treatment specialist and its corporate philosophy is in concord with the Kao Group's vision of "Sustainability as the only path," expressed in its medium-term management plan, as well as the core tenet of Kao's ESG strategy, "Yoki-Monozukuri with ESG integration." Our newly installed Cooling Tower Blow-down Recovery system is compact and offers a stable treatment flow, as well as a high degree of automation and intelligent operation coupled with a high recycled water recovery rate. The introduction of this system has reduced the volume of industrial water used for cooling by around 70%, which translates into an overall reduction of around 40% in both the total annual usage of industrial water and the total wastewater volume for the entire plant. We have also requested ongoing support and maintenance services.



Fan Yiming
General Manager, Production Department
Kao (Shanghai) Chemical Industries Co., Ltd.

This report uses the names of products and services in Japan.
Please note that product and service names differ in other countries.

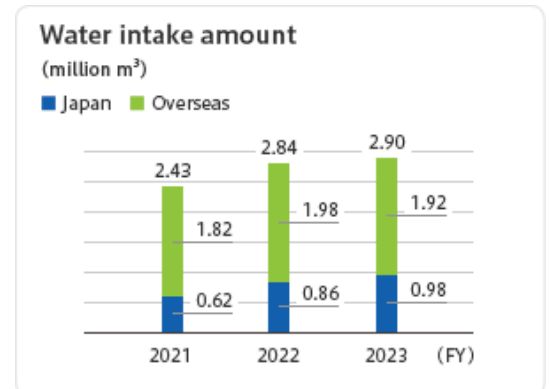
Improvement Examples >

Internal Environmental Improvement Activities

Reducing Water Intake within the Kurita Group

Based on the characteristics of each company and business site, the Kurita Group selects the items that are strongly correlated with water usage, such as production volume, net sales, or site area, as the denominators for a per-unit measurement, then set about reducing water usage per unit.

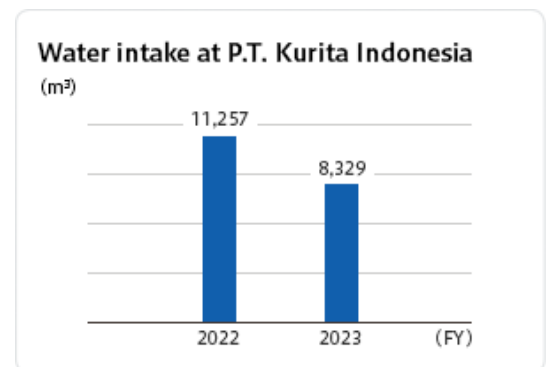
Internal Promotion of Environmental Improvements



P.T. Kurita Indonesia: Water Savings Case Study

P.T. Kurita Indonesia's business operations involve the manufacture and sale of water treatment chemicals and equipment, as well as the operation, maintenance, and management of water treatment facilities. The company is taking steps to reduce water consumption by using concentrated water discharged from RO membrane equipment, which is part of a pure water production system for products, to wash used raw material packaging and so forth. RO membrane equipment separates water into concentrated water and permeate water by passing feed water through a membrane to remove the salts in it. The concentrated water has a higher salt concentration than the feed water, but it can readily be used for washing. Using this measure, P.T. Kurita Indonesia has reduced its water intake by 26% year on year.

Water intake at P.T. Kurita Indonesia



Evaluation of Water Risk at Internal Sites

Kurita assesses and ascertains water risk for each Group site using the World Resources Institute's Aqueduct Water Risk Atlas as well as benchmarks such as the ratio of water intake of each facility to the total water intake of the Kurita Group, business characteristics, and other criteria. Based on the assessment results, the E&S Committee, which oversees the Kurita Group's environmental improvement activities, has identified 25* facilities as priority sites for water risk mitigation and is pursuing efforts to mitigate risks.

* As of March 2023

Participation in Water Resilience Coalition

Kurita is a Leadership Committee member of the Water Resilience Coalition (WRC). The WRC is a new organization established under the CEO Water Mandate, a United Nations Global Compact initiative. It leads industry-driven initiatives for the preservation of water resources in basins facing serious water resource problems all over the world. As a member of the WRC, the Kurita Group will work to preserve the world's water resources together with other companies and organizations, aiming to achieve the Sustainable Development Goals (SDGs) and its Corporate Philosophy.

The Company has also participated in the UN Global Compact and endorsed the CEO Water Mandate.

Target fiscal year	Kurita Group targets
FY 2031	Total number of basins where collective actions are implemented and total population in the basins: 7 basins, 700 million people

Please refer to the links below for more details about the Kurita Group’s initiatives through the WRC. The link includes the latest information for FY2024 onward.



[▶ Information about the WRC](#)

Participation in the Ministry of the Environment’s Water Project

Kurita Water Industries is participating in the Water Project of Japan’s Ministry of the Environment, which provides an opportunity to disseminate information about its technologies and business activities related to efficient use of water resources and preservation of the water environment.

Details of the Water Project are [here](#). (In Japanese only)

Realize Sustainable Energy Use

The Kurita Group Approach

The Kurita Group recognizes abnormal weather and natural disasters due to global warming and other climate change issues as a major social challenge to be addressed globally. One of the ways we are responding to climate change is taking steps to reduce our CO₂ emissions by reducing our in-house per-unit energy consumption. At the same time, we are working to optimize energy use at our customers' plants and business sites, and to promote the spread of energy-creating technologies.

Contribution to Achieving the SDGs



Targets and Achievements

The Kurita Group aims to achieve a reduction of environmental impact through its business that offsets and even exceeds the environmental impact generated by its business. To this end, we have set targets for the "CO₂ emissions reduction at customers – CO₂ emissions from our business activities." We will continue to measure these actual values going forward.

	Target for FY2023	Achievement in FY2023
CO ₂ emissions reduction at customers* ¹ – CO ₂ emissions from our business activities* ²	10,000 t	249,000 t

*1 Please refer to the link below for the details of "CO₂ emissions reduction at customers."

➤ Environmental Improvement of Customer's Operations

*2 "CO₂ emissions from our business activities" includes emissions generated from ultrapure water supply business which applies to Category 13 of Scope 3 adding to the Scope 1 and 2 stipulated in GHG (Greenhouse Gas) protocol.

To carry out initiatives in line with the Paris Agreement, the Kurita group has set the long-term targets aligned with the well below 2°C indicated by SBTi*³, starting from the fiscal year ended March 31, 2020 as the baseline year, and are working to reduce Scope 1, 2, and Scope 3 emissions in addition to the above-mentioned targets.

➤ Initiatives to Address Climate Change

Metrics	Long-Term Targets	
	FY2031	FY2051
Scope 1 and 2 emissions reduction (Reduction rate from FY2020)	27.5%	100%
Scope 3 emissions reduction (Reduction rate from FY2020)	27.5%	-

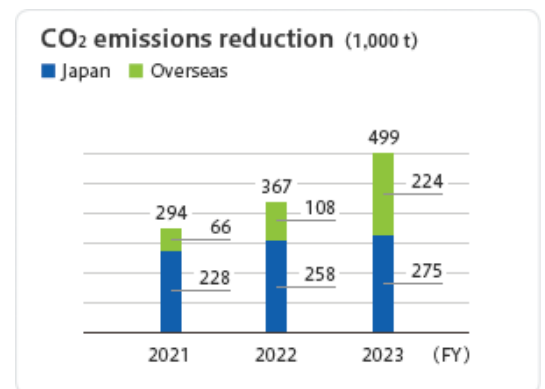
*3 An initiative that encourages companies to set greenhouse gas emission reduction targets in line with scientific knowledge, with the goal of limiting global average temperature rises due to climate change to well-below 2°C compared to pre-industrial levels.

With Customers

Reducing CO₂ Emissions at Customers' Plants and Business Sites

The graph shows the performance of CO₂ emissions reduction at customers' plants and business sites through proposals of the Kurita Group. These mainly represent reduction in fuel use by maintaining or improving heat efficiency in boiler and cooling water facilities. It also represents the impact of adopting inverters for rotating equipment in water treatment facilities.

Environmental Improvement of Customers' Operations

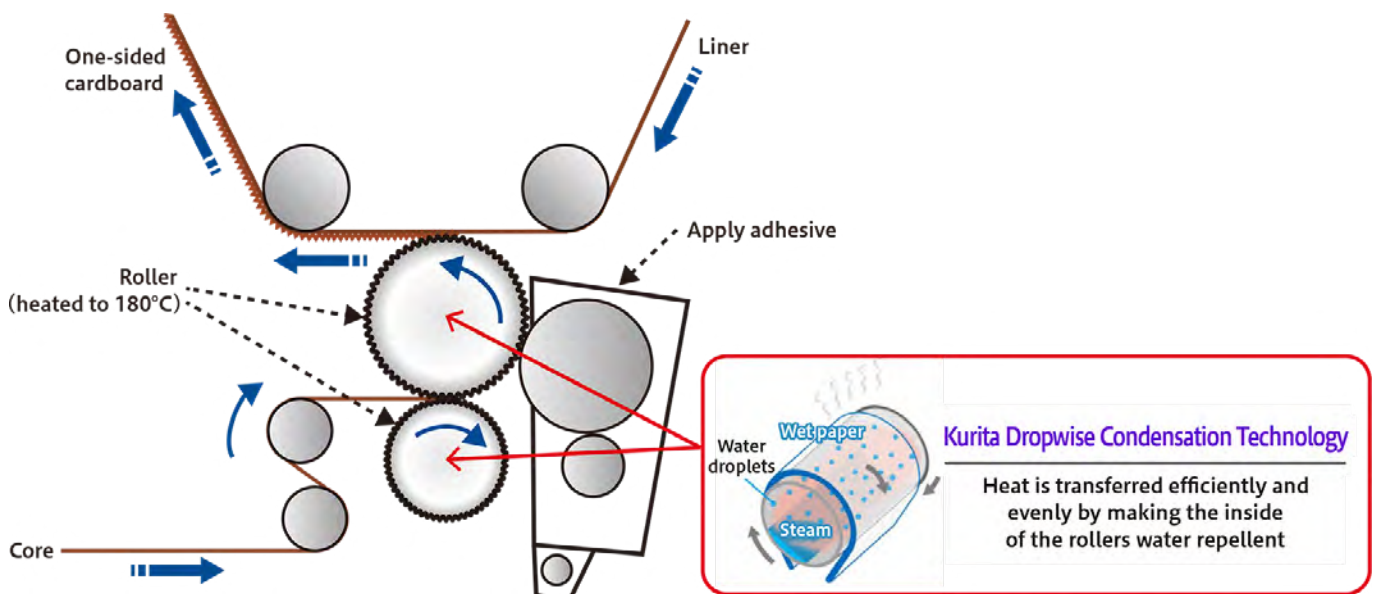


Customer Example

Cardboard Manufacturing Plant: Environmental Improvement Case Study (Project by Kurita Kitakantou Co., Ltd.)

Corrugator units for manufacturing cardboard sheet are generally used at plants that manufacture cardboard products. These units press cardboard feedstock paper between metal rollers to produce a corrugated core, then adhere front and back liner sheets onto the core surface. To firmly fix the core to the liners with adhesive, it is heated by passing steam through the inside of the rollers. The challenge for reducing CO₂ emissions at cardboard manufacturing is therefore to reduce the amount of fuel used in the boilers that supply the steam.

Kurita Kitakantou Co., Ltd. proposed to its cardboard manufacturing plant customer the application of a technology to improve the thermal conductivity of the rollers by making the interior metal surface water repellent. When the steam condenses on the metal surface upon contacting it, a water film forms. Despite being very thin, this film can significantly reduce thermal conductivity, which causes more energy to be needed for stabilizing the heating temperature. The technology proposed by Kurita Kitakantou removes this water film. Applying this technology helped the customer to reduce their boiler fuel consumption by around 6%, and by applying the same technology at other plants, further fuel savings were achieved.



Process for adhering core and liners in a corrugator

This report uses the names of products and services in Japan. Please note that product and service names differ in other countries.

Improvement Examples >

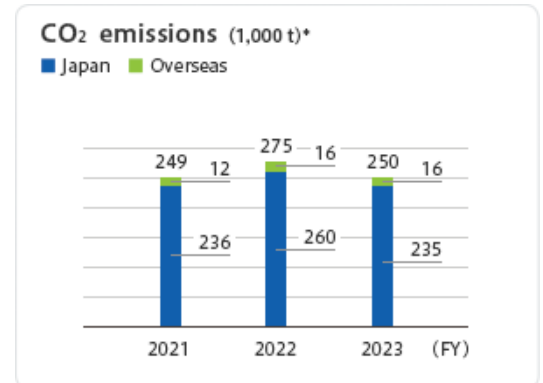
Internal Environmental Improvement Activities

Reducing Energy Usage within the Kurita Group

Based on the characteristics of each company and business site, the Kurita Group selects the items that are strongly correlated energy usage, such as production volume, net sales, or site area, as the denominators for a per-unit measurement, then set about 1% reduction of energy usage per unit year on year.

> [Kurita Group KPI: Customer Impact Reduction – Kurita Group Impact](#)

Internal Promotion of Environmental Improvements



Promotion of EVs and Renewable Energy Transition

In fiscal 2023, the Kurita Group took steps to reduce in-house energy usage, such as switching its vehicle fleet from gasoline to electric vehicles and promoting a transition to renewable energy at bases that have a high volume of CO₂ emissions from electric power use. These resulted in a 9% decrease in CO₂ emissions from the previous fiscal year. In addition, the Group's R&D base, Kurita Innovation Hub, which started operations in fiscal 2023 also uses 100% renewable energy.

The Kurita Group Accelerates the Actions on Climate Change Based on TCFD Recommendations*

The Kurita Group views climate change as an urgent issue that needs to be addressed globally, and continuously reduce greenhouse gases generated by our business activities and contribute to reducing greenhouse gas emissions for our customers through our business. In order to realize the Kurita Group's sustainable growth going forward, we analyzed the risks and opportunities of climate change and its impact on our business strategies at E&S (Environmental and Social) Committee, and set medium- to long-term targets and measures for the reduction of greenhouse gas emissions based on the TCFD Recommendations.

In addition, we established a system which the Board of Directors oversees the actions on climate change issues. Please refer to "The Kurita Group's Initiatives Addressing Climate Change" in detail.

* Final Report: Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) (June 2017)

[Please refer to the link for the latest information for fiscal 2024 onward.](#)

The Kurita Group's Initiatives Addressing Climate Change >

Participation in METI's GX League

The Company participates in the GX League. The GX League was organized by Japan's Ministry of Economy, Trade and Industry (METI) to realize the Japanese government's target of "carbon neutral by 2050." Specifically, the GX League will provide a forum for discussion on transformation of the socioeconomic system through collaboration between companies actively engaging in GX* and entities in government, academia, and finance, as well as practical implementation for the creation of new markets.

Based on the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), the Kurita Group continues to work to reduce GHG emissions generated by its own business activities, as well as to reduce GHG emissions for customers through its businesses. We are committed to helping to realize a decarbonized society through participation in the GX League.

* Green transformation

Click [here](#) for details on the GX League.



Participation in the Japan Business Federations' Challenge Zero program

Kurita is taking part in Challenge Zero, an initiative run by Keidanren (Japan Business Federation) to develop innovative net zero greenhouse gas emission technologies. As of August 2023, 195 companies and groups had signed up to the initiative, aiming to rapidly achieve the net zero greenhouse gas emissions targets in the Paris Agreement.



Participation in the Japan Society of Industrial Machinery Manufacturers' Basic Environmental Action Plan

Kurita Water Industries participates in the basic environmental action plan of the Japan Society of Industrial Machinery Manufacturers, which is working on countermeasures for global warming. We report regularly on the status of our response to climate change.

Reduce Waste

The Kurita Group Approach

The Kurita Group needs to make effective use of limited resources in order to conduct its business activities sustainably. Therefore, the Group is working to reduce the amount of waste (including hazardous or toxic waste) generated by its business activities, while making efforts to convert it into valuable material and to recycle it. For our customers, we propose technologies for making use of waste as a resource and for reducing the amount of waste generated. Through these activities, we aim to reduce waste for society in general.

Contribution to Achieving the SDGs



Targets and Achievements

The Kurita Group aims to achieve a reduction of environmental impact through its business that offsets and even exceeds the environmental impact generated by its business. To this end, we have set targets for the “Waste* reduction at customers – Waste* generated from our business activities.” We will continue to measure these actual values going forward values.

	Target for FY2023	Achievement in FY2023
Waste* reduction at customers – Waste* generated from our business activities	450,000 t	406,000 t

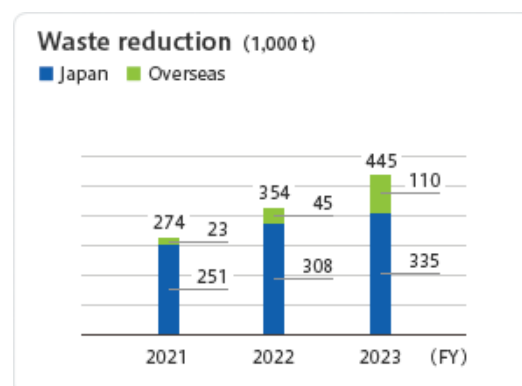
* including hazardous or toxic waste

With Customers

Waste Reduction at Customers’ Plants and Business Sites

The graph shows the performance of waste reduction at customers’ plants and business sites by means of proposals of the Kurita Group. These results are mainly due to conversion to wastewater treatment facilities that generate little excess sludge and reduction of waste volume by dehydrating agents and dehydrators.

Environmental Improvement of Customers’ Operations



Customer Example

Die Cast Products Plant: Environmental Improvement Case Study (Project by Kurita Water Industries (Dalian) Co., Ltd.)

A customer that manufactures processed aluminum products in China is working to reduce its environmental impact at every stage of the product lifecycle in accordance with its environmental policy. Among these environmental impacts, the customer is continuously working to reduce industrial waste and increase recycling by thoroughly implementing waste separation.

Kurita Water Industries (Dalian) Co., Ltd. proposed a approach for reducing industrial waste by lowering the amount of water treatment chemicals used in a wastewater treatment facility to reduce waste originating from the reaction of water treatment chemicals and impurities in the wastewater. The wastewater treatment facility uses a range of water treatment chemicals such as flocculants to render wastewater non-hazardous. The treatment status of the wastewater is constantly monitored by sensors and the quantity of chemical additives used for its treatment and stabilization is optimized by automatic control to enable waste to be reduced. By adopting this proposal, the customers waste was reduced to around one tenth of the previous amount. Furthermore, the reduction in waste also enabled a reduction in the frequency of operation of dehydration equipment, while automatic control enabled stabilization of the wastewater treatment and power saving.



Automatic control system for water treatment chemicals

This report uses the names of products and services in Japan.
Please note that product and service names differ in other countries.

Improvement Examples

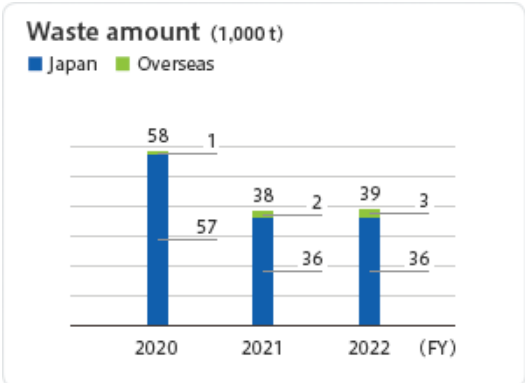


Internal Environmental Improvement Activities

Reduction of Internal Waste

Based on the characteristics of each company and business site, the Kurita Group selects the items that are strongly correlated with waste emission volume, such as production volume, net sales, or site area, as the denominators for a per-unit measurement of waste emission volume, then set about reducing this. The Group has been aggregating the total volume of waste at construction sites of the Company and domestic group companies since fiscal 2020.

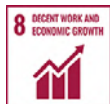
Internal Promotion of Environmental Improvements



The Kurita Group Approach

The Kurita Group considers it necessary to achieve both industrial development and preservation of the global environment if humanity is to enjoy a prosperous lifestyle in perpetuity. The Group will introduce water treatment into the manufacturing processes for various products, helping to improve productivity and product quality. We will also contribute to solutions for environmental issues associated with industry development.

Contribution to Achieving the SDGs



Targets and Achievements

The Kurita Group conducts basic research on water treatment in the form of analysis and fluid and process analysis, which forms the foundation of its products and services. We are also working to develop products and technologies that contribute to solving issues such as water savings and energy savings for customers and society.

	Target for FY2023	Achievement in FY2023
Proportion of themes falling into "Contribution to improvement of production process" to product development themes	35%	37%

Development of Monitoring, Diagnosis, and Chemical Ordering Control System for Papermaking Process

The main issues that arise in the papermaking process are defects*¹ due to soiling of the paper machine and breakage of the paper*² due to changes in the dehydration status accompanying a decrease in the quality of water used in the process. When these issues occur, the facilities need to be stopped and restarted, and waste paper is produced that does not meet quality standard. Waste paper itself can be re-used as raw material for papermaking, but since large quantities of water and energy are required for remaking the paper, reducing incidences of defects or paper breakage contributes significantly, not only to increasing profitability, but also to reducing environmental impact. Papermaking factories use various water treatment chemicals to minimize issues arising from poor water quality, such as defects or paper breakage. However, stabilizing product quality and operations has been a long-term challenge, as much of the operational management of the papermaking process relies on operator experience, including adjusting the amount of water treatment chemicals to be added.

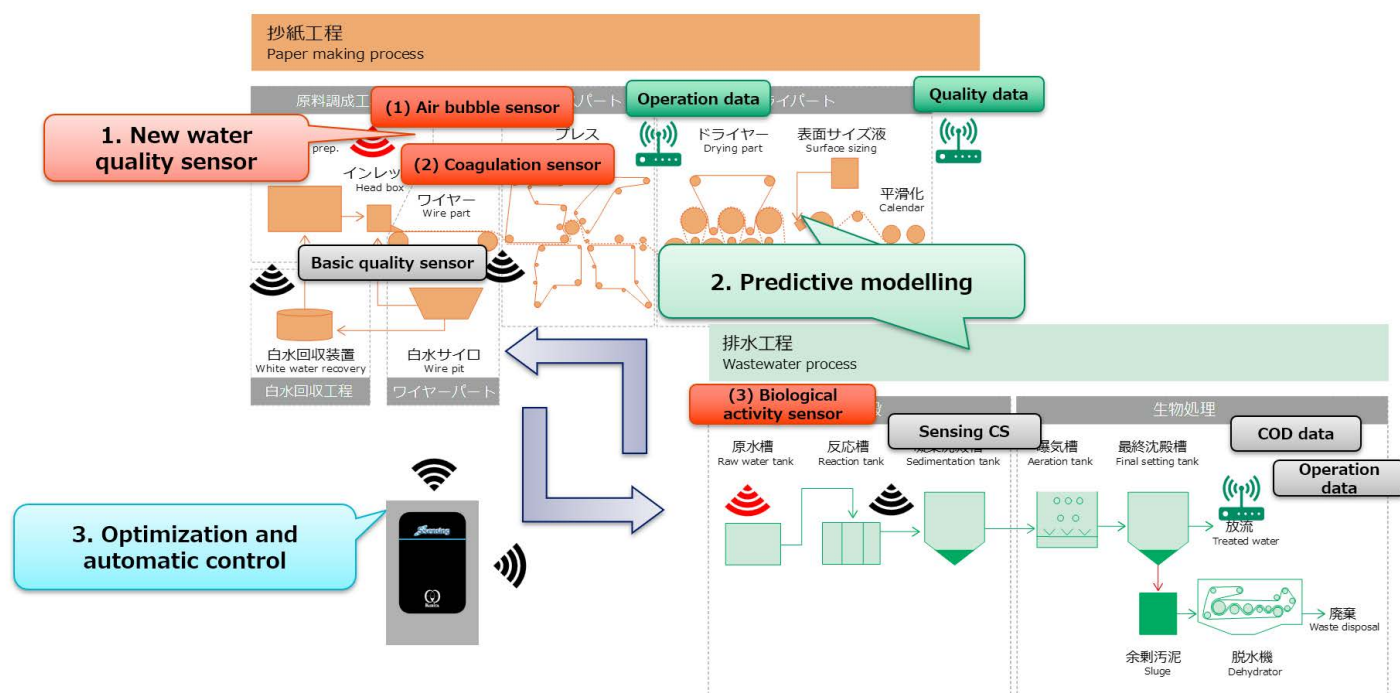
The Kurita Group developed a system to realize a smart paper making process using sensors and AI. As well as drawing from the Kurita Group's accumulated knowledge, this system analyzes correlations between data on the physical properties and water quality of slurry,*³ data on water quality in the paper marking process from newly developed air bubble sensors and coagulation sensors, and data on the status of wastewater treatment from water quality and biological activities sensors. Using this data, the system predict the occurrence of issues, enabling it to optimize water treatment. The system will enable reduction of waste paper and its associated environmental impacts.

*1 Adhesion of substances in the paper raw material on paper fibers.

*2 Breakage of weak sections in the paper in cases where unevenness occurs in the coagulation of paper fibers.

*3 Paper raw materials such as pulp dispersed in water.

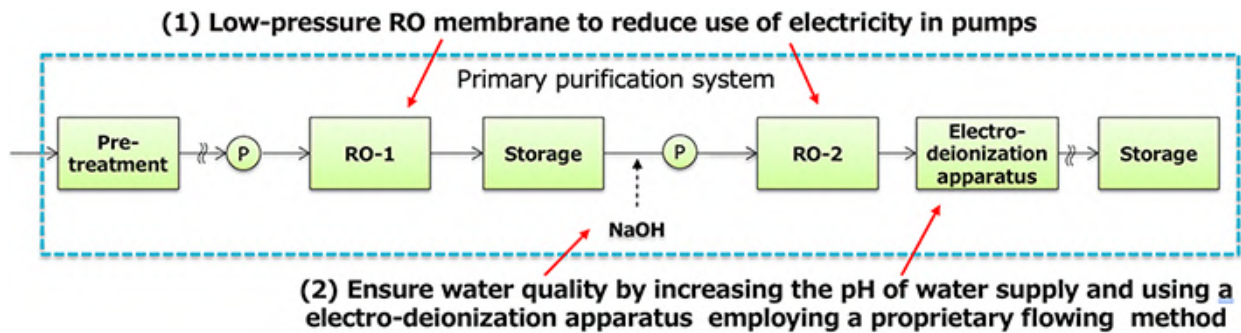
Monitoring, Diagnosis, and Chemical Ordering Control System for Papermaking Process



Developing an Energy-Saving Primary Pure Water System for the Semiconductor Manufacturing Process

In semiconductor fabrication plants, products are washed using water that is as close as possible to being theoretically pure, with impurities removed to the maximum degree possible. Ultrapure water production systems are largely divided into pretreatment systems, primary pure water production systems, and subsystems. Most of the electricity used in these systems is for pumps that move the water. Recently, there has been demand for an ultrapure water production system that can ensure highly pure water quality while reducing the amount of electricity usage in order to respond to the issue of climate change.

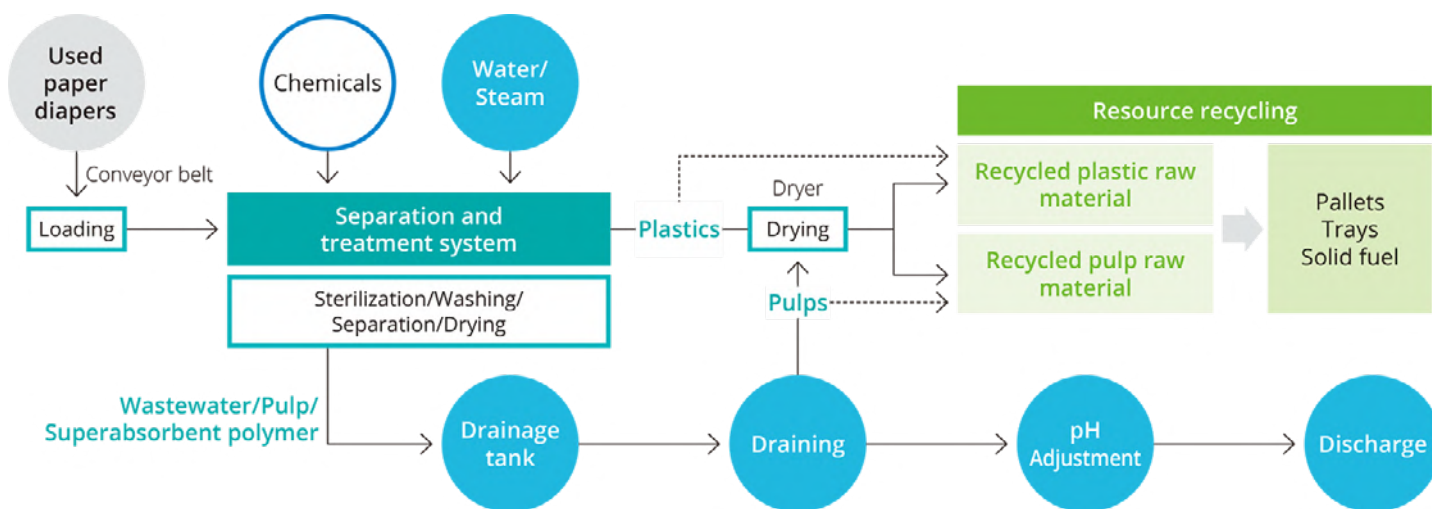
The Kurita Group has developed an energy-saving primary pure water system. The system uses an RO membrane that is able to separate ions and other material from the water at a lower pressure than a conventional membrane in an RO membrane unit. This allows the amount of electricity used for the pump to be reduced. Reducing the pressure of RO membrane processing can cause issues with deterioration of treated water quality; however, the addition of NaOH to the feedwater for the RO membrane unit increases the removal rate of substances that are difficult to remove using an RO membrane. Moreover, combined with an electro-de-ionization apparatus that uses Kurita's proprietary flowing method, we are able to realize energy savings while maintaining high purity water quality.



Development of a Used Diaper Separation and Treatment System Aimed at Building a Circular Economy Society

Used paper diapers in Japan are mainly disposed of as general waste by incineration facilities operated by waste disposal companies and local municipalities. As Japan becomes a super-aged society, the volume of waste is expected to increase, raising the issue of an increase in CO₂ emissions associated with an increase in fuel used for incinerating used diapers.

The Kurita Group has developed a system that washes and separates used diapers for recycling, rather than incinerating them, with the dual objective of reducing waste and reducing fuel used for incineration. The device was developed using technologies described in the Guidelines for the Recycling of Used Diapers issued by Japan's Ministry of the Environment. By adding a bag-tearing function to the system, it is able to process used paper diapers that are sealed inside plastic bags, improving hygiene and operating efficiency. Used paper diapers are washed and disintegrated by the device, then plastics are separated out from the treatment water, which contains pulp. The separated components can be used for application such as solid fuel or recycling plastic.



This report uses the names of products and services in Japan. Please note that product and service names differ in other countries.

Building Good Relationships with Suppliers

The Kurita Group Approach

In order for the Kurita Group to fulfill its social responsibilities, its suppliers who provide raw materials, supplies, and perform services also need to cooperate with the Group’s initiatives related to CSR.

The Group has newly formulated the Kurita Group Procurement Policy, as a common policy on procurement for the Group, as well as the Kurita Group CSR Procurement Guidelines to set out the Group’s expectations of suppliers, such as respecting basic human rights, preserving the earth’s environment, and complying with laws, regulations, and social norms.

> [The Kurita Group Procurement Policy \(FY2023\)](#)

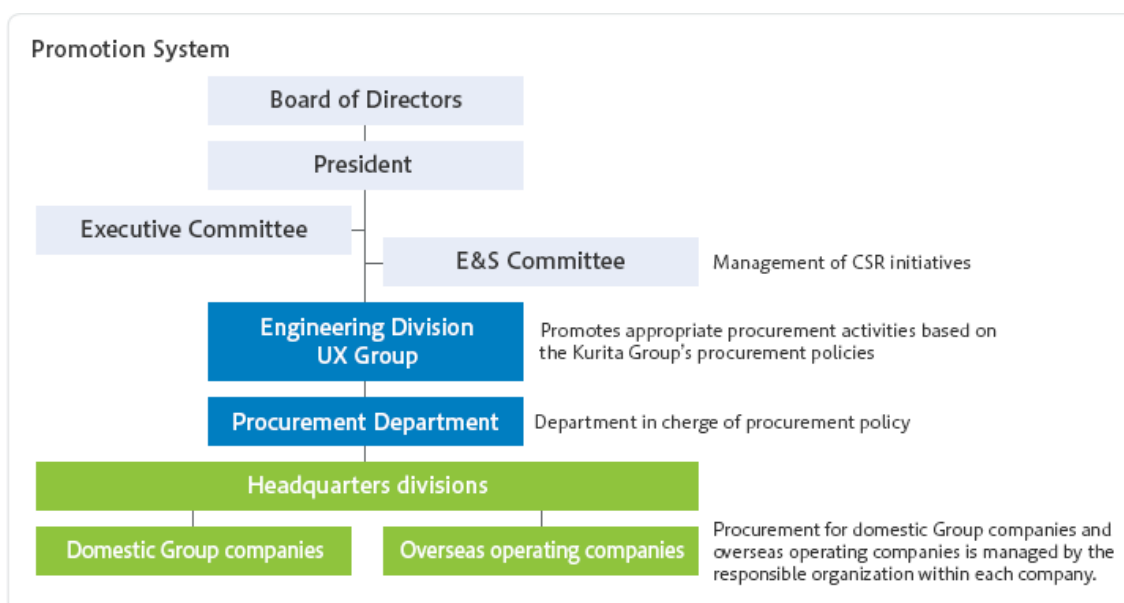
> [The Kurita Group CSR Procurement Guidelines \(FY2023\)](#)

Policy

- To conduct transactions in consideration of basic human rights, occupational health and safety, and preservation of the global environment in compliance with laws and regulations as well as social norms;
- To provide fair and equal business opportunities to the suppliers, to conduct transactions in reliable quality, at competitive and reasonable prices, based on appropriate specifications and standards;
- To procure materials and services that enables continuous and stable supply of our products and services to customers, and contribute to the sustainable development of the society; and
- To forbid entering into any transaction that would benefit antisocial forces or terrorist groups.

Promotion System (FY2023)

The Kurita Group is undertaking appropriate procurement activities in line with the Kurita Group Procurement Policy. As our system for promoting these activities, the Group Manager of the UX Group, Engineering Division is in charge of promoting procurement activities based on the policy. The policy is promoted at Group companies in Japan and overseas through the business management divisions of their respective supervising headquarters divisions.



Main Initiatives

Formulation of Procurement Operation Regulations

Based on the Kurita Group Procurement Policy the Company has formulated Procurement Operation Regulations. These set out the implementation of appropriate procurement activities that emphasize social responsibility as a regulation related to supplies, equipment, labor and services required in the Company's business activities.

▶ [The Kurita Group Procurement Policy](#)

Education of procurement personnel

The Kurita Group considers that in order to promote CSR procurement, procurement personnel must also have knowledge of laws and regulations, and social issues and a high awareness of compliance with laws and regulations. The Company provides training and e-learning training on laws and human rights common to all employees, and education for new transferees to the procurement department. We are working to introduce and promote understanding of the Kurita Group Procurement Policy and the Kurita Group CSR Procurement Guidelines.

CSR Requirements for Suppliers

The Kurita Group considers it vital to obtain cooperation from suppliers to conduct business in accordance with its CSR Policy across the entire supply chain. To this end, we have established the Kurita Group CSR Procurement Guidelines, and have asked suppliers to understand and implement the Kurita Group's policies regarding matters such as human rights, safety, and environmental improvement, and the response we require of them, and to provide appropriate information.

In addition, since fiscal 2022, we have been using the platform* of EcoVadis for the purpose of expanding evaluation items, enhancing the reliability of evaluation results, and reducing the burden on suppliers. As of March 2023, 123 suppliers in Japan and overseas (accounting for 28% of total order amount in fiscal 2021) were registered on the platform.

Toward raising the awareness of our business partners regarding CSR and improving the system and framework, we provide information on matters that require improvement obtained from the results of our self-assessments, such as the formulation of a BCP (Business Continuity Plan) and the establishment of an emergency contact system. It is sent through the e-mail medium "KPR report (Kurita Partner Relationship report)" and the annual social gathering. In fiscal 2023, we conducted on-site audits on foreign workers' human rights issues at five suppliers, which were selected based on the results of the EcoVadis evaluation and on the history of our business with them.

* A platform for rating the sustainable procurement capabilities of suppliers from a CSR perspective. The content and number of questions are customized according to industry, company size, and country or region.

Supplier Questionnaire Survey

The Company requires its suppliers and those of Group companies in Japan to understand its compliance activities, such as observing the Subcontract Act and confidential information management, and confirms the appropriateness of transactions with such suppliers by carrying out surveys of transactions with the Kurita Group. These surveys target suppliers who fall under the category of subcontractors, as provided in the Subcontract Act, and are conducted once a year by the E&S Committee, which is in charge of compliance activities. In the event that status checks or improvements are deemed necessary after responses are confirmed, the E&S Committee instructs the relevant department to respond and conducts a follow-up check on the result of the response.

Status of survey implementation

Status of survey implementation

	FY2021	FY2022	FY2023
Number of companies surveyed	1,286	1,562	1,454
Number of respondents	884	1,085	936
Response rate (%)	68.7	69.5	64.4

Public-Interest Whistle-Blowing and Helpline

The Company has created Public-Interest Whistle Blower Protection Rules and strives to quickly discover misconduct. In accordance with these rules, an advising and reporting liaison that makes use of an independent organization was established, and employees of the Company and its domestic Group companies, as well as dispatch staff and suppliers, can use the liaison. A "Supplier Helpline" was also launched so that suppliers can seek advice on issues such as concerns and worries they have about business with the Kurita Group.

Status of Use of Supplier Helpline

	FY2021	FY2022	FY2023
Number of cases	0	0	0



Helpline pamphlet

Status of Business Dealings

The status of business dealings with the Company's suppliers is as follows.

	FY2021	FY2022	FY2023
Number of suppliers	1,806	1,729	2,229
Transaction amount (Millions of yen)	70,198	81,632	78,985
Japan (%)	90.8	92.4	93.7
Overseas (%)	9.2	7.8	6.3

Communication with Suppliers

The Company provides opportunities for communication with suppliers and strives to strengthen its partnerships with them. The main initiatives conducted in fiscal 2023 were as follows.

Name	Purpose / Details	Number of participating companies
Safety events	Safety lectures, and explanation of revised safety rules	202
Conflict minerals assessment	Confirming whether conflict minerals are used in Kurita products delivered to electronic component manufacturers	1
Individual supplier interviews	Encouraging registration on EcoVadis platform, giving feedback on evaluation results	64

Evaluation and Comments

Fiscal 2023 was the final year of the Kurita Group's medium-term management plan Maximize Value Proposition 2022 (MVP-22). It was also a year for revisiting the Group's priority themes (materiality). The Company pursued initiatives related to CSR and strengthened its CSR foundation, engaging with stakeholders around its seven priority themes and initiatives toward their corresponding 12 key performance indicators and using their feedback to verify the initiatives. The Company achieved all the maintenance targets for its basic themes. However, because the target of improving customer environmental impact includes elements that are out of Kurita's control, the Company missed some of its targets in the four growth opportunity themes. Decision-making on the part of customers has a significant impact on whether Kurita can achieve its targets. While this had already been raised as an issue, the fact that Kurita was unable to achieve its targets for that reason calls into question the way of evaluating performance. In Pioneering Shared Value 2027 (PSV-27), the new medium-term management plan launched in fiscal 2024, the Company further broadened the scope of its materiality, setting a new priority theme: to "contribute to building a circular economy society." We believe forming closer relationships with customers will help Kurita resolve the issues it faces in achieving its targets. Our hope is that the Company will further reduce the environmental impact of society through new initiatives around the crucial theme of water and through collaborative creation between the Kurita Group and its customers.

The PSV-27 plan sets out eight categories of materiality and has now expanded to include 24 key performance indicators. We see the theme, to "solve issues related to water resources," as particularly vital. We believe that the Kurita Group, as a founding member of WRC, can draw on the models it has accumulated for calculating the impact of environmental improvements for customers in helping both to develop common global rules for corporate water resource conservation and recovery actions and in efforts to build a data platform. The International Sustainability Standards Board (ISSB) and other bodies are currently drawing up disclosure guidelines to address calls for a transition to a low-carbon and carbon-neutral society. We can expect issues demanding a response to continue increasing going forward, and there will likely be urgent calls to create guidelines around the critical theme of water resources. We look for the Kurita Group to play an important role in this area. Another newly added category of materiality is "strategic development and utilization of human resources." We appreciate the inclusion of this theme, which will be pivotal in terms of achieving targets in the other categories of materiality. Kurita has to create a framework in which each employee's purpose is to help achieve the Group's Materiality. Going forward, we encourage Kurita to keep in mind the importance of incorporating outside perspectives when selecting categories of materiality.

The Kurita Group has steadily pursued initiatives related to CSR. In the new PSV-27 plan, the Company has positioned sustainability at the core of management. It has also enhanced the framework for working across the organization, having established a Sustainability Division to carry its actions forward as a global company. We look for Kurita to take further action in other areas going forward, including the response to human rights issues overseas and areas related to human capital. However, we expect three themes— "solve issues related to water resources," "contribute to the realization of a decarbonized society," and "contribute to building a circular economy society"—to be the driving force behind the Company's sustainability in the future. Because we consider how the Company moves forward in these areas to be very important, if possible, we suggest setting up an annual forum to gather outside opinions and provide an opportunity to get feedback on matters such as the direction and extent of Kurita's actions. By disclosing the results of this kind of forum to outside stakeholders, the Kurita Group can gain even greater understanding and support.

Finally, we conducted a basic check of Kurita's environmental performance data collection and social data and found no significant errors.

Katsuhiko Kokubu

Dr. Kokubu is a professor at the Graduate School of Business Administration, Kobe University. He completed his PhD in Business Administration from Osaka City University. He has served as Dean of the Graduate School of Business Administration, Kobe University from 2014 to 2016 and from 2022 to the present, and as Vice President of Kobe University from 2019 to 2021. Dr. Kokubu is Chairman of MFCA Forum Japan, and also chairs the committee that judges the Corporate Philanthropy Award for the Japan Philanthropic Association. He has published many books and articles including *Beyond Accountability toward Management Ethics* (Yuhikaku Publishing Co., Ltd.), and *Emergent Responsible Management* (Nikkei Publishing, Inc.).



Katsuhiko Kokubu

Eriko Nashioka

Ms. Nashioka is a Certified Public Accountant and Director of the Institute for Environmental Management Accounting (IEMA). She joined IEMA in 2004 after working as a senior researcher at the Kansai Research Center of the Institute for Global Environmental Strategies (IGES), a major auditing firm. She is a member of the Sustainability Subcommittee of the Internal/External Officer Accountant Research Special Committee of the Japanese Institute of Certified Public Accountants. She is also an external officer of three listed companies including Osaka Gas Co., Ltd.



Eriko Nashioka

Response to Third-Party Opinion

Thank you, Professor Kokubu and Ms. Nashioka, for your invaluable comments.

Under the MVP-22 plan, the Kurita Group positioned CSR at the core of our management, established materiality as Kurita's CSR Policy, set materiality metrics and targets, and worked to achieve these targets. In addition, we sought to make disclosure and engage with various stakeholders based on GRI Standards, TCFD recommendations, and other international standards, using the issues they identified to verify our CSR initiatives. As a result, we achieved all metrics and targets for the basic themes related to safety, fairness, and human rights. I believe we also strengthened the foundation for our management and business activities, including the start of human rights due diligence initiatives. On the other hand, the themes for growth opportunities related to water, CO₂ emissions, and waste, although we were able to continue improving customer environmental impact by expanding the CSV business, we were unable to achieve our target for CO₂ emissions reduction. The fact that we were unable to achieve our targets for indicators related to water, which is the core mission of the Kurita Group, is a particularly serious matter and, as you pointed out, we recognize that this is an ongoing issue.

Under the PSV-27 plan, which started in fiscal 2024, our concept of CSR at the core of management was extended to include sustainability. Based on this, we identified key issues as the Kurita Group's Materiality to guide us in achieving our corporate vision. We have also expanded our metrics and targets. Revisions to our materiality arose out of deliberations among the E&S Committee and external directors. Their report was then discussed by the Medium-Term Management Plan Review Committee, made up primarily of Executive Committee members, and then approved by the Board of Directors. I think we succeeded not only in expanding the number of metrics and targets but also strengthening them in terms of quality. For example, for the reduction rate for Scope 1 and 2 emissions, a theme carried over from the MVP-22 plan, we set a challenging target of a 100% reduction by fiscal 2031. In addition, we will work to eliminate trade-offs for our natural capital as we seek to address multiple aspects of materiality. For this reason, we set a new metric, "Rate of reduction in the ratio of GHG emissions to water savings through CSV business." Our aim is to halve such emissions per every cubic meter of water saved.

We set up a Sustainability Division, bringing together relevant departments to work together across the Group in addressing materiality, which we have expanded in terms of both quantity and quality. We also renamed the E&S Committee as the Sustainability Committee. In addition, Kurita Water Industries transitioned to a Company with a Nominating committee, etc. by a resolution of the June 2023 General Meeting of Shareholders. Going forward, oversight of materiality initiatives will be strengthened, informed by the perspectives of various stakeholders. As both head of the Sustainability Division and chair of the Sustainability Committee, I will be attentive to vast, rapidly changing global developments in sustainability and issues I have learned about by engaging with stakeholders. Under the theme of shared value themes which is related to creating shared value with society, I will encourage the Group to expand our impact on society and the environment by revisiting the value of addressing issues related to water. Meanwhile, in terms of "Basic themes, I will lead the Group in building greater trust with all our stakeholders, which is properly the foundation of all our management and business activities.

Underlying both our CSR initiatives under the MVP-22 plan and our sustainability initiatives under the PSV-27 plan is the desire to grow sustainably with society. This ambition has been passed down within the Kurita Group since our founding, and is given expression in our corporate philosophy: "Study the properties of water, master them, and we will create an environment in which nature and humanity are in harmony." The Kurita Group will continue striving to make this corporate philosophy a reality.



Hisashi Tanabe
Corporate Officer
Executive General Manager
of Sustainability Division



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Please contact us with any inquiries regarding this report, using the [Inquiries & Request form](#) on our website.

<https://www.kurita.co.jp/english/>