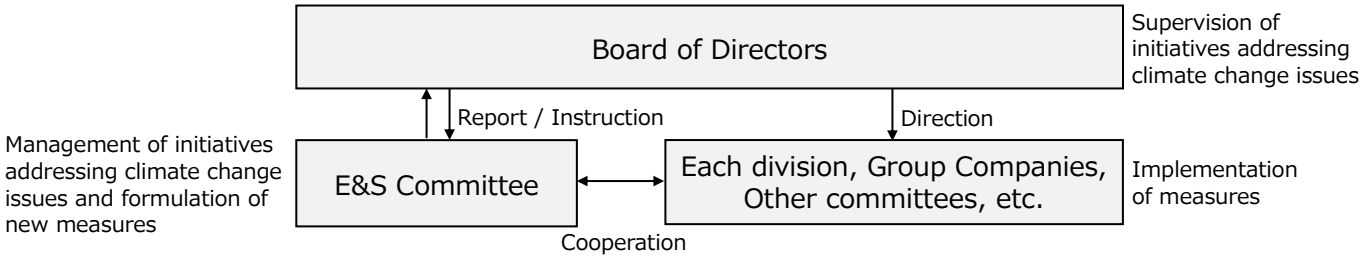
The Kurita Group's Initiatives Addressing Climate Change

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.

1. Governance

The Kurita Group sets the E&S (Environmental & Social) Committee, chaired by the executive senior managing director and representative director of Kurita Water Industries, which oversees initiatves addressing climate change. The Board of Directors supervises the initiatives, receives reports from the E&S Committee twice a year in principle, and decides on necessary measures.



2. Strategy

Based on the two scenarios (1.5℃ and 4℃) [*1] described in IPCC SR1.5 and IPCC RCP8.5, the Kurita Group has evaluated the risks and opportunities and the impact on our business by two axes of "probability" and "impact" for short-term, medium-term and long-term[*2], and formulated the measures of the Kurita Group.

*1 The scenario in which the temperature rise from the pre-industrial level is 1.5℃ 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).

Type	Risks and Opportunities	Time horizon			Measures of the Kurita Group
		Short-term	Med-term	Long-term	
Policy and Legal	・ Introduction or increase of carbon tax (risk) ・ Regulations for products and services with high GHG emissions (risk) ・ Dissemination of supportive policy incentives to the conversion to energy with low GHG emissions (opportunity)	☐	☑	☑	・ 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 renewable energy-related businesses such as biomass power generation
Technolo-gy	・ Substitution of existing products and services with lower emissions options (risk/opportunity)	☑	☑	☑	
Market	・ Decreased demand from fossil fuel-related sector (risk) ・ Increased demand in the electronic industry due to the acceleration of DX (opportunity) ・ Soaring costs of material and energy (risk)	☐	☑	☑	

Physical Risks	・Increased factory shutdowns and construction delays due to extreme weather events such as cyclones and floods (risk) ・Increased operating rate of cooling equipment (opportunity)	☑	☑	☑	・Continuous strengthening of business continuity in preparation for natural disasters such as flood control
Resource Efficiency	・Dissemination of efficient production and distribution processes (opportunity) ・Reduction of water usage (opportunity)	☑	☑	☑	・Utilization of digital technology and development of low power technology ・Development and expansion of renewable energy-related businesses such as biomass power generation
Energy Source	・Dissemination of energy with low GHG emissions (opportunity) ・Conversion to distributed energy resources (opportunity))	☑	☑	☑	
Products and Services	・Increased demand for products and services with low GHG emissions (opportunity) ・Increasing diverse technical needs for reducing GHG emissions (opportunity)	☑	☑	☑	
Resilience	・Substitution and diversification of fuel and water resources (risks/opportunity)	☑	☑	☑	

3. Risk Management

The executive general manager of the Corporate Planning and Control Division who is the chairperson of the E&S Committee and is responsible for implementing risk management in the Kurita Group[*3] regularly analyzes and evaluates the Group's risks, conducts ongoing monitoring based on the Company-wide risk map, and takes steps to prevent risks from occurring. The E&S Committee which manages the risks related to climate change implements identification, prioritization, management, and evaluation of risks based on scenario analysis as appropriate, and measures to respond risks are reported to the Board of Directors.

*3 Please refer to the link below for the Kurita Groups risk management system.
https://www.kurita.co.jp/english/csr/csr_activity_risk/index.html

4. Metrics and Targets

To promote its CSR initiatives, the Kurita Group sets CSR Policy as a common policy for the Group which stipulates the seven priority themes. In Theme 5, which is an initiative to tackle climate change, in order to make efforts in line with the Paris Agreement, we have set the new long-term targets aligned with the well below 2℃ indicated by SBTi[*4], 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 previous targets.

*4 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℃ compared to pre-industrial levels.

Priority theme of CSR Policy	Metrics	Long-Term Targets	
		FY 2031	FY 2051
5. Realize sustainable energy use	Scope 1 and 2 emissions reduction (Reduction rate from FY 2020)	27.5%	100%
	Scope 3 emissions reduction (Reduction rate from FY 2020)	27.5%	-