

July 28, 2020

To: Kurita Water Industries Ltd.



## CSR Management Evaluation Report

<Outline of the purpose of this report and implemented procedures>

As a third party independent of the Kurita Group, we provide our opinions in order to enhance the credibility of the Kurita Group's "Kurita Group Sustainability Report 2020" by evaluating the CSR management efforts described in the report.

To examine how the Kurita Group's CSR management activities are planned and executed and how performance data resulting from these activities, the foundation of publicly disclosed information, is created, evaluated, and used, we interviewed the President of Kurita Water Industries Michiya Kadota and questioned responsible staff at the company's head office.

<Evaluation and comments>

As the COVID-19 pandemic has spread around the world, social priorities, values, and ways of life have been forced to change. It seems that a reformation has begun to sort out what is truly necessary and essential in society. The Kurita Group, which is engaged in the water business, is becoming increasingly important as a company that underpins social infrastructure. As such, society looks to the Kurita Group to remain a viable business. Even in the midst of the pandemic, the Group was able to continue supplying customers with the water treatment solutions they rely on without shutting down its business. The Group is currently undergoing major changes, reassessing the management resources at its disposal and the value it can provide to society. As the COVID-19 crisis has further driven the use of digital technology in the workplace and the shift to remote work, I believe the Group is transforming itself into a company that can flourish in a new era.

The Kurita Group has realigned its organization and revised its performance evaluation standards, positioning the value it provides to society through its customers as its top priority. What the Group provides to society is not only products such as water treatment chemicals and facilities. What is more important is the value that customers derive from using these products, which is provided to society through co-creation with customers. This way of thinking, which is also a special characteristic of its business, is well-suited to pursuing the mission of the SDGs and realizing a sustainable society. The Group has created a system to translate its inherent value into concrete outcomes, which has been widely recognized as its efforts to put such thinking into practice.

Fiscal 2020 marks the second year of the MVP-22 medium-term management plan. The Group has put a framework in place for the business processes needed to realize the Value Creation model to guide the Group toward its vision for the future. The Group is also making steady progress toward achieving its targets for the seven material issues in the plan for fiscal 2023. In particular, with regard to the themes for growth opportunities, the Group is aiming to reduce water, energy, and waste by linking these targets to its core businesses and has achieved its fiscal 2023 targets ahead of schedule. New, higher targets have now been set. The Group is also promoting internal activities, such as conducting Scope 3 initiatives and considering measures to reduce them. Kurita's CSV business, which is defined as creating and evaluating shared value in partnership with customers, has been positioned as a key measure under MVP-22, and is expected to expand in the future.

The Group's Sustainability Report contains a wealth of information on systems for promoting CSR management, operational status, and outcomes. It also introduces case studies of co-creating value with customers, which will help readers understand the report. In the future, I think the report will be even easier to understand if it can show how employees, who are the Group's most important stakeholders, perceive and act on the philosophy and values of the Group. I also look forward to being provided with information on interactions with employees and other stakeholders.

We have conducted a basic check of the collection of environmental performance data, and found it to be free of material errors.

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