

Section 4:

The Platform for Value Creation

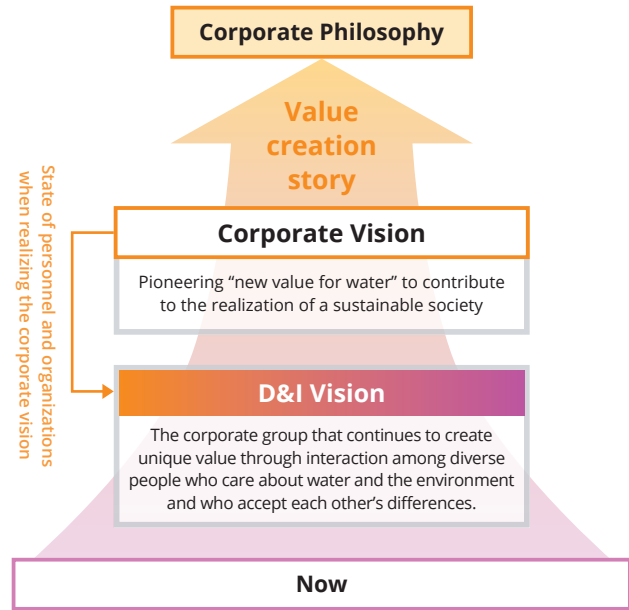
Human Resources Strategy

Basic Concept

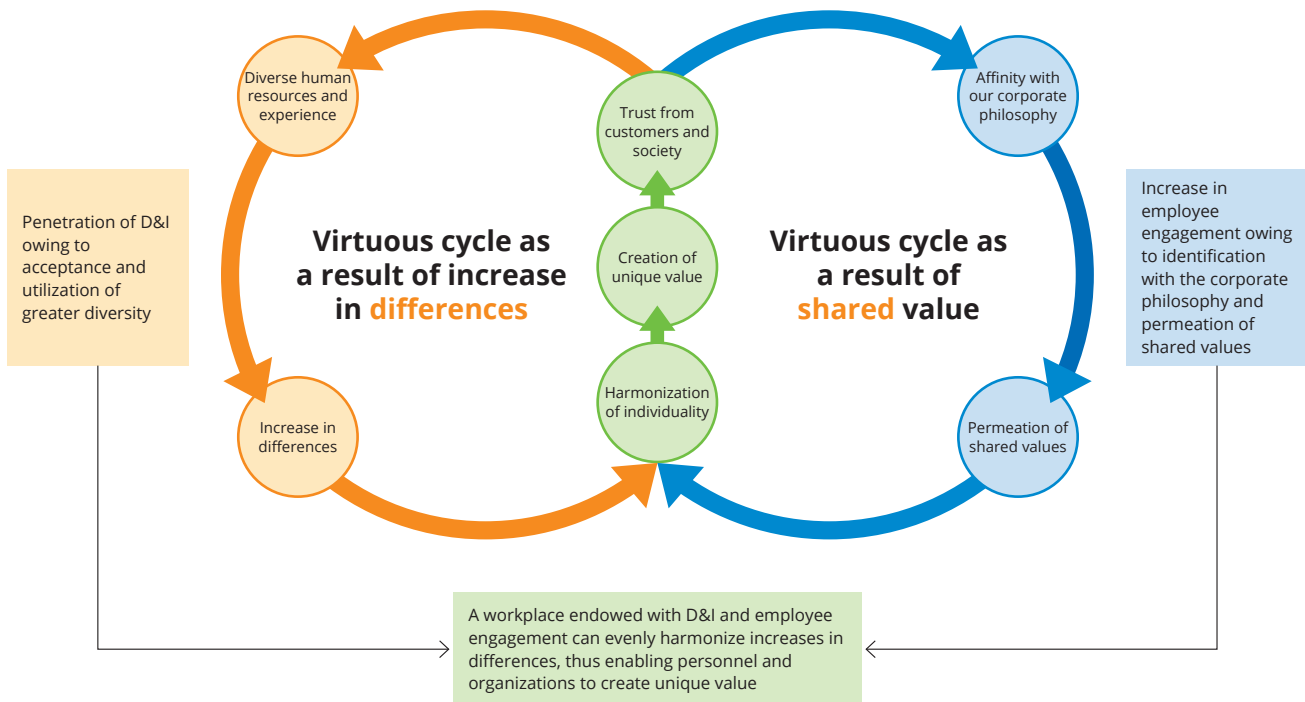
For the Kurita Group, which provides diverse solutions to society and industry with the aim of continuously creating “new value for water,” human resources are the driving force behind its sustainable growth. That is why we continue to implement organizational and personnel initiatives based on our Diversity & Inclusion (D&I) Vision and Human Resources (HR) strategy, which are connected to our value creation-led business strategy.

D&I Vision

Our D&I Vision in terms of the state of personnel and organizations when realizing our corporate vision is to be a “corporate group that continues to create unique value through interaction among diverse people who care about water and the environment and who accept each other’s differences.”



► Schematic Flywheel Representation of D&I Vision

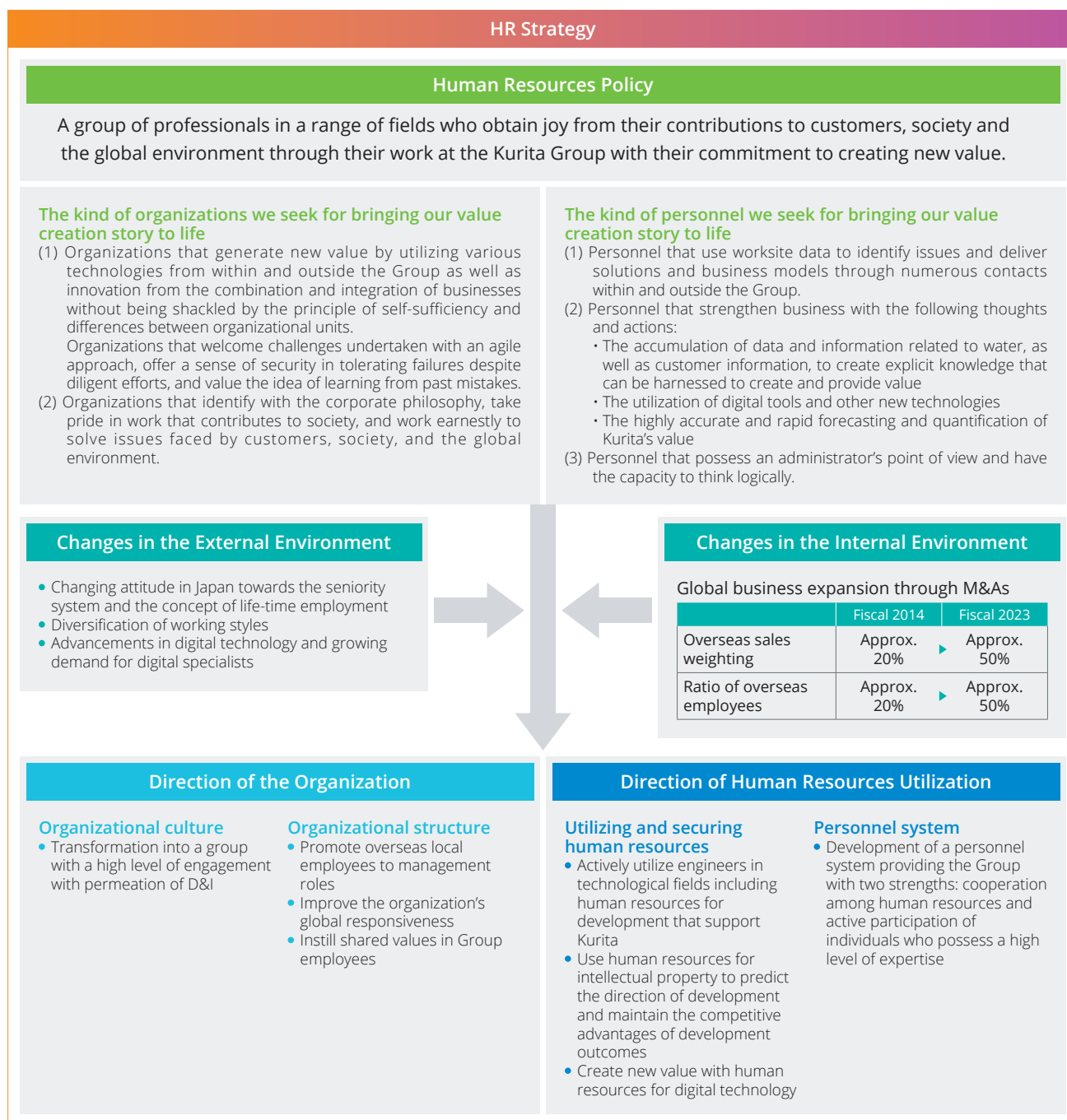


Overview of HR Strategy

We are formulating an HR strategy with which our organizations and personnel can give shape to our value creation story by realizing our D&I Vision.

The HR strategy comprises a human resources policy and an underlying course of action. The former is arranged around the kinds of organizations and personnel described in our strategic story —

which is the basis of our value creation story — and represents our basic policy on the values, thoughts and actions required of Kurita Group employees. To this we add the changes in the Group's internal and external environments, while our approach to initiatives is organized into a course of action for both organizations and human resources utilization.

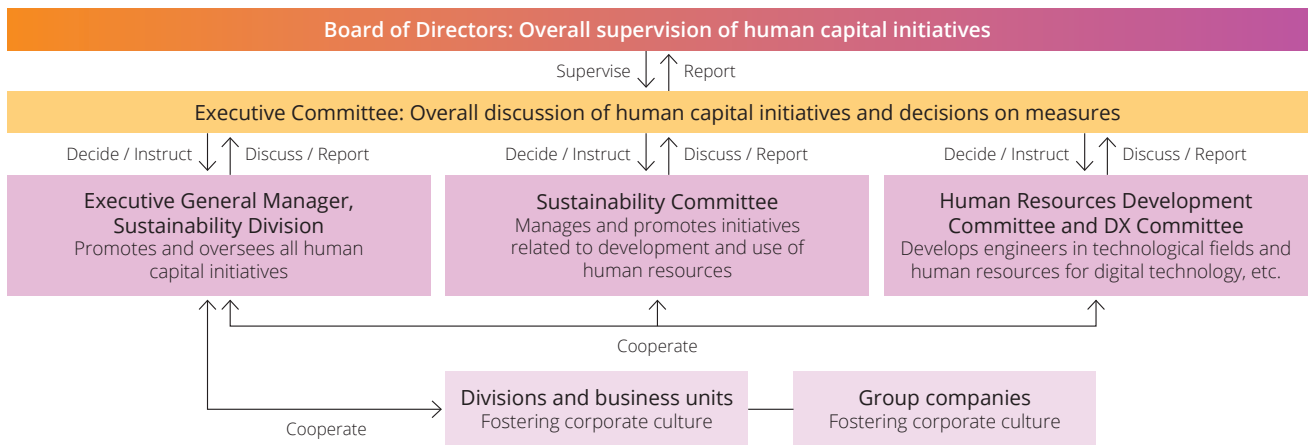


Human Resources Strategy

Promotion Framework

All initiatives related to the Kurita Group's human capital are carried out under the supervision of the Executive General Manager of the Sustainability Division, who is also a corporate officer. Measures aimed at fostering corporate culture are implemented in cooperation with each division, business unit and Group company. In addition, measures to develop and utilize human resources – one element of the Kurita Group's Materiality – are overseen and deployed by the Sustainability Committee, chaired by the Executive General Manager of the

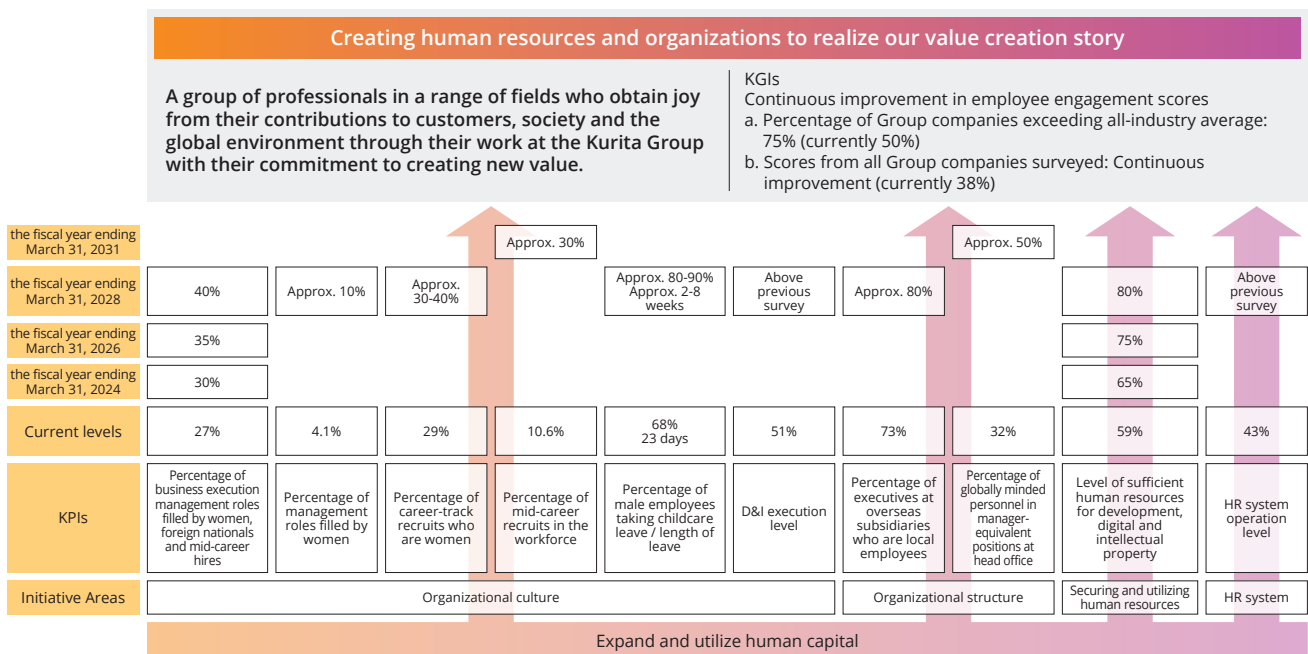
Sustainability Division, in collaboration with the Human Resources Development Committee and the DX Committee. Reports on the status of human capital initiatives are submitted to the Executive Committee, which discusses their content and makes decisions on necessary measures. The Executive Committee also reports the status of human capital initiatives to the Board of Directors, which is responsible for the overall supervision of the initiatives.



HR Strategy KPIs

In order to implement measures while quantitatively monitoring progress with HR strategy, the Kurita Group has established the following HR strategy KPIs and KGIs. The KGIs and KPIs consist of "materiality," "quantitative targets," and "indicators for monitoring medium-term trends." By measuring these areas, we are improving the effectiveness of HR strategy. The indicators include "D&I

execution level" (measuring the extent to which recommended D&I actions are being taken to realize the D&I Vision) and "HR system operation level" (measuring the effectiveness of the HR system). These are unique Kurita indicators derived from the employee engagement survey conducted every two years.





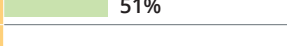

Understanding Employee Engagement

To improve employee engagement*, we conduct an engagement survey every two years to understand current levels of employee engagement. This helps us to identify issues that need to be addressed and to implement or upgrade related measures. In our first survey, conducted in the fiscal year ended March 31, 2022, we surveyed employees at Kurita Water Industries and three overseas Group companies. Two of the four companies surveyed (50%) exceeded the all-industry average for employee engagement in their respective countries. We received responses from 96% of the target group and a total of 2,706 written comments, providing insights into

issues that need to be addressed. Using this feedback, we are working to improve employee engagement based on the characteristics of each company and organization. In our second survey, to be conducted in the fiscal year ending March 31, 2024, we plan to survey 35 companies, including the four companies from last year.

* The relationships between employees and company/organizations, and between employees and their work. We believe that when these relationships are strong and healthy, it is easier to create a virtuous cycle in which employees are enthusiastic and motivated to contribute to the Company and its organizations.

Engagement Scores (Percentage of People Strongly Engaged)

		0% 20% 40% 60% 80% 100%	Country average (all industries)	Country's top 25th percentile (all industries)	Issues and responses
Japan	Kurita	 32%	28%	39%	Issues: Career and personal development, understanding and awareness of management policies Responses: Address Companywide issues and organization-specific issues
China	Company A	 61%	74%	86%	Issue: Diversity Responses: Increase opportunities for dialogue, overhaul compensation system, promote D&I
	Company B	 51%			
US	Company C	 90%	64%	75%	Issue: Work-life balance Response: Review use of leave

* **Blue** = Kurita Group's percentage is higher
Red = Kurita Group's percentage is lower

Fostering Corporate Culture

To transform Kurita into a highly engaged group with well entrenched D&I, we are promoting the following initiatives based on the situation in each division and Group company.

In the fiscal year ended March 31, 2023, we extended our efforts at Kurita Water Industries to Group companies, focusing on steps (1) and (2). This included activities to promote wider understanding of the D&I Vision by distributing explanatory videos, holding presentations about activities within each organization, and running workshops, roundtable meetings, and workplace and group discussions. These efforts helped to lift awareness of the D&I Vision to over 90% of the workforce. In the fiscal year ending March 31, 2024, we plan to shift the focus to steps (3) and (4). We will ascertain the D&I execution level through our employee engagement survey, which will give us insights into how well the actions are taking root and what improvements need to be made. We will also share best practices across the Group to transform our business.

- 1 **Acknowledge**
Know the D&I Vision
- 2 **Recognize**
Take personal ownership of D&I through workplace discussions and other activities
- 3 **Act**
Implement the nine recommended actions to realize the D&I Vision
- 4 **Transform the business**
Create value by putting the recommended actions into practice

Nine Recommended Actions

 Be aware of unconscious bias and pay attention to diversity	 Create a psychologically safe workplace	 Praise the achievements of colleagues and appreciate their efforts
 Learn, take action, and grow autonomously	 Interact with all kinds of people without falling victim to differences of opinion	 Be unafraid to take risks and embrace challenges agilely
 Understand the vision	 Enhance one's sense of self-affirmation	 Share your D&I accomplishments

Each Organization Implements Its Own Initiatives to Promote D&I



Senior general managers visit each business site to explain their division's strategies in person



Employee networking event in Indonesia

Human Resources Strategy

Ensuring Diversity

We seek to have employees from all walks of life, irrespective of gender, nationality, age, disability, employment history, working style (contract type and terms of employment), or experience, and make full use of each other's experience, knowledge, and skills to spark innovation with a view to realizing our corporate philosophy. Managers and employees in leadership roles are also actively working to ensure diversity in the Company.

We are focusing our efforts on Kurita Water Industries, which faces more challenges in ensuring diversity than other parts of the Group. To lead these efforts, we have established a dedicated D&I organization within the Company to roll out measures in collaboration with other internal organizations and Group companies.

Empowering Female Employees

We have set targets to increase the proportion of women in management roles related to business execution and in other key roles and we are implementing measures to achieve the targets. As of April 2023, the percentage of female managers was 4.2%, below our target of at least 5%. This shortfall partly reflected the merger of a certain subsidiary, which led to an overall increase in the number of managers. We continue to work towards our goal of lifting the percentage to 10% by the fiscal year ending March 31, 2028.

In a survey we conducted last year, many respondents expressed concerns about the lack of female role models and the need to balance family and work commitments. Based on this feedback, we implemented the following initiatives in the fiscal year ended March 31, 2023.

- (1) Workshops for female personnel interested in management roles
We held workshops at each stage of the management promotion process (for employees who have been with the Company for several years, team leader candidates, and team leaders) to provide support and address any concerns about the process.

A total of 25 team leaders and team leader candidates took part, giving them the opportunity to talk with current female managers and hear from female external directors about their experiences in career development. Our HR team provided feedback on the workshops to line managers of the participants and asked for cooperation in providing support on a daily basis.

- (2) Networking meetings for female personnel interested in specialist roles
A total of 27 female employees took part in the networking meetings, where senior female employees shared their experiences with employees interested in demonstrating a high level of expertise in specialist fields. They talked about the background and thinking behind their decision to choose the specialist role career path, how they gained their expertise, and how they balance work and family commitments.

From the fiscal year ending March 31, 2024, we will also hold roundtable discussions for executive general managers and female employees to engage directly on the topic of female empowerment in the workplace.



Workshop for team leader candidates

Female Manager Targets and Past Results (fiscal year ending March 31)

		2019	2020	2021	2022	2023	April 2023		2028	2031	
							Targets	Results			
Kurita Water Industries	Percentage of female managers	1.1%	2.1%	2.4%	2.7%	4.1%	5% or higher	4.2%	Around 10%		
	Percentage of women hired for career-track positions	New graduates	21%	19%	33%	24%	31%	30%	35%	—	
		New graduates & mid-career	15%	20%	33%	28%	29%	—	—	Around 30-40%	
Reference: Kurita Group	Percentage of female managers	9%	10%	12%	13%	13%					
	Percentage of female employees (vs. entire workforce)	24%	24%	25%	25%	25%					

Target and Current Percentage of Mid-Career Hires

Percentage of mid-career hires in workforce	10.6%	Around 30%
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Supporting Mid-Career Hires

Every year we recruit between 10 and 20 mid-career hires – equivalent to 10-30% of all new hires over a 12-month period – based on their potential to be immediately effective in line with our business expansion. As of December 2022, 82 mid-career hires (13% of the workforce) held a manager-equivalent position. In the fiscal year ended March 31, 2023, we stepped up support for mid-career recruitment, such as improving explanations about roles and available career paths at the selection stage and offering a short introduction program (around 3 days) to ease any concerns after joining the Company so that new mid-career hires can have an immediate impact.

Supporting Globally Minded Personnel

The Kurita Group aims to provide global value tailored to the characteristics of each region. To maximize this value, we have to not only encourage local employees to play an active role in our business, but also improve operational levels across the Group by ensuring the Company and its Group companies interact under common principles. To achieve this, we are training executives from overseas Group companies and promoting them to management positions at each company and at Kurita Water Industries, while also improving their international skills. As result of these efforts, the proportion of locally hired employees either in a representative position or with an

officer title at overseas Group companies now exceeds 70%, illustrating how personnel hailing from different countries and regions hold management positions throughout the Group. Going forward, we plan to train these individuals to become core personnel by introducing an overseas training system and expanding Groupwide training functions.

Creating a Comfortable Working Environment for a Diverse Workforce

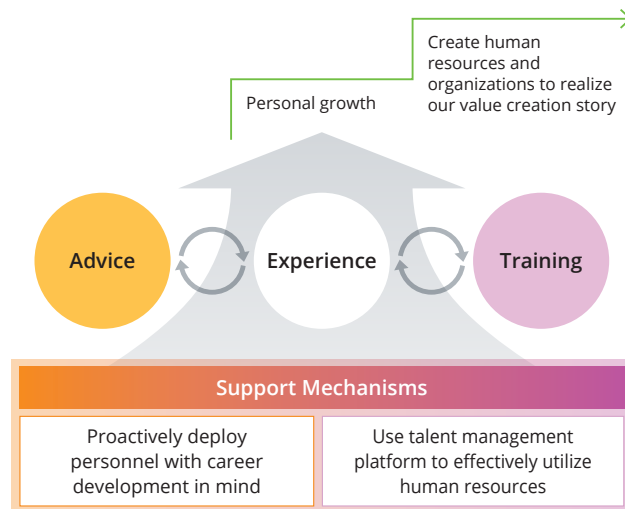
The Kurita Group is making every effort to create a workplace environment where each and every employee can work with peace of mind. We have systems in place that help employees balance their work with childcare, nursing care, and other life events, flexible working style arrangements for those wishing to work from home or remotely, and schemes that also take into account the situations of minorities within the context of their SOGIE*, for example, by extending benefits and welfare to employees in a de facto or same-sex relationship. Not only are we encouraging officers and employees to know about and utilize these systems, we are working to create an environment where all kinds of people can work at ease by running online training sessions and regular awareness campaigns.

* Sexual orientation, gender identity, and gender expression

Utilizing and Securing Human Resources

Based on feedback from our employee engagement survey, which identified the need for systematic career development support, we reorganized human resource development from three standpoints – experience, advice, and training. We started implementing training programs based on this new approach from the fiscal year ended March 31, 2023.

The Group emphasizes experience in employee growth and development. To give employees more experience, we will use information from career preference surveys and our internal talent management platform to create a system that encourages experience. We will also provide career development support and use personnel transfers and postings to support career development. In addition, we will provide advice (cultivate managers who help subordinates take on new challenges) and training (offer practical learning opportunities and an environment for self-learning) to deepen their experience.



Human Resources Strategy

▶ Human Resource Training System (Kurita Water Industries)

	New hires		Core employees	Team leaders	Managers		Senior managers
Grade-based programs	New employee training	Foundational training (first 2-3 years)	Core employee training	Management training	New manager training	Leadership training	Corporate officer candidate program
Role-based programs	Specialist skills training (Sales & marketing, technology & development, engineering & supply chains, digital skills, business support)						
Theme-based programs	Mind Career Program / cultivating the Group's shared values						
	D&I, employee engagement						
	Career development support for female employees						
	Support for mid-career hires						
	International skills improvement						
	Training for future overseas Group company executives						
	Other (information security, compliance, human rights, etc.)						
Self-development	Support for self-development and obtaining national qualifications, etc.						

The Mind Career Program is designed to share the Group's corporate philosophy and corporate vision, as well as provide opportunities for employees to deepen self-understanding in line with their individual goals (Will), linking this into career planning. The program is run as part of grade-based training and other courses.

As part of efforts to step up the training of future management candidates and managers at overseas Group companies, we are launching initiatives from the fiscal year ending March 31, 2024 to create diverse personnel networks and promote our corporate philosophy. This will include training at head office and opportunities to work at other companies in the Group.

For grade-based training, we use an external learning platform with more than 2,000 courses and 10,000 e-learning modules, providing an environment where each employee can access content relevant to their grade. The platform helps our employees develop their own career paths and initiate their own learning.

Kurita Innovation Hub, which opened in 2022, is positioned as a center to enhance the core knowledge and skills of Kurita Group employees. Equipped with a wide range of water treatment facilities, the center hosts training programs that improve the specialist skills of our employees. The center also has a studio that has produced more than 900 human resource training videos and other content, which is available to employees across the Group via a portal site.

We also plan to implement the following initiatives from the fiscal year ending March 31, 2024 to attract personnel with diverse expertise and experience.

- Use a wider range of recruitment channels and introduce a specialist recruitment system for new hires
- Increase wages for the main target age groups
- Introduce a compensation scheme to attract seniors with highly specialized skills



Kurita Innovation Hub is also used as a training center for employees from overseas Group companies

Securing and Utilizing Engineers in Technological Fields, Human Resources for Digital and Intellectual Property

The Kurita Group is working to attract and utilize engineers in technological fields with extensive water treatment expertise including human resources for development, digital specialists who can drive the Group's digital transformation (DX), and intellectual property specialists who can support the Group's focus on technology, as these personnel will be key to acquiring and leveraging "water knowledge" to develop innovative solutions.

• Engineers in Technological Fields

The technologies that underpin the Group can be broadly divided into four categories: chemical technology, facility technology, basic technology, and design & engineering technology. These groups can be further divided into around 30 subcategories. By mapping the human resources engaged in these fields, we can visualize where there are gaps in personnel in each technology category. Based on this, we can reinforce our workforce over the longer term and develop future engineers through the Kurita-Technical Education Program, our systemized human resources training program. Giving full play to the skills, knowledge, and experience of engineers throughout the Group will serve to further deepen and develop our water treatment technologies. As of June 2023, the Company had around 310 engineers, plus about 370 future engineer candidates.

• Human Resources for Digital Technology

Digital specialists with the skills to devise and deploy DX-driven strategies, develop business models, build infrastructure, and provide IT services are indispensable to the Group's DX. We are working to attract and develop digital specialists who can create new businesses that integrate digital technology with diverse contact points, while also improving the digital literacy of other personnel. In the fiscal year ended March 31, 2023, we provided technical training to employees identified as having high "digital aptitude" in an assessment process. We also selected personnel from the group to work on business proposals that utilize digital technology. These activities also extend beyond the Group - we are partnering with start-ups and hiring people with experience from outside the Company. In the fiscal year ended March 31, 2023, the Group had approximately 180 digital specialists on its books and we aim to expand this number to about 400 over a three-year period.

• Human Resources for Intellectual Property

In addition to our existing intellectual property (IP) protection and risk reduction activities (defensive IP), we launched IP information analysis (offensive IP), including IP landscape analysis, from the fiscal year ended March 31, 2023. The aim is to use IP information to support management, business, and innovation strategies. We also plan to strengthen global IP activities and look at ways of improving IP quality. To achieve these goals, we are working to identify and train highly specialized IP personnel who can collaborate with other divisions in order to raise the level of IP expertise in the workforce and step up IP activities across the Group.

