

The Kurita Group  
Sustainability Report  
**2022**

Fiscal year ended March 31, 2022



## Editorial Policy

The Kurita Group Sustainability Report 2022 (“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 2022.

## 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

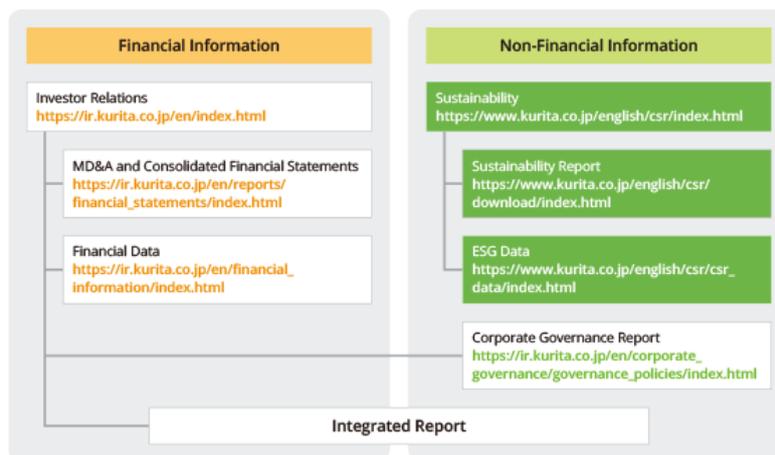
The Kurita Group

## Period covered

Fiscal 2022 (April 1, 2021 to March 31, 2022)

\* Some information on policies, structures, and initiatives prior to and beyond fiscal 2022 is included in the report as necessary.

## 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.
- Regarding environmental and social data, there is some variation in the figures reported for fiscal 2020 owing to revisions to the aggregation range of Scope 1, 2, and 3 emissions, and to a change in the aggregation method for Scope 3 emissions, based on the GHG protocol.

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# Message from the President



## Enhancing sustainability initiatives with CSR as the foundation

Michiya Kadota  
President and Representative Director

A handwritten signature in blue ink that reads "Michiya Kadota". The signature is written in a cursive, flowing style.

## CSR initiatives and business activities informed by social issues

Climate change, geopolitical risks, energy security and other issues are combining to create a period of volatility, uncertainty, complexity and ambiguity (VUCA) in the world today, forcing us to deal with a complex set of risks in our everyday lives and in business management.

The water field – the very core of the Kurita Group’s business – is also exposed to various risks with a high probability of overlapping impacts. This is making our role in protecting people’s lives and industry increasingly important. The Group’s overseas business expansion in recent years means a wide range of global risks also have the potential to impact our business activities and corporate value, but our increasingly international outlook also gives us more opportunities to help solve social issues related to water worldwide.

Sustainable corporate growth is inextricably linked to the sustainability of society as a whole, so companies evidently need to do their part to tackle social issues.

The Kurita Group has positioned CSR at the core of management strategy in its current medium-term management plan, Maximize Value Proposition 2022 (MVP-22), which launched in fiscal 2019. We also established a CSR medium-term plan with metrics, targets, and activities to achieve sustainable growth with society. In line with these aims, we have been working to both lift business competitiveness and enhance our ability to respond to risks. We have made steady progress with these activities to date, and as we enter the final year of the MVP-22 plan, there will be no let up as we continue to implement CSR initiatives to attain our targets.

A key element of the MVP-22 plan is “**CSV Business**” – products, technologies, and business models that are highly effective in saving water, reducing CO<sub>2</sub> emissions and reducing waste – helping to achieve the sustainable development goals (SDGs) and their targets. Expanding and developing CSV businesses is a priority measure in the MVP-22 plan, because doing so helps to solve social issues, but also increases the Group’s business competitiveness. On a trial basis, we added “social value derived from CSV businesses” as one of our performance benchmarks in fiscal 2022 to encourage every Kurita Group employee to be more aware of the social value they create. We adopted this benchmark from fiscal 2023.

To [address climate change](#) and water resource issues, which are shared challenges worldwide, we added long-term targets (2030 and 2050 end-dates) to our CSR Policy and began working towards them from fiscal 2021. Our efforts to tackle climate change are focused on reducing emissions in the Scope 1, 2 and 3 categories in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), overseen by the Board of Directors. As part of our efforts to address water resource issues, [we joined the Water Resilience Coalition \(WRC\) as a founding member](#). The coalition was established under the auspices of the UN Global Compact (UNGC) to tackle issues related to water resources, and the WRC's long-term goal is to protect and restore water resources in water-stressed regions worldwide.

Since fiscal 2019, we have positioned CSR at the core of the Group's management strategy. Through our initiatives, we have steadily built a framework to support business activities informed by social issues.

## Reviewing the CSR Policy and promoting sustainability

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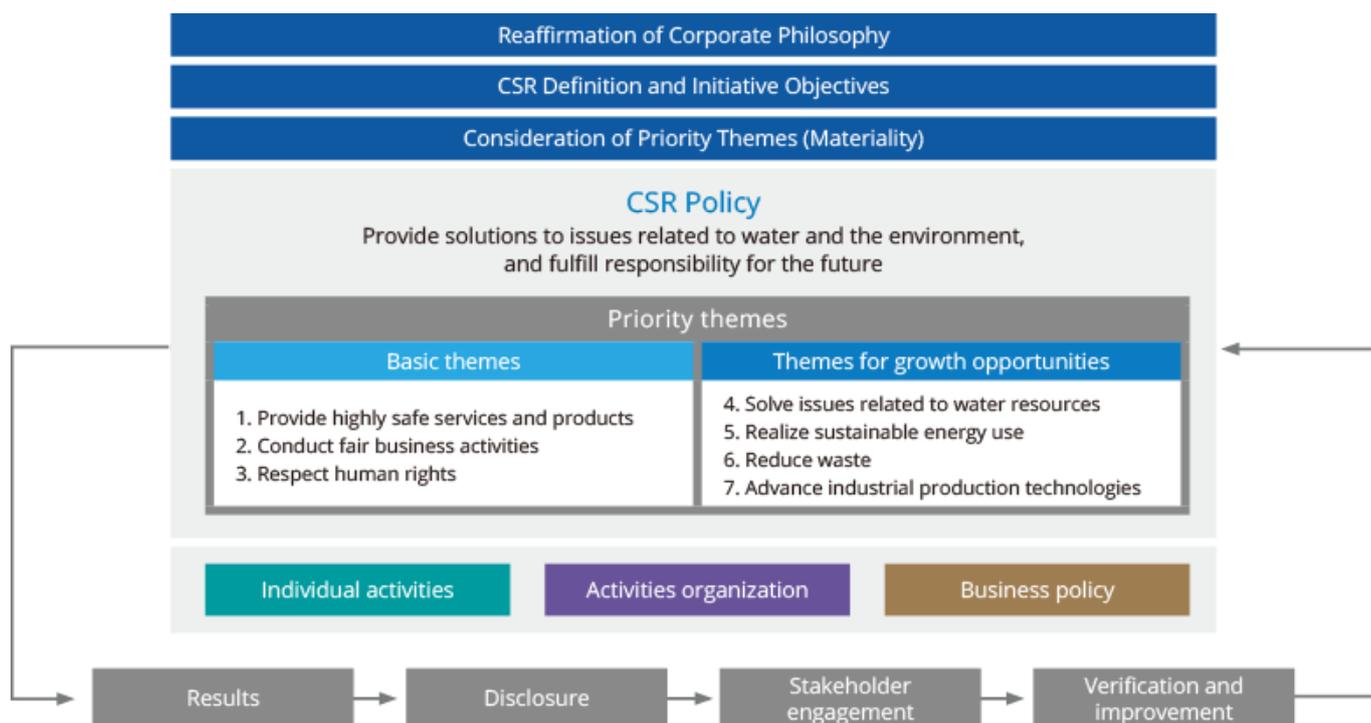
We are currently reviewing our CSR Policy.

The review has been triggered by the realization that we need to put greater emphasis on our sustainable growth as a company by taking into account how our activities impact the natural environment and social systems, and vice-versa, based on outcomes and issues from implementing our CSR Policy so far. The goal is to use our "water knowledge" – accumulated from a wide range of different business sites since the Group was founded – to more broadly tackle and solve issues faced by society.

Specifically, we believe the Group can address social issues more effectively through its business activities, as seen with CSV businesses, by reviewing initiatives to address materiality (priority sustainability issues for Kurita, and the basis of CSR policy to date) from the perspective of sustainability, and by integrating them into management and business strategies in the next medium-term management plan starting in fiscal 2024. This review of materiality is being discussed by the Next Medium-Term Management Plan Review Committee and by the Board of Directors based on a report from the Environmental & Social (E&S) Committee, which is responsible for overseeing all the Group's CSR initiatives. The discussions also looked at the relationship between the revised Kurita Group Philosophy System and the Value Creation Story formulated in fiscal 2021, with the aim of setting out a path for growth that is easy for employees and other stakeholders to understand and feel invested in. In this way, we want to encourage every employee to think about how to leverage the Kurita Group's core competence – "water knowledge" – to solve social issues through effective action. The goal is to develop innovative new approaches for social issues and to provide solutions for regions and issues that the Group has not approached before.

The sustainability initiatives to be integrated and implemented with the next medium-term management plan will not be developed from scratch. We will build on the CSR initiatives put into practice by every employee so far to take the Kurita Group to the next level.

In today's uncertain world, we will reaffirm the aspirations in our corporate philosophy, and together with stakeholders, strive to create shared value with society.



## 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

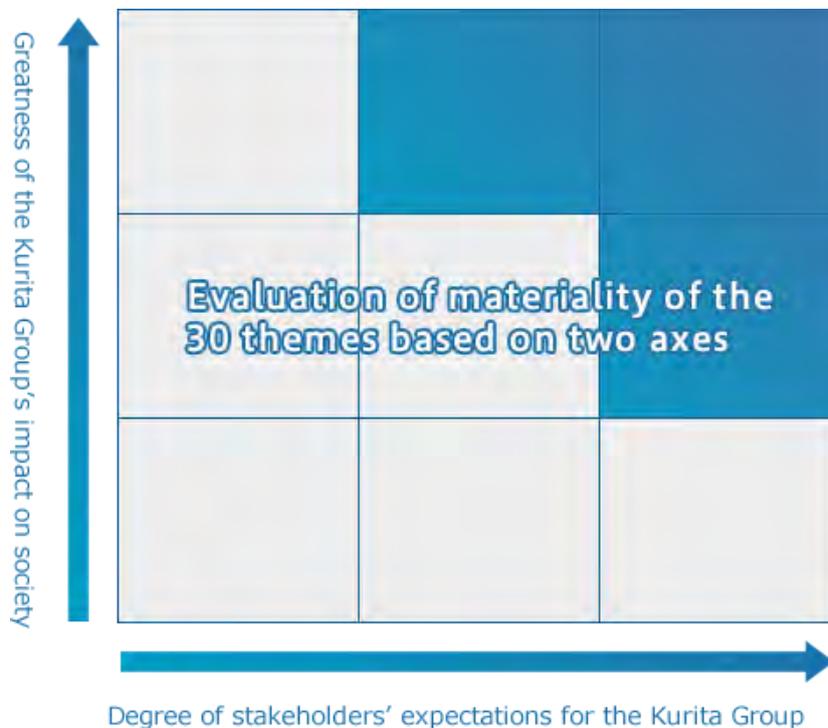
1. Creating and maximizing shared value for the Kurita Group and society
2. Identifying, preventing and mitigating possible adverse impacts by the Kurita Group

# 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.

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, 2022		Evaluation*1
				Target year	Target	Result		
Basic themes	1. Provide highly safe services and products  	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%	100%	Achieved
			2) Rate of front-line employee participation in regular safety training directly related to products and services	100%		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%	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%	100%	Achieved	
		2) Rate of front-line employee participation in safety training directly related to site operations	100%		100%	100%	Achieved	
Themes for growth opportunities	4. Solve issues related to water resources      	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 <sup>3</sup>	FY2023	123 million m <sup>3</sup>	113 million m <sup>3</sup>	Unlikely to be achieved*5
			Number of people that can benefit from improvement in water resources*2	700 million people	FY2031	—	—	—
	5. Realize sustainable energy use     	Optimize energy use in living and in industries, and introduce technologies for creating energy throughout society.	CO <sub>2</sub> emissions reduction at customers – CO <sub>2</sub> emissions from our business activities*3	10,000 t	FY2023	97,000 t	91,000 t	Likely to be achieved
			Scope 1 and 2 emissions reduction (rate of reduction since fiscal year ended March 31, 2020)*4	27.5%	FY2031	—	11.5%	Likely to be achieved
			Scope 3 emissions reduction (rate of reduction since fiscal year ended March 31, 2020)*4	27.5%	FY2031	—	20.3%	Likely to be achieved
	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	414,000 t	316,000 t	Likely to be achieved
	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	38%	28%	Likely to be achieved*6

\*1 Evaluations of themes 1, 2 and 3 are based on annual goals and results.  
Evaluations of themes 4, 5 and 6 are based on annual results relative to medium- and long-term targets.  
Medium-term target for theme 7 is set based on levels necessary for the Kurita Group to continue providing products, technologies or business models to society that drive improvements in industrial production technology.  
Consequently, evaluation of theme 7 is based on medium-term target and result for 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 “CO<sub>2</sub> 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 Single-year targets were added from the fiscal year ending March 31, 2023, so only the result for the fiscal year ended March 31, 2022 is shown.

\*5 The medium-term target is unlikely to be achieved, as the volume of water savings at customers is lower than assumed at the time the target was set.

\*6 The target for the fiscal year ended March 31, 2022 was not achieved, as some development themes were halted due to delays caused by the relocation of a research center at an overseas Group company. However, medium-term targets are likely to be achieved based on results in the fiscal years ended March 31, 2019 through 2022 and targets for the fiscal year ending March 31, 2023.

# 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"> <li>· Suggest and provide solutions to issues of individual customers, by communicating with them through proposal activities, and check how the solutions are evaluated.</li> <li>· Conduct customer surveys to better grasp issues facing the Kurita Group.</li> </ul>
Business partners	Fair trade and considerations for society, human rights, and environmental aspects in supply chain	<ul style="list-style-type: none"> <li>· Check what individual business partners expect and how they evaluate us, by communicating with them in procurement activities.</li> <li>· Conduct questionnaires of business partners to check expectations and evaluations by business partners as a whole and identify the Kurita Group's issues.</li> <li>· Set up a helpline for business partners as a contact for anonymous consultations and whistleblowing.</li> </ul>
Employees	Respect for human rights, improvement of job satisfaction, and human resource development	<ul style="list-style-type: none"> <li>· Check employees' opinions through a self-reporting system or the similar system.</li> <li>· 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.</li> <li>· Conduct employee happiness and well-being surveys to identify any issues.</li> <li>· Set up a contact for compliance consultation and one for whistleblowing to accept anonymous consultations and whistleblowing.</li> </ul>
Shareholders and investors	Dialogues with shareholders and investors for mutual understanding with them and winning support from them	<ul style="list-style-type: none"> <li>· 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.</li> <li>· People who are exclusively in charge of IR have dialogues with individual securities analysts and institutional investors through meetings and conference calls.</li> <li>· Disclose information appropriately and in a timely manner via integrated reports, website, and other media.</li> </ul>

Stakeholder	Purpose	Approach
Local communities	Contribution to local communities	<ul style="list-style-type: none"> <li>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.</li> <li>Contribute to the Kurita Water and Environment Foundation, which was established to contribute to advancing science and technologies related to water and the environment.</li> <li>Check expectations and evaluations by local communities in light of presence/ absence of complaints and other feedback to each business location and their contents.</li> <li>Through participation in the WRC*, work to preserve water resources in water-stressed basins all over the world.</li> </ul>

\* 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

## FY2022 Activities

Stakeholder	Major Approach	Results	Issues Going Forward
Customers	<ul style="list-style-type: none"> <li>Responded to CSR surveys from customers and supplier evaluation organizations in Japan and overseas.</li> <li>Conducted a second customer intimacy survey for customers in Japan and overseas, using NPS®*1 as the evaluation tool.</li> </ul>	<ul style="list-style-type: none"> <li>Responded to all surveys. Continued information disclosure to supplier evaluation organizations, improving our evaluation by EcoVadis from the top 29% to the top 9%.</li> <li>Received responses from 929 companies and 1,477 people. Shared the results with the relevant departments and formulated priority issues for fiscal 2023.</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen cooperation among related departments to explore more effective, more efficient information disclosure to customers.</li> <li>Determine how to administer the customer intimacy survey from fiscal 2023.</li> </ul>

Stakeholder	Major Approach	Results	Issues Going Forward
Business partners	<ul style="list-style-type: none"> <li>Conducted a questionnaire survey of our business partners and the business partners of Group companies in Japan.</li> <li>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).</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> <li>120 companies in Japan and overseas (accounting for 24% of the total amount of orders placed in fiscal 2021) registered with EcoVadis. Evaluation of 108 companies was completed.</li> </ul>	<ul style="list-style-type: none"> <li>Regardless of the timing of business partner surveys, notify business partners of the "Supplier Helpline" through which they can express complaints and requests.</li> <li>In addition to expanding EcoVadis registration of business partners, work to identify real risks in the supply chain and formulate and implement response measures.</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Conducted a compliance behavior survey of all Kurita Group employees and dispatch staff.</li> <li>In lieu of the "happiness and well-being survey" conducted until fiscal 2021, conducted an employee engagement survey targeting employees of the Company and some overseas Group companies.</li> </ul>	<ul style="list-style-type: none"> <li>Identified the risks and results of compliance activities at the Company and Group companies.</li> <li>Identified trends at each company surveyed in terms of employee willingness to contribute to the organization and the employee expectations and interests that affect such willingness. This enables an objective analysis and comparison against country-specific benchmarks.</li> </ul>	<ul style="list-style-type: none"> <li>Propose measures that work to foster the greater pride of employees in their work.</li> <li>Propose measures at each organization for items that are priorities in terms of improving employee engagement.</li> </ul>
Shareholders and investors	<ul style="list-style-type: none"> <li>Improved ESG information disclosure, responded to surveys from ESG evaluation organizations, had dialogues with ESG investors.</li> </ul>	<ul style="list-style-type: none"> <li>Continued to be included in the leading ESG indexes*<sup>2</sup>.</li> <li>Made it routine to share issues extracted from results of evaluations with departments in charge of activities.</li> <li>Initiated information disclosure with reference to SASB Standards.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>

Stakeholder	Major Approach	Results	Issues Going Forward
Local communities	<ul style="list-style-type: none"> <li>Confirmed whether there were complaints from local residents at each Kurita Group company site.</li> </ul>	<ul style="list-style-type: none"> <li>There were no thanks or complaints.</li> </ul>	<ul style="list-style-type: none"> <li>Continue to confirm the opinions of local residents near business sites.</li> <li>Through the activities of the WRC and other organizations, obtain a wide range of opinions on issues related to water resources.</li> </ul>

\*1 Net Promoter Score

\*2 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

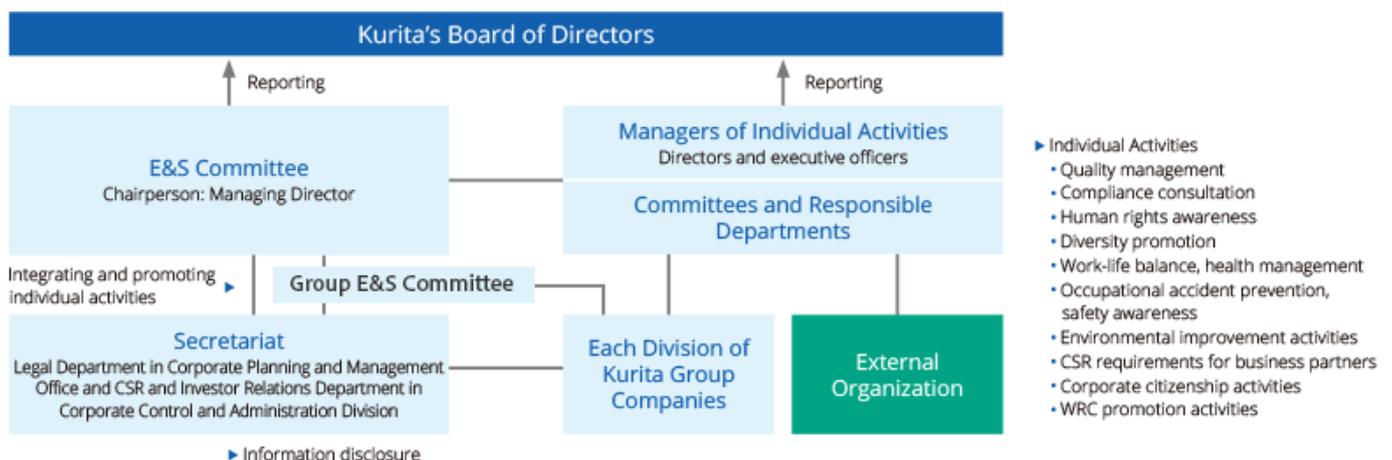
We disclose our CSR-related information to our stakeholders by the following methods.

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

## External Evaluation

### Inclusion in ESG Indexes

	<p><b>FTSE4Good Index Series</b></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><a href="#">Official website</a></p>
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 <p><b>FTSE Blossom Japan</b></p>	<p><b>FTSE Blossom Japan Index</b></p> <p>This index was developed by FTSE Russel. The FTSE Blossom Japan Index is designed to measure the performance of Japanese companies that are making outstanding efforts on ESG.</p> <p><a href="#">Official website</a></p>
 <p><b>FTSE Blossom Japan Sector Relative Index</b></p>	<p><b>FTSE Blossom Japan Sector Relative Index</b></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><a href="#">Official website</a></p>
	<p><b>MSCI ACWI ESG Leaders Index</b></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> <p><b>MSCI World ESG Leaders Index</b></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><b>2022 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX</b></p>	<p><b>MSCI Japan ESG Select Leaders Index</b></p> <p>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><b>2022 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)</b></p>	<p><b>The MSCI Japan Empowering Women Index (WIN)</b></p> <p>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>2022 Sompo Sustainability Index</p>	<p><b>SOMPO Sustainability Index</b></p> <p>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>
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### Evaluation by ESG Rating Organization

 <p>Corporate ESG Performance RATED BY ISS ESG Prime</p>	<p><b>ISS-ESG</b></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><a href="#">Official website</a></p>
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### Evaluation by Supplier Evaluation Organization

 <p>GOLD 2022 ecovadis Sustainability Rating</p>	<p><b>EcoVadis</b></p> <p>Awarded “Gold Medal” for the top 5% of companies in the manufacturing sector by EcoVadis, a French firm that rates the sustainable procurement capabilities of suppliers from a CSR perspective.</p>
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**Evaluation by Creating a Corporate Culture that Facilitates Work**

	<p><b>Kurumin</b></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><b>Class 3 Eruboshi</b></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.

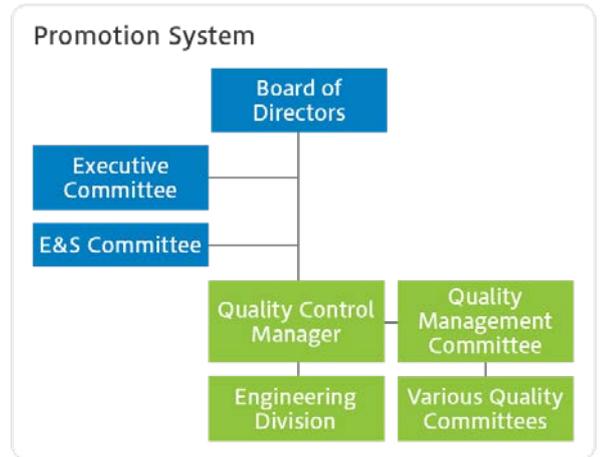
[> Kurita Group Product Quality Policy](#)

### Kurita Group Product Quality Policy

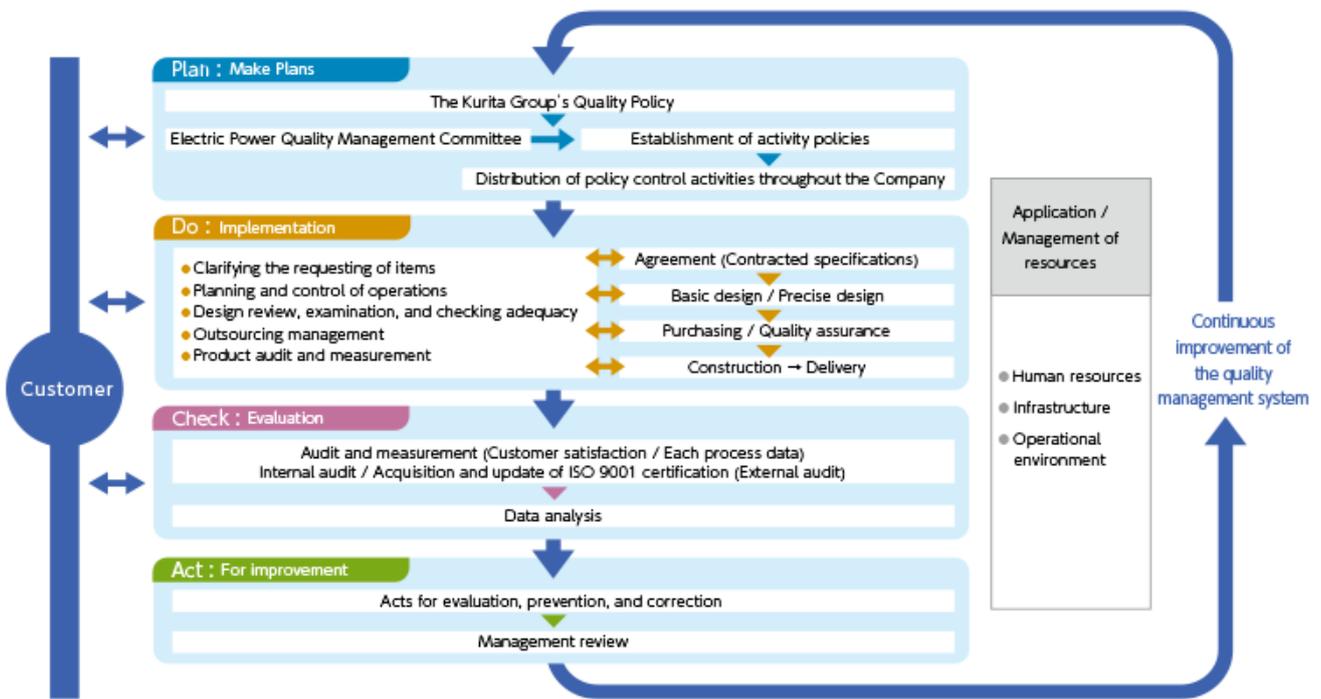
- We will establish a quality management system suitable for the business environment and continue improvement activities to enhance customer satisfaction.
- We will actively disclose appropriate information concerning products and services and provide safe and secure products and services.
- We will 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

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 for the fiscal 2023 and achievements for the fiscal 2021 for the theme are as shown below.

	Targets for FY2023	Achievements in FY2022
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<sup>\*1</sup>-compliant SDS<sup>\*2</sup> and labels to inform them of applicable laws and hazards of the product and provide other information. We also issue Yellow Cards<sup>\*3</sup> and affix Yellow Card-compliant labels to containers<sup>\*4</sup> 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 NPS® Surveys

The Kurita Group conducts an NPS® survey and utilizes the findings when creating sales and marketing strategy and improving 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.

\* NPS® 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)	
FY2020	1,243
FY2021	1,906
FY2022	3,042



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	FY2020	FY2021	FY2022
Kurita Water Industries, Group companies in Japan	4,320	5,789	3,236
Group companies overseas	-	2,454	2,394
Total	4,320	8,243	5,630

## 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.

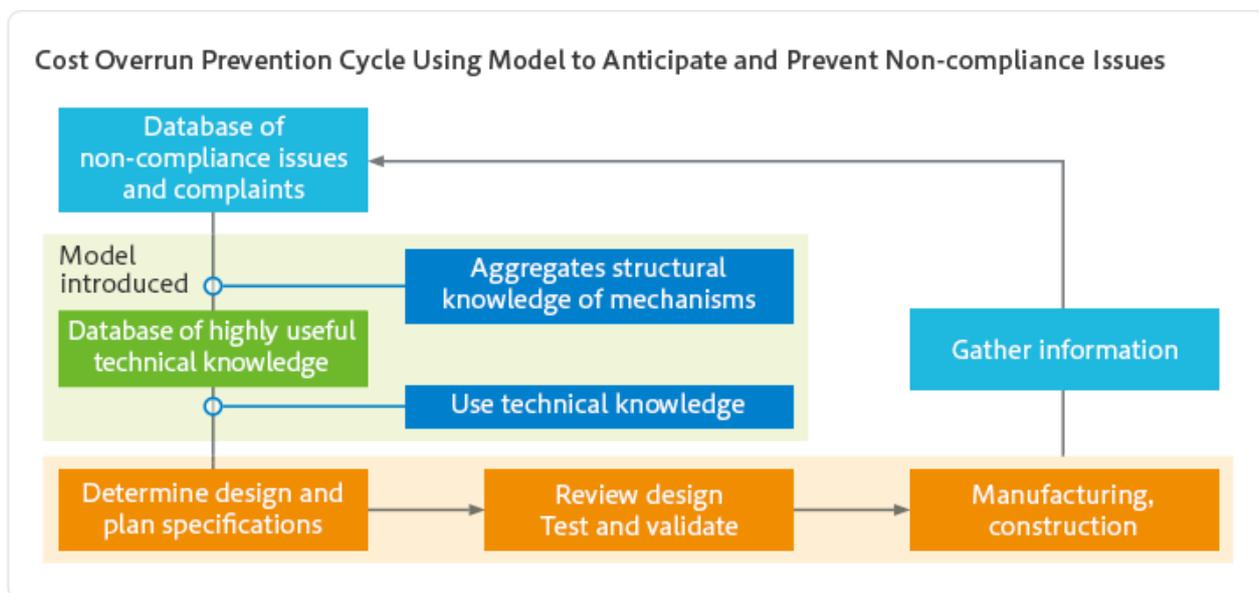
## Quality Survey Conducted by External Institution

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.

## 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

FY2020	0
FY2021	0
FY2022	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 status of certifications acquired as of March 2022 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 2022)

- Kurita Water Industries Ltd.  
(Facilities for Electric Power Industries Group,  
Sales and Engineering for  
Chemical Cleaning of Power Station Boilers)\*<sup>1</sup>
- Kurita Chemical Manufacturing Ltd.
- Kurita Analysis Service Co. Ltd.
- Kurita Meiki Ltd.
- Kuritec Service Co. Ltd.\*<sup>2</sup>
- 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 Middle East FZE
- Kurita AquaChemie Saudi Arabia Co.
- 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 2022, 120 suppliers in Japan and overseas (accounting for 24% 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](#)

# 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



## Basic Policy

All Kurita Group officers and employees share fairness, transparency, integrity, safety, and compatibility as five core values, 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 translated into 18 languages so that all Kurita Group officers and employees throughout the world can understand it, and it is also 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](#)

► Core Values

- Fairness

To be flexible and competitive company that can survive in the market environment, we will conduct business activities in a fair manner, moving away from old values and ideas that are no longer appropriate.
- Trans-  
parency

To become a global corporate group, we will proactively adopt the rules of international society and conduct business activities openly.
- Integrity

We will conduct business activities in a sincere manner, while making strenuous efforts to meet social expectations and further enhance our reputation as a company true to its word.
- Safety

As a company that leads the world with its technologies, we will provide our customers with high-quality products and services while conducting our business activities in such a way that prioritizes the minimization of negative impacts that technologies may have on the lives and properties of people.
- Compati-  
bility

As a company contributing to the realization of a sustainable society, we will conduct business activities in such a manner as to ensure the compatibility of economic growth and environmental protection, so that we can help keep the global environment in good shape for the next generation.

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

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 policies 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 achievement in fiscal 2022 are as shown below.

	Target for FY2023	Achievement in FY2022
Rate of participation in compliance-related training	100%	100%

\* In fiscal 2022, we conducted antitrust law training for employees belonging to departments that could come into contact with competitors and for officers and employees of domestic 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, after creating a "Non-Compliance Risk Map" consisting of 60 items and tailored to the business characteristics of each organization and company, we have identified key themes to be addressed by conducting a risk assessment based on the results of a Compliance Behavior Survey from the previous fiscal year. The main key theme for fiscal 2022 was preventing inappropriate accounting.

### 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

	FY2020	FY2021	FY2022
Number of people surveyed	7,054	7,503	7,531
Number of respondents	6,988	7,413	7,386
Response rate (%)	99.1	98.8	98.1

## Whistle-Blowing 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 consultation desks within each company and outside organizations where people can report or consult if they observe behavior that breaks internal company rules or behavior that they think might be breaking the rules, or if they have business partners who may not be following the rules. These consultation desks are provided not only for Kurita Group employees, but also for dispatch staff sent to work in the Kurita Group and personnel at our customers and so forth. The Kurita Group strives to protect persons who consult or make reports and to achieve early detection of dishonest practices, and also operates the Kurita Global Helpline, which allows the employees of overseas Group companies to make reports to a consultation desk.

Status of Consultation Desk Usage (Cases)

	FY2020	FY2021	FY2022
Japan	24	21	30
Overseas	3	2	1
Total	27	23	31

## Compliance Training for Management

The Company conducts ongoing compliance training for its management team and those of its domestic Group companies.

## Anti-Bribery and Anti-Corruption Training

The Kurita Group seeks to promote fair business activities by deepening understanding about points that should be observed by all officers and employees in accordance with the Kurita Group Anti-Bribery Policy. We conducted anti-bribery e-learning training for all officers and employees of the Kurita Group in fiscal 2020 and fiscal 2021.

## 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 2022, we conducted such training for employees belonging to departments that could come into contact with competitors and for officers and employees of domestic Group companies. We plan to provide training for executives and employees of overseas Group companies in fiscal 2023.

## 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

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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 2022, 120 suppliers in Japan and overseas (accounting for 24% 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

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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

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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](#)

## 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

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 achievement in fiscal 2022 are as shown below.

	Target for FY2023	Achievement in FY2022
Rate of participation in human rights-related training	100%	100%

\* Courses in fiscal 2022 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

Having formulated the Kurita Group Human Rights Policy, the Kurita Group identifies potential human rights risks in the value chain based on the advice of outside experts. The Kurita Group strives to prevent or mitigate human rights risks in the value chain. 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.

### 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.

Number of Participants in Human Rights Awareness Training

	FY2020	FY2021	FY2022
Theme	Harassment	Anger management	Diversity and inclusion
Number of participants	1,714	2,095	4,778

### 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 2022). In fiscal 2022, the meetings took up the theme of transforming the business model to create value. For the purpose of fostering a sense of unity in the Group, we also sent messages as appropriate from the president to staff at Group companies in Japan and overseas.

## 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 2022, 120 suppliers in Japan and overseas (accounting for 24% 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.

	FY2020	FY2021	FY2022
Kurita Water Industries	5	4	3
Domestic subsidiaries and affiliated companies	4	10	16
Overseas subsidiaries and affiliated companies	0	2	0
Total	9	16	19

## Evaluation of Employee Human Rights Risk

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

		FY2020	FY2021	FY2022
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 2022, 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\*

	FY2020	FY2021	FY2022
Number of people employed	43.5	68.0	72.0
Employment rate (%)	2.2	2.4	2.5

\* 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

	FY2020	FY2021	FY2022
Number of people employed	16	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.

\* 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	FY2020	FY2021	FY2022
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

The Company has established an environment that makes it easier for employees to balance work with raising children in accordance with the Act on Advancement of Measures to Support the Development of the Next-Generation 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 elect to work for shorter hours until the end of their child's third year of elementary school.

#### Status of System Use

		FY2020	FY2021	FY2022
Number of people using leave	Male	21	24	30
	Female	25	25	24
Usage rate (%)	Male	28	37	51
	Female	100	100	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)

		FY2020	FY2021	FY2022
Caregiving leave system	Male	1	0	0
	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	9	11
	Female	7	2	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)

		FY2020	FY2021	FY2022
Leave system due to spouse being transferred	Male	0	0	0
	Female	2	0	0

## 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)

		FY2020	FY2021	FY2022
Volunteer leave system	Male	1	1	0
	Female	2	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 15.2, 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.

### > [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

		FY2020	FY2021	FY2022
Ratio of Female Personnel (%)*	Employees	14.5	15.2	15.4
	Of Which, Management	2.1	2.4	2.7
Average Years of Service for Female Personnel		16.8	16.4	16.2

\* 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 2018 to March 2023, Kurita Water Industries has set the following targets.

- Have 15 or more women in management positions by April 1, 2023
- Achieve a ratio of 30% or more for women among new graduate recruits for career track positions

To achieve these targets, the Company is implementing following four initiatives: 1) career formation support, 2) increase the ratio of female recruits, and 3) expand the roles of female employees, and support career development through the self-reporting system.

Initiative	Measures Taken
Career formation support	Provide opportunities that motivate women in career track positions to actively build their careers, such as career development training.
Increase the ratio of female recruits	Provide opportunities to talk with female employees in responsible positions at various junctures in the recruitment process as part of our graduate recruiting activities for career track employees.
Expand the roles of female employees	Assign female employees to departments that have few female workers. Systematically appoint women to management positions.
Support career development through the self-reporting system	Use consultations with supervisors in the self-reporting system as an opportunity to support career development.

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

In the period from April 2021 to March 2023, Kurita Water Industries will conduct the following initiatives in stages.

Initiative	Measures Taken
Promote male participation in childcare	(1) Continue raising awareness of leave programs and create opportunities for consulting on their use. (2) Reduce the organizational burden by arranging for substitutes when employees go on childcare leave.
Promote greater understanding of diversity	Conduct training to eliminate notions of fixed gender roles and foster a culture that is accepting of work style diversity.
Promote use of annual paid leave	Continue recommending days for employees to take annual paid leave and increase the amount of time given to home life.
Childcare service subsidies	Verify use of childcare service subsidies and review and enhance the program accordingly.

## 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) Trial 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

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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

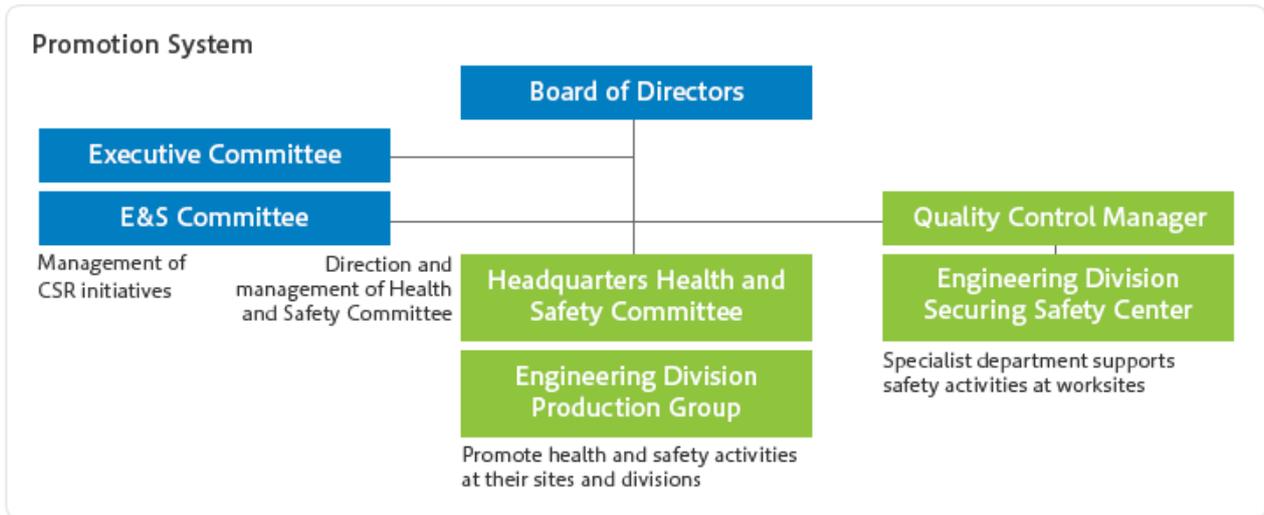
Kurita Group will provide education and training on occupational health and safety to its directors, employees, and business partners and inform them thoroughly of the Occupational Health and Safety Policy and the objective, plans, and measures of its occupational health and safety activities.

## Promotion System

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 20 Health and Safety Committees of domestic Group companies, 18 are joint labor-management committees (as of March 2022). In addition, the percentage of employees who participate in the Health and Safety Committee is 0.7%\* at the Company and 12.9% 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 achievement in fiscal 2022 are as shown below.

	Target for FY2023	Achievement in FY2022
Rate of front-line employee participation in safety training directly related to site operations	100%	100%

\* Courses in fiscal 2022 were targeted at employees of the company, and number of participants in training is 5,787 (Fiscal Year Totals).

## Main Initiatives

In fiscal 2022, 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) disaster response, 2) prevent work-related accidents, 3) prevent traffic accidents, and 4) health management. Our main initiatives in fiscal 2022 were as follows.

### Disaster Response

To further ingrain the concept of business continuity planning (BCP) throughout the Group and fortify disaster response capabilities, head office employees and Health and Safety Committee members are raising awareness of the Kurita Group Business Continuity Management (BCM) Policy at all Kurita Group business sites. Also, to reinforce the Group's emergency response capabilities, we conducted disaster prevention drills in fiscal 2022 based on an array of disaster scenarios, including storm and flood damage and a large-scale earthquake.

➤ [The Kurita Group BCM \(Business Continuity Management\) Policy](#)

## Preventing Work-Related Accidents

Taking into consideration previous work injuries, we set preventing chemical-related injuries, falls, and crushing and entanglement accidents as priority issues. In fiscal 2022, 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, then 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)

	FY2020	FY2021	FY2022
Japan	569	523	567
Overseas	30	22	8
Total	599	545	575

Number of Participants in Safety Education (Kurita Water Industries)

Training name	FY2020	FY2021	FY2022
Training on handling fires	265	138	52
Training on handling chemicals	500	238	62
Safety training for new employees	160	84	70
Safety training for overseas national staff employees	19	9	0
Special training on full-harness type fall prevention devices	89	12	55
Others	50	35	23
Total	1,083	516	262

## 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.

We also began adopting a Stress Strength Model-Safety (SSM-S)\* approach in fiscal 2022 and are working to prevent the recurrence of serious work-related accidents that occurred in the past.

\* A mechanism for structurally identifying and rendering into shareable knowledge the mechanisms of accidents, to be used in preventing occurrence and recurrence of accidents.

The types of injuries that occurred at the Company and domestic Group companies in fiscal 2022

Crushing and entanglement accidents, falls, projectiles and falling objects, cuts and scrapes, chemical-related injuries, heat stroke, overturning, collisions, ruptures

## Traffic Accident Prevention

The Company and its domestic Group companies provide practical training for safe driving, and efforts are made to prevent traffic accidents because cars are often used when visiting the plants and offices of customers. Drive recorder records are used to educate drivers on the number of dangerous driving maneuvers that had been performed and employees with little driving experience are given safe driving education to increase their skills.

## Regular Health Examination

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

	FY2020	FY2021	FY2022
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.

	FY2020	FY2021	FY2022
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.

	FY2020	FY2021	FY2022
Number of Health Seminars	20	34	67
Number of Health Events	46	30	20

## 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.

	FY2020	FY2021	FY2022
Number of Mental Health Seminars	19	10	16
Ratio of Employees Receiving Stress Checks (%)	98.5	98.6	98.6

## 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 2022, 120 suppliers in Japan and overseas (accounting for 24% 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, 2021 is as follows. See the "Social" section of the ESG Data sheet for group wide certification rates and other data.

[▶ ESG Data](#)

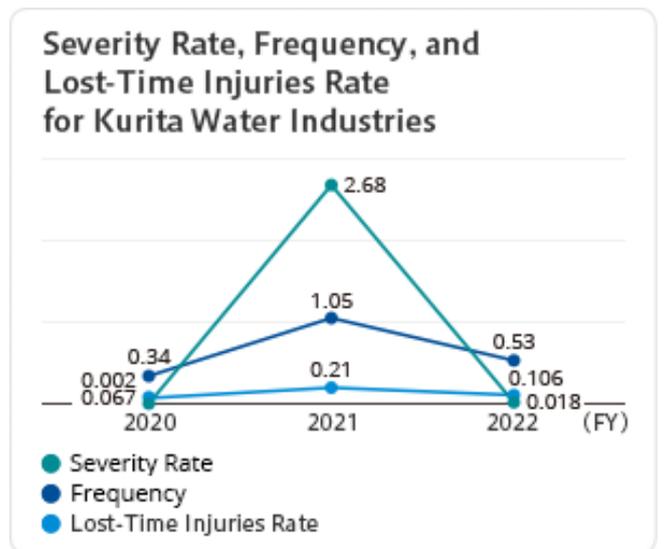
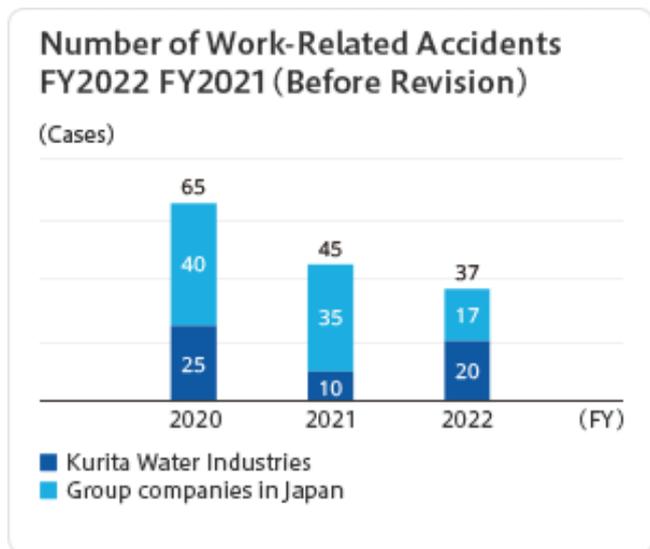
Companies with ISO 45001 certification

- 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 Middle East FZE
- 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 at the Company and Group companies in Japan from fiscal 2020 to fiscal 2022 was 0.



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

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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

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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](#)

## 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

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," "CO<sub>2</sub> emissions reduction," and "waste reduction."

## The Kurita Group's CSV Business

The Kurita Group has defined products, technologies, or business models that contribute significantly to water-saving, CO<sub>2</sub> 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 (KPIs) for this, engaging in initiatives linked with the plan.

### CSV Business Selection Standards

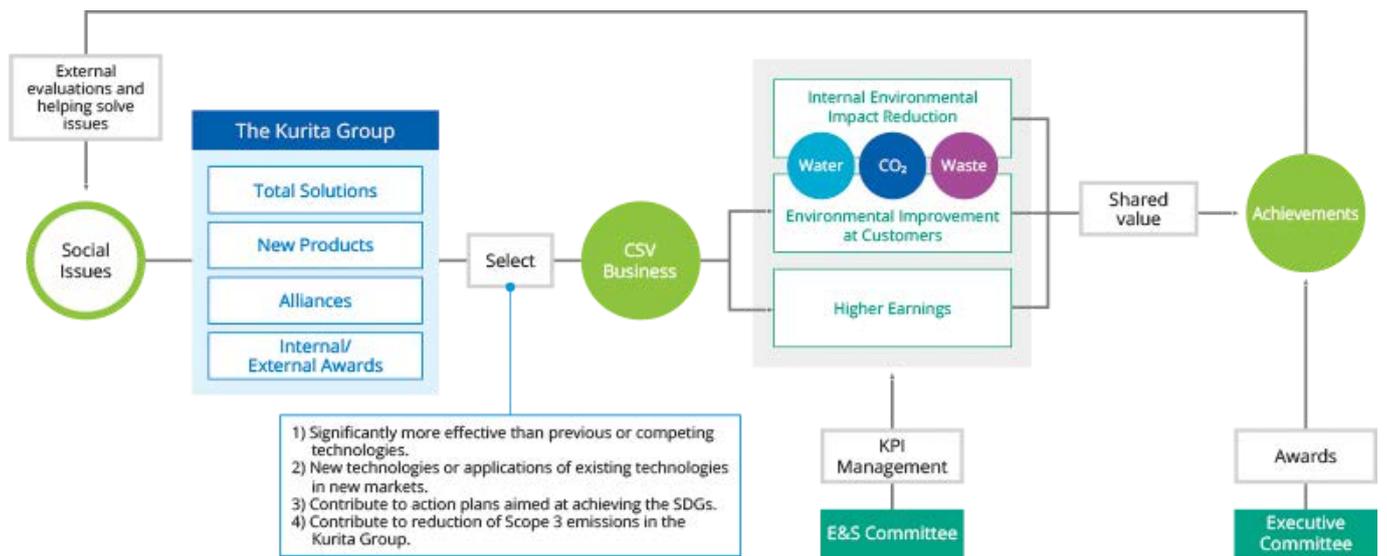
Products, technologies or business models that meet the following standards with regard to water-savings, CO<sub>2</sub> emissions reduction, and waste reduction:

Required standards: 1 or 2, and 3

- 1) Significantly more effective than previous or competing technologies.
- 2) New technologies or applications of existing technologies in new markets.
- 3) Contribute to action plans aimed at achieving the SDGs.

Optional standard:

- 4) Contribute to reduction of Scope 3 emissions of the Kurita Group.



## 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

		FY2020	FY2021	FY2022
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

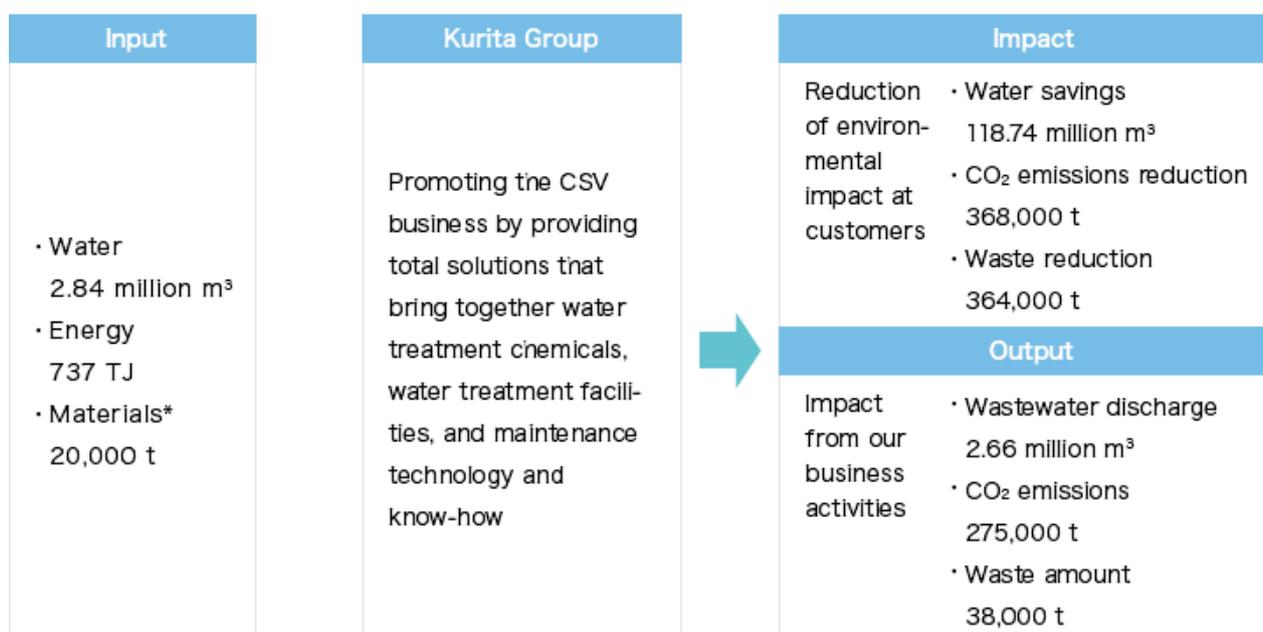
The Kurita Group has set as a target “Customer impact reduction – Kurita Group impact” with the aim of achieving a reduction of environmental impact through its business that offsets and even exceeds the environmental impact generated by its business, and to this end it is compiling data on actual reductions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

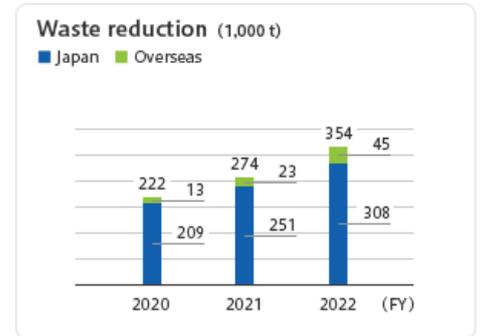
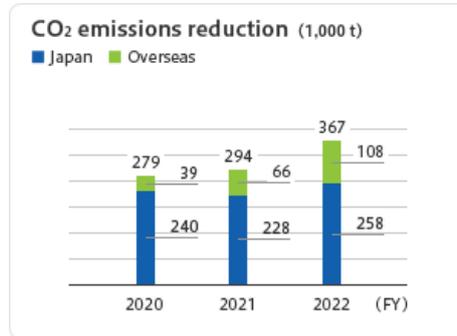
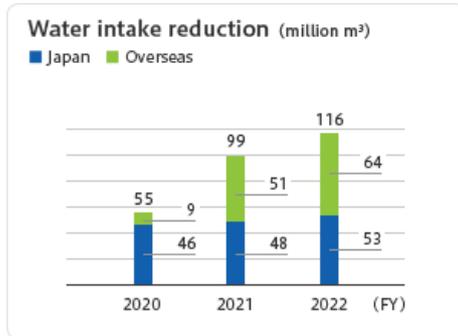
### About “CO<sub>2</sub> emissions from our business activities”

For the theme of “Realize sustainable energy use” in our CSR Policy, we have set as an indicator “CO<sub>2</sub> emissions reduction at customers – CO<sub>2</sub> 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.

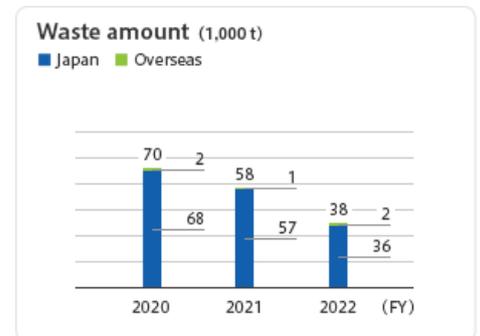
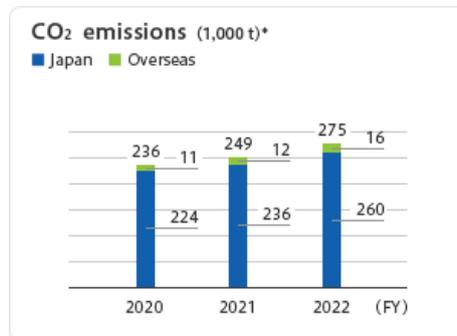
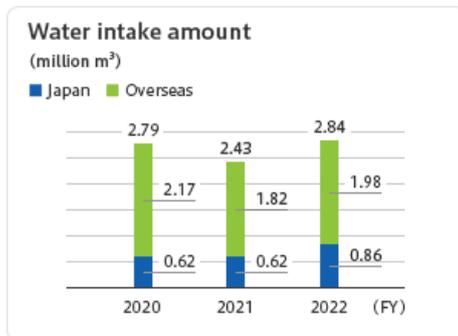


\*Materials are raw materials for water treatment chemicals in Japan.

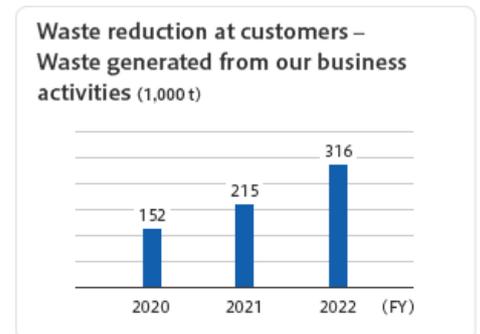
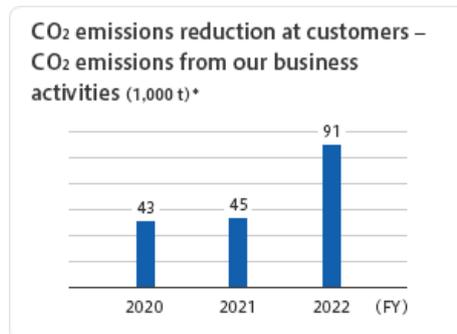
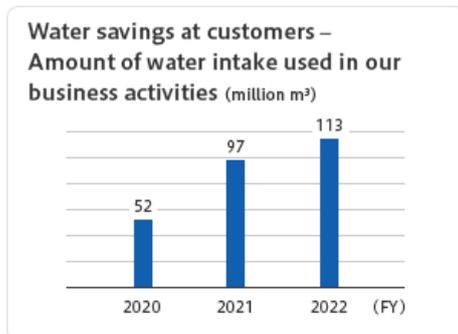
## Reduction of Environmental Impact at Customers



## Internal Promotion of Environmental Improvements



## Kurita Group KPI: Customer Impact Reduction – Kurita Group Impact



\* "CO<sub>2</sub> 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 2021, the status of acquisition in the Group is as shown below.

Company	Office
<b>Kurita Water Industries Ltd.</b>	Shizuoka, Yamaguchi, Toyoura and Tsuruga plants; Sakai sub-branch
<b>Kurita Chemical Manufacturing Ltd.</b>	Head Office, Ako plant
<b>Kurita Buil-Tech Co., Ltd.</b>	Head office, Nagoya branch office
<b>Kuritaz Co., Ltd.</b>	Head office, West Japan branch office and nine other business sites
<b>Kuritec Service Co. Ltd.</b>	Head office, East Japan, Iga, Mie, Harima and Oita plants
<b>Kurita-GK Chemical Co., Ltd.</b>	Head office and Rayong branch
<b>Kurita (Taiwan) Co., Ltd.</b>	Head office and two other business sites
<b>Kurita Water Industries (Dalian) Co., Ltd.</b>	Head Office and plant
<b>Kurita Water Industries (Jiangyin) Co., Ltd.</b>	Head office
<b>Hansu Co., Ltd.</b>	Head office and four other business sites
<b>Kurita Europe GmbH</b>	Head office and two other business sites
<b>Kurita France S.A.S.</b>	Head Office and plant
<b>Kurita Turkey Kimya A.S.</b>	Head office and Bandirma plant
<b>Kurita do Brasil LTDA.</b>	Head office and three other business sites
<b>Hansu Technical Service Ltd.</b>	Head office
<b>Kurita (Singapore) Pte. Ltd.</b>	Head Office and plant
<b>Kurita Water (Malaysia) Sdn. Bhd.</b>	Head office, plant and three other business sites
<b>P.T. Kurita Indonesia</b>	Head office
<b>Kurita America, Inc.</b>	Midwest Office & Manufacturing Plant

## Communication with Stakeholders

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### **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 2022, 120 suppliers in Japan and overseas (accounting for 24% 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.

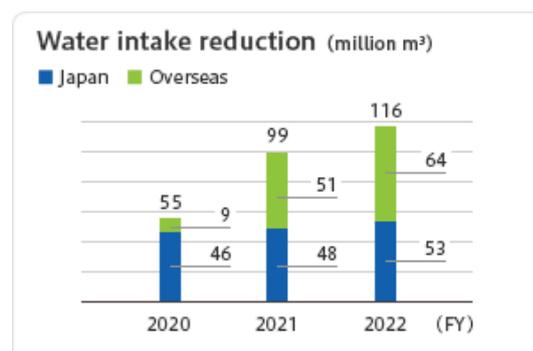
	Target for FY2023	Achievement in FY2022
Water savings at customers – Amount of water intake used in our business activities	240 million m <sup>3</sup>	113 million m <sup>3</sup>

## 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

### Japan Display: Environmental Improvement Case Study (Project by Kurita Water Industries)

The main businesses of Japan Display Inc. range from R&D to manufacturing and sales of various devices such as displays and sensors. As a participant in the United Nations Global Compact, the company has set green tech and sustainability management as part of the basic policies in its growth strategy leading up to 2026. The Tottori plant, Japan Display's development and manufacturing site, has set reduction targets in various categories, including energy-derived CO<sub>2</sub> emissions and total water usage, and is pursuing ongoing environmental activities to achieve these targets.

Kurita Water Industries Ltd. engages in the production and supply of ultrapure water used in production facilities at Japan Display's Tottori plant as well as in the recovery and treatment of wastewater from the plant. Since the plant started operation, Kurita Water Industries has been working with the customer to reduce water usage by promoting wastewater recovery. To help further reduce water usage, after newly confirming the current balance, quality, and properties of water at the plant, Kurita Water Industries proposed two measures to recover water from unrecovered wastewater.

The first was to recover and reuse wastewater by changing the wastewater treatment flow and using an existing wastewater tank as a solid-liquid separation tank. This made it possible to recover and reuse an amount equivalent to 18% of discharge.

In addition, changing the operation of existing RO membrane equipment enabled the treatment of fluorine wastewater. This also made it possible to recover and reuse an amount equivalent to 18% of discharge.



RO membrane unit

### Voice of the Customer

Kurita has promoted wastewater recovery in the past, but this time we received a proposal from the company that would curb initial costs by converting our existing wastewater facilities. To mitigate risks after the facilities restarted, Kurita ran the system on a test basis, which clearly demonstrated the benefits of the upgrade. We hope to continue working with Kurita to improve wastewater recycling, which helps to reduce environmental impact while also saving costs.



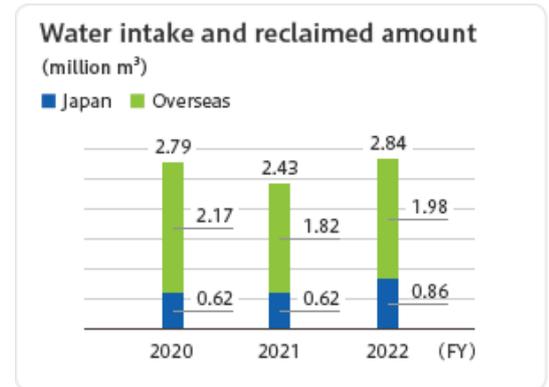
Mr. Koji Izumi  
Senior Manager, Facility Section,  
Manufacturing Department,  
Tottori Plant, Auto Tech Business Unit,  
Japan Display Inc.

# 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.

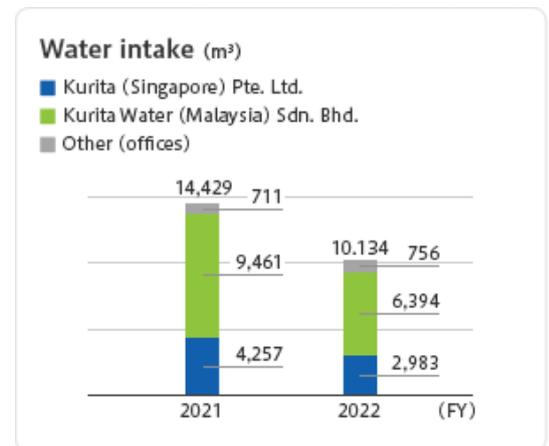
Internal Promotion of Environmental Improvements



## Kurita (Singapore) and Kurita Water (Malaysia): Water Savings Case Study

Kurita (Singapore) Pte. Ltd. and its subsidiary Kurita Water (Malaysia) Sdn. Bhd. manufacture and sell water treatment chemicals and equipment, and operate and maintain water treatment facilities. As one of the Kurita Group’s manufacturing bases in Asia for water treatment chemicals, the companies use water to make products and to clean manufacturing equipment, so water usage is relatively high compared with other Group companies. To address this issue, both companies worked to reduce water intake in fiscal 2022 by reviewing production methods. Specifically, the production schedule for water treatment chemicals was adjusted to ensure continuous manufacturing of products that use the same raw materials, thereby reducing the frequency of production equipment cleaning. Water required for the cleaning process was also reused and the volume of water was optimized. These measures led to a roughly 30% decline in total water intake by both companies compared with the previous fiscal year.

Water intake at Kurita (Singapore) Pte. Ltd. and Kurita Water (Malaysia) Sdn. Bhd.

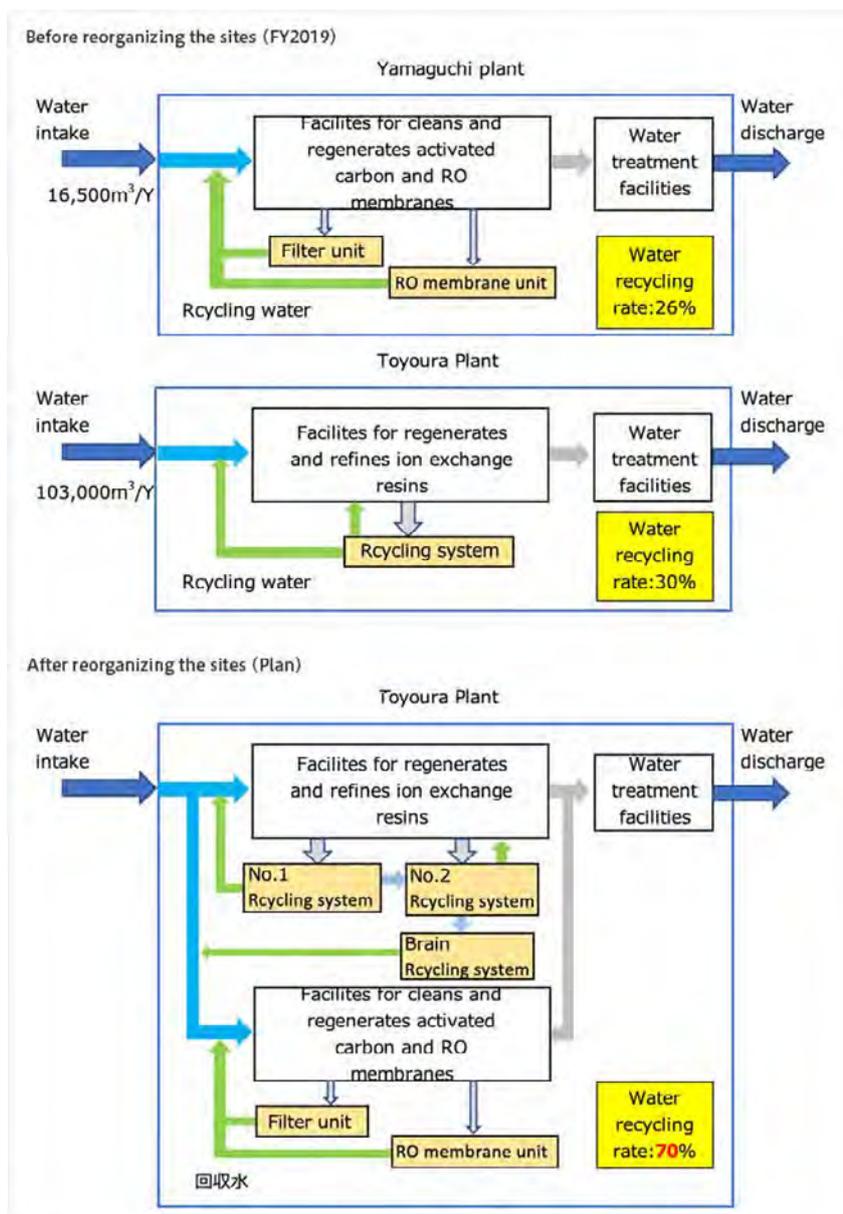


## Kurita Water Industries Toyoura Plant: Improvement of Water Recovery Rate

Kurita Water Industries Ltd. has integrated the operations of its Yamaguchi plant, a site that cleans and regenerates activated carbon and RO membranes and manufacturers compact water treatment equipment, and the Toyoura plant, a site that regenerates and refines ion exchange resins. Expanded facilities at the Toyoura plant started operation in July 2022.

The operations carried out at both bases enabled the Kurita Group, as a water treatment professional, to clean and regenerate RO membranes and ion exchange resins used in customers' production equipment on their behalf, to enable reuse. This approach offers the advantages of reducing waste volume compared to carrying out membrane cleaning and resin regeneration separately at each customer plant, as well as enabling the efficient use of water and energy by consolidating the treatment of materials.

On the other hand, the operations used a lot of water for cleaning. When reorganizing the sites, therefore, Kurita Water Industries sought to limit water intake by boosting the water recovery rate at the Toyoura plant. Because the quality and properties of cleaning water and wastewater differ depending on the operations, Kurita Water Industries designed an optimal water recovery treatment process based on a balance between the volume and quality of water needed for the each operation. This made it possible to recover 70% of the water used.



\*The water recovery rate is calculated as amount of water intake / amount of water intake + volume of water recovered.



Filter unit



RO membrane unit

## 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 10\* facilities as priority sites for water risk mitigation and is pursuing efforts to mitigate risks.

\* As of March 2022

## Participation in the Ministry of the Environment's Water Project

Kurita Water Industries is participating in the Water Project of the 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.

## 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)**

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



Participating Companies

**Members (17 companies)**

- 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

(as of September 2022)

➤ [\\*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"> <li>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.</li> <li>Have had a positive effect on the water and sanitary conditions of at least 300 million people.</li> </ul>

### Targets and Initiatives of the Kurita Group

In response to the WRC's targets, the Kurita Group added the following targets to the priority theme "Solve issues related to water resources" in its CSR Policy in May 2021.

Target year	Target
FY2031	Number of people that can benefit from improvement in water resources*: 700 million people*

\* Number of people that can benefit from improvement in water availability, water quality, and water accessibility in highly-stressed basins.

A video about the Kurita Group's WRC initiatives is available [here](#).

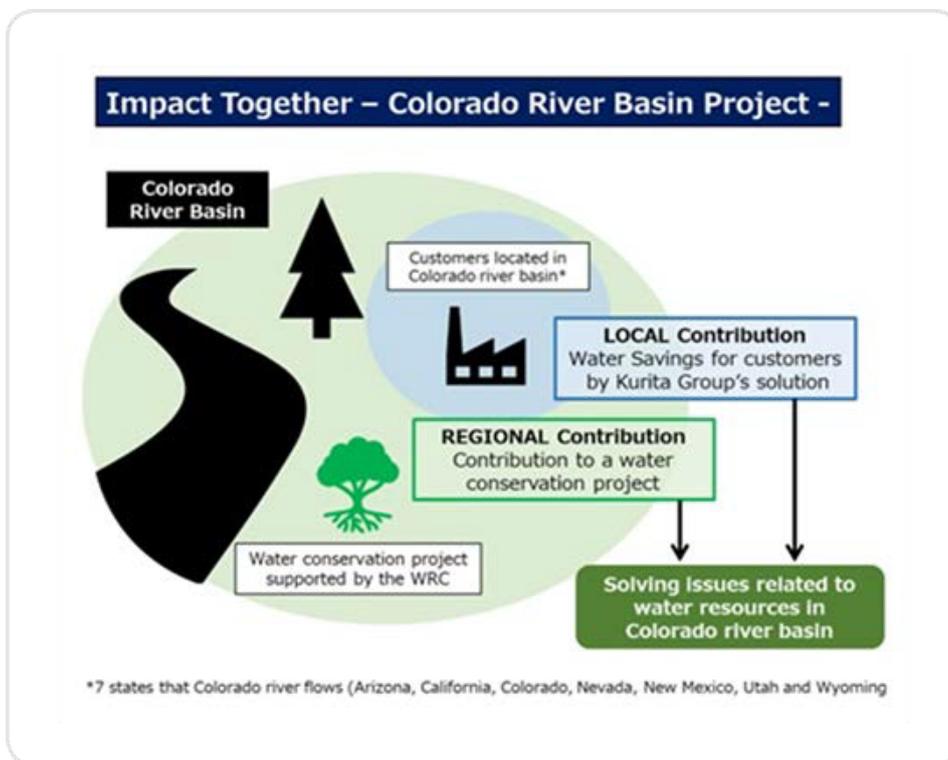
## Water Conservation Initiative in the U.S.

The Kurita Group is launching a campaign for solving issues related to water resources, “Impact Together – Colorado River Basin Project –,” in the Colorado river basin in the U.S.

In this basin, efforts for water conservation are urgently needed because the water shortage has become more severe due to historic droughts.

During this campaign, which is conducted with Avista Technologies, Inc. which is a Group company whose head office is in the Colorado river basin, the Kurita Group contributes to water savings for customers through a superior water savings solution supplied by Avista Technologies, and makes monetary donation based on the estimated water saved by the solution to a water conservation project. This water conservation project is one of the projects supported by the WRC and many companies including Kurita Group.

Through this campaign, the Kurita Group will work on solving issues related to water resources in the Colorado river basin based on two aspects, “Water savings at customers” and “Contribution to a water conservation project”.



# 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 CO<sub>2</sub> 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 "CO<sub>2</sub> emissions reduction at customers – CO<sub>2</sub> emissions from our business activities." We will continue to measure these actual values going forward.

	Target for FY2023	Achievement in FY2022
CO <sub>2</sub> emissions reduction at customers* <sup>1</sup> – CO <sub>2</sub> emissions from our business activities* <sup>2</sup>	10,000 t	91,000 t

\*1 Please refer to the link below for the details of "CO<sub>2</sub> emissions reduction at customers."

#### ➤ Environmental Improvement of Customer's Operations

\*2 "CO<sub>2</sub> 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\*<sup>3</sup>, 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. Additionally, the year-on-year reduction rate for Scope 3 emissions in fiscal 2022 was 20.3%.

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%	-

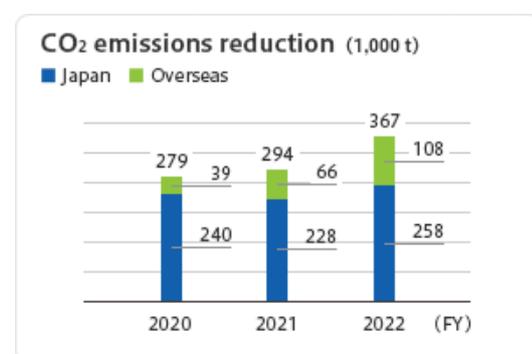
\*3 An initiative that encourages companies to set greenhouse gas emission reduction targets in line with scientific knowledge, with the goal of limiting global average temperature rises due to climate change to well-below 2°C compared to pre-industrial levels.

## With Customers

### Reducing CO<sub>2</sub> Emissions at Customers' Plants and Business Sites

The graph shows the performance of CO<sub>2</sub> 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

### **Micron Memory Taiwan Co., Ltd.: Environmental Improvement Case Study (Project by Kurita (Taiwan) Co., Ltd.)**

Micron Memory Taiwan Co., Ltd. is a semiconductor component manufacturer in the Micron Technology Group. It mainly supplies DRAM devices and other electronic parts, as well as related technology solutions. The company is working to reduce its environmental impact and improve worksite safety, while also responding to customer demands for lower CO<sub>2</sub> emissions and better energy efficiency through wider use of renewable energy. As part of efforts to achieve its environmental goals, Micron Memory Taiwan wanted to reduce the large amount of electricity used by its system for decomposing total organic carbon (TOC), one of the processes in its ultrapure water production system. Kurita (Taiwan) proposed replacing the ultraviolet (UV) lamps in the TOC decomposing system with highly efficient models. Ultrapure water production systems cannot be shut down for long periods, as this leads to a buildup in contaminants in equipment and piping. The upgrade work was therefore completed while the system was still in operation, with Kurita (Taiwan) retaining the existing UV lamp vessels but upgrading lamps and internal structures one by one with more efficient models. As a result, Micron Memory Taiwan was able to cut electricity consumption by 375,804 kWh per year, reducing annual CO<sub>2</sub> emissions by 173 tons.

### **Voice of the Customer**

The project achieved its original goal of improving energy efficiency, but we also avoided a shutdown of the ultrapure water production system, which would have impacted fab productivity. We are happy to report that Kurita (Taiwan) met and exceeded our expectations, helping to increase the stability of the UV system, save energy, and improve system control and operation, thanks to its rapid project execution and technical capabilities.

### **Pražské Služby: Environmental Improvement Case Study (Project by Kurita Europe GmbH)**

Pražské Služby is responsible for providing municipal waste management services in Prague, the capital of the Czech Republic. Pražské Služby operates a waste incinerator where waste from the capital and its surrounding suburbs is used as fuel for power generation in the waste-to-energy process. Boiler water treatment is needed for safe operation of the boiler facility, and the company was using a conventional treatment chemical that used phosphates. The ion concentration in the boiler water needs to be kept within a certain standard value, and to prevent the ion concentration from increasing due to the phosphates, the company continuously drained a portion of the boiler water and replaced it with new water. Kurita Europe GmbH proposed Cetamine, a treatment chemical that does not significantly increase ion concentration as it does not use phosphates. With the adoption of this proposal, overall water quality has significantly improved and blow-down has been optimized and reduced by 50%. Thanks to this system optimization, Pražské Služby has cut annual water consumption by more than 6,000 m<sup>3</sup> and saved more than 1,500 MWh of energy, reducing CO<sub>2</sub> emissions by 450 tons.

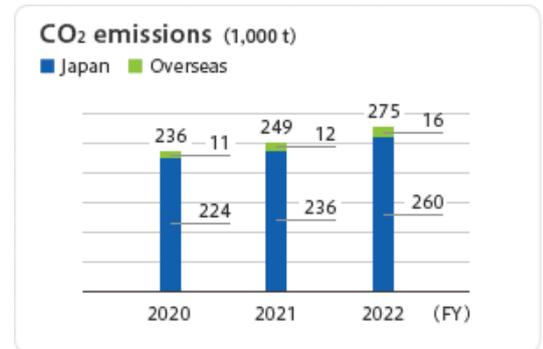
# Internal Environmental Improvement Activities

## 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](#)

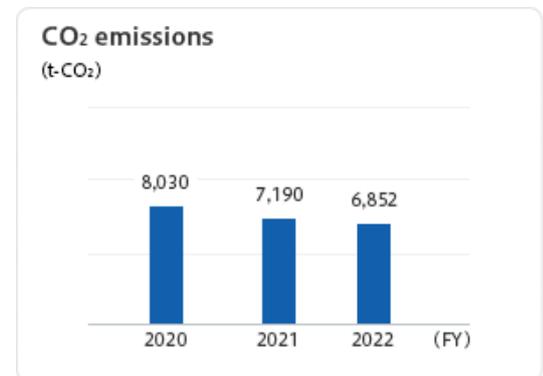
### Internal Promotion of Environmental Improvements



## Kuritec Service: CO<sub>2</sub> Emissions Reduction Case Study

Kuritec Service Co. Ltd. helps improve productivity in the semiconductor manufacturing process by using tool cleaning technology and surface treatment technology to clean component parts used to build semiconductor manufacturing equipment and to improve durability of the surfaces of component parts. CO<sub>2</sub> emitted by Kuritec Service derives mainly from electricity consumed by production equipment, including the clean rooms\* of its tool cleaning plant, and by offices. Kuritec Service has been taking initiatives to reduce CO<sub>2</sub> emissions since fiscal 2020, introducing LED lighting in its plant as well reducing the number of air conditioner units in operation and optimizing air temperatures at night when employees are gone, while maintaining clean room cleanliness. The result was a 5% reduction in CO<sub>2</sub> emissions compared to fiscal 2021.

### CO<sub>2</sub> emissions at Kuritec Service Co., Ltd. (t-CO<sub>2</sub>)



## Environmentally Conscious R&D Base Kurita Innovation Hub Opens

On April 1, 2022, the Kurita Group opened the Kurita Innovation Hub (KIH), a new research and development base, in the city of Akishima in Tokyo.

KIH took water and energy conservation into account from the design stage. To reduce CO<sub>2</sub> emissions, the facility's water treatment and air heating and cooling systems were integrated. The site limited the use of fossil fuels as an energy source and increased the proportion of electric power—100% renewable energy is used for power supply. For ultrapure water production, KIH adopted a production system with variable water volume control which is operated according to usage demand. We project that electricity consumption will be halved vis-à-vis conventional designs, through measures such as adopting an energy-saving air conditioning system for the clean rooms used in experiments.

Furthermore, to reduce water usage at KIH, by adopting a system at the site that recovers water from wastewater, we plan to recover and reuse 80% of the water used.

In addition, to raise environmental awareness among staff at the base, water and energy usage status is displayed electronically inside the facility.



Ultrapure water production system



Water and energy usage is displayed

## Scope 3 Emissions Data Account and Initiatives

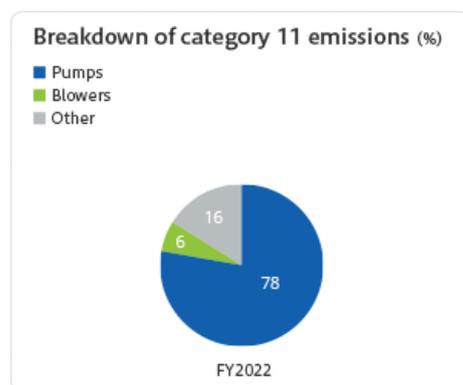
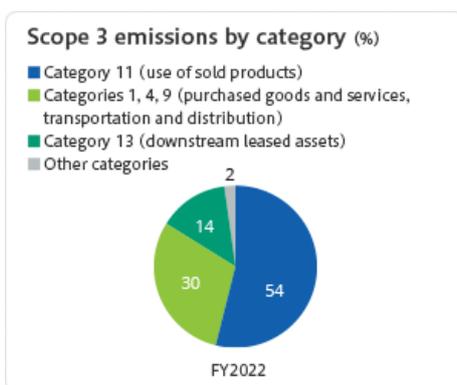
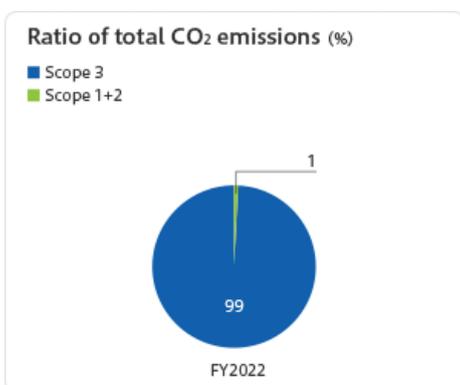
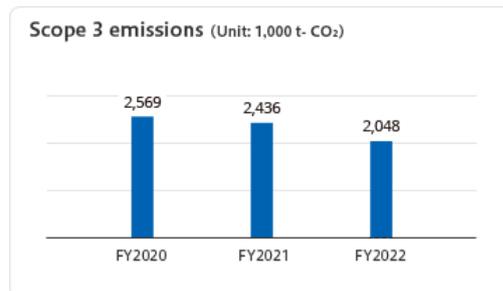
The Kurita Group defines products, technologies or business models that make significant contributions to water-savings, CO<sub>2</sub> emissions reduction and waste reduction compared with previous levels as “CSV businesses.” As one of the priority measures of the MVP-22 plan, “Development of CSV business” is implemented in conjunction with the management plan. In addition, given that Scope 3 emissions account for 99% of the Group’s total emissions in the Scope 1-3 categories, “Contribute to reduction of Scope 3 emissions in the Kurita Group” was added to the evaluation items for CSV businesses from fiscal 2021, in order to increase the competitiveness of CSV businesses.

Note that, due to an error in the fiscal 2022 reporting of the results of Scope 1, 2, and 3 emissions in fiscal 2021 and the status of targets, we make the following correction:

In fiscal 2022 reporting, it was stated that the result of Scope 3 emissions in fiscal 2021 decreased by 27.6% from the result in fiscal 2020, the base year, and that the target for fiscal 2031 was achieved ahead of schedule. We subsequently confirmed an error in method of calculating Scope 1, 2, and 3 emissions when performing factor analysis. The recalculated results are shown in the table and graph below. After revision, the year-on-year reduction rate for Scope 3 emissions in fiscal 2021 was 5.2%. Additionally, the year-on-year reduction rate for Scope 3 emissions in fiscal 2022 was 20.3%, reflecting a decrease in procurement of pumps, which are the main source of emissions.

## Breakdown of Scope 1-3 Emissions

	CO <sub>2</sub> emissions (1,000 t)		
	FY2020	FY2021	FY2022
Scope 1	9	8	8
Scope 2	26	23	23
Scope 3	2,569	2,436	2,048
Scopes 1 + 2 + 3	2,604	2,467	2,079



## Support for METI's GX League Basic Concept

The Company endorsed the GX League Basic Concept announced by Japan's Ministry of Economy, Trade and Industry (METI). 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 endorsed the GX League Basic Concept because its objectives align with direction of the Group.

Kurita Water Industries Ltd. was selected from among the 440 (as of July 2022) endorsing companies as one of the 100 core members shaping the future society the GX League is striving to bring about. We are pursuing efforts leading up to the official establishment of the GX League, set for April 2023.

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



## 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 June 2022, 193 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.

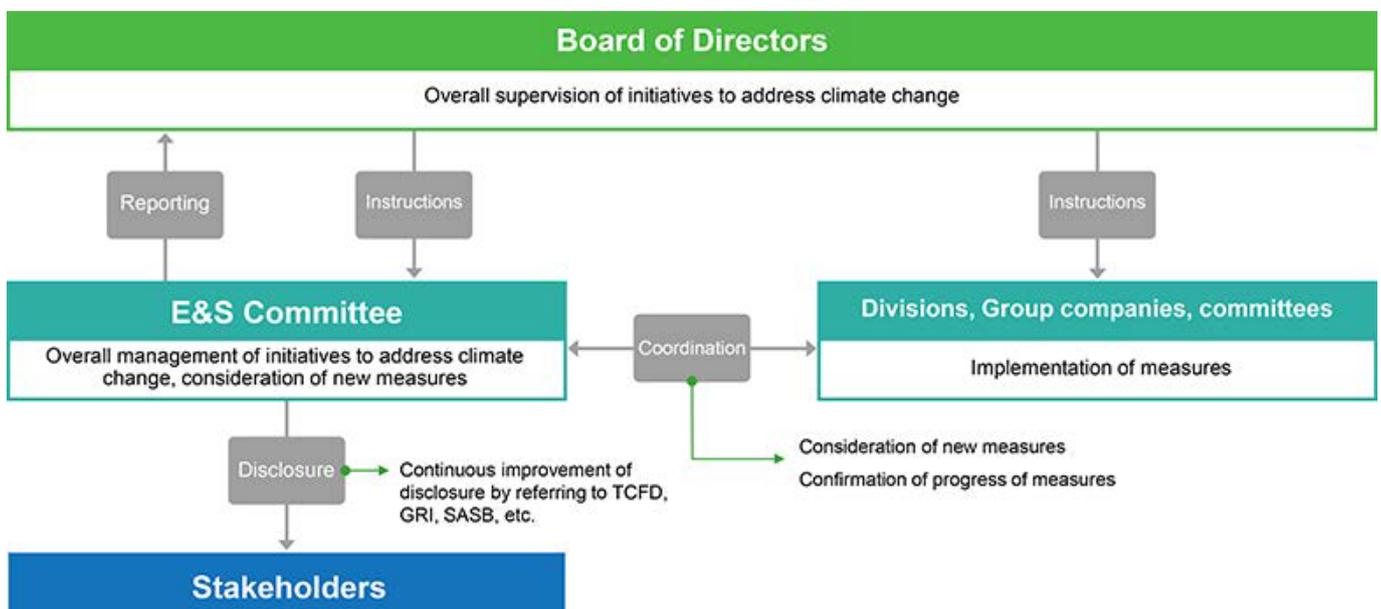
## Initiatives to Address Climate Change

### Basic Concept

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

### Promotion System

The Kurita Group has established the E&S (Environment & Social) Committee, which is chaired by a Managing Director of the Company, as an organization to oversee Kurita Group initiatives for addressing climate change. The Board of Directors, which is responsible for overall supervision of initiatives to address climate change, receives reports from the E&S Committee, in principle twice a year, and decides on necessary measures.



## Measures Based on Opportunities and Risks

Based on the two scenarios (1.5°C and 4°C)<sup>\*1</sup> outlined in IPCC SR1.5 and IPCC RCP8.5, the Kurita Group assessed short-, medium-, and long-term<sup>\*2</sup> risks, and opportunities and business impact, using the two axes of “likelihood of occurrence” and “impact.” Measures were then formulated for the Kurita Group.

\*1 Scenarios predicted by the Intergovernmental Panel on Climate Change (IPCC): the scenario of a 1.5°C temperature increase from pre-industrial levels and the scenario with the highest temperature increase.

\*2 We set the time frames as short term (1-3 years), medium term (3-5 years), and long term (5-20 years).

● Risks ● Opportunities

Type	Details of risks & opportunities		Kurita Group measures
Policy and Legal	●	Introduction or increase of carbon tax	■ Low-carbon products and services by utilizing digital technology and reviewing designs, etc.
	●	Regulations for products and services with high GHG emissions	
	●	Dissemination of supportive policy incentives to the conversion to energy with low GHG emissions	
Technology	● ●	Substitution of existing products and services with lower emissions options	■ Reduction of Scope 1 and 2 emissions by switching to alternative fuels and renewable energies
Market	●	Decreasing demand from fossil fuel-related sectors	■ Development and expansion of renewable energy-related businesses such as biomass power generation
	●	Increased demand in electronics industry due to the acceleration of DX	
	●	Soaring costs of raw materials and energy	
Physical Risks	●	Increasing factory shutdowns and construction delays due to extreme weather events such as cyclones and floods	■ Continuous strengthening of business continuity in preparation for natural disasters such as flood control
	●	Increasing operating rate of cooling equipment	
Resource Efficiency	●	Dissemination of efficient production and distribution processes	■ Utilization of digital technology and development of low-power technology
	●	Reduction of water usage	
Energy Sources	●	Dissemination of energy with low GHG emissions	
	●	Conversion to distributed energy resources	■ Development and expansion of renewable energy-related businesses such as biomass power generation
Products & Services	●	Increasing demand for products and services with low GHG emissions	
	●	Increasing diverse technical needs for reducing GHG emissions	
Resilience	● ●	Substitution and diversification of fuel and water resources	

## Metrics and Targets

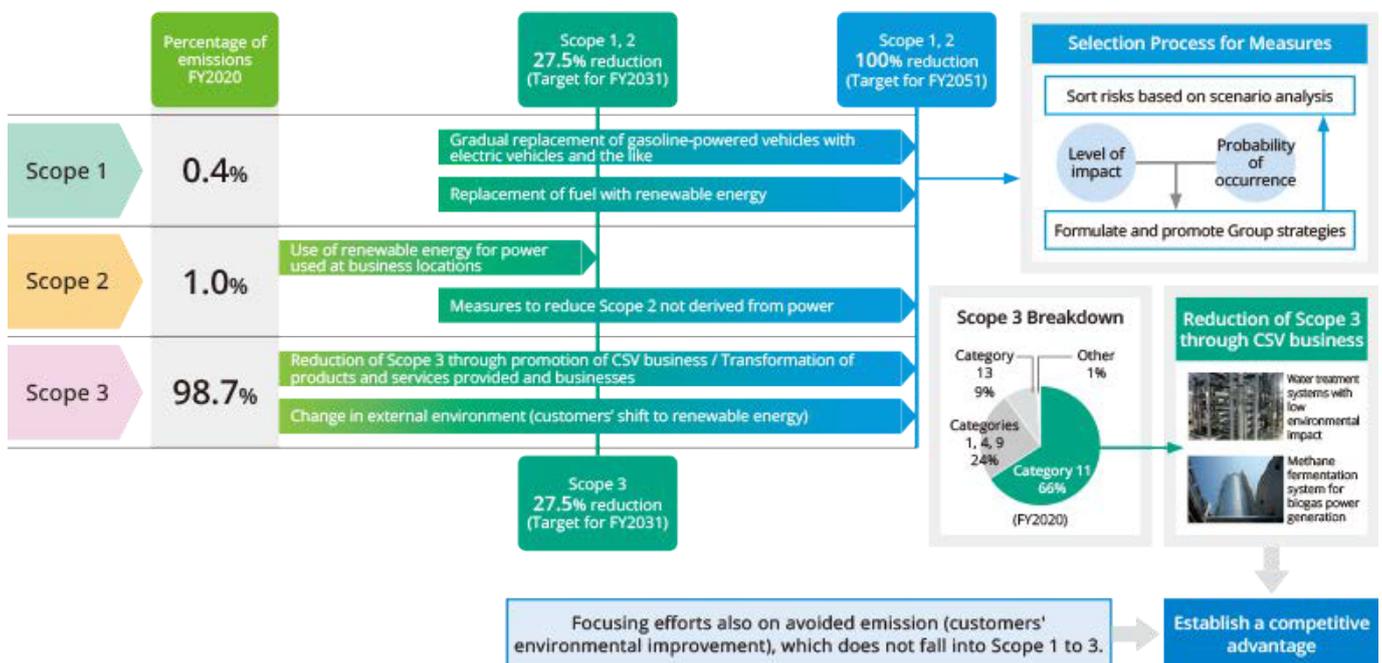
To promote initiatives related to CSR, the Kurita Group has set out seven priority themes in its Group-wide CSR Policy. In Theme 5, which deals with climate change issues, to align with the Paris Agreement, we have set the “Well-below 2°C standard” as a long-term target using fiscal 2020 as the base year according to the method indicated by SBTi<sup>\*</sup>, and we are working to reduce Scope 1, 2, and Scope 3 emissions.

\* 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.

Priority theme in CSR Policy	Indicator	Year ending March 31, 2023	Long-term targets	
			Year ending March 31, 2031	Year ending March 31, 2051
5. Realize sustainable energy use	CO <sub>2</sub> emission reductions at customers – CO <sub>2</sub> emissions from our business activities	10,000t	—	—
	Scope 1 and 2 emissions reduction (Reduction rate from Year ended March 2020)	—	27.5%	100%
	Scope 3 emissions reduction (Reduction rate from Year ended March 2020)	—	27.5%	—

## Schedule for Achieving the Targets

The Kurita Group's CO<sub>2</sub> emissions in fiscal 2020, the base year for the metrics, were approximately 1% for Scope 1 and 2 and 99% for Scope 3. Scope 1 and 2 are mostly derived from Scope 2 electricity. We will therefore promote the switch to electricity derived from renewable energy and gradually switch from gasoline cars to electric cars. In Scope 3, about 70% of the emissions are from Category 11, "Use of sold products (mainly rotating machinery such as pumps used to pump water)." To maintain a balance with increasing our competitive strength, the Kurita Group will use its CSV business structure to provide low carbon solutions to our customers.



# 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 FY2022
Waste* reduction at customers – Waste* generated from our business activities	450,000 t	316,000 t

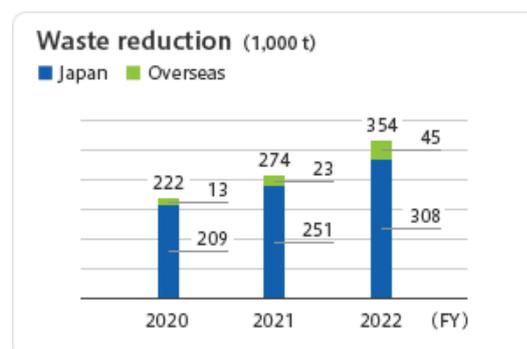
\* including hazardous or toxic waste

## 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

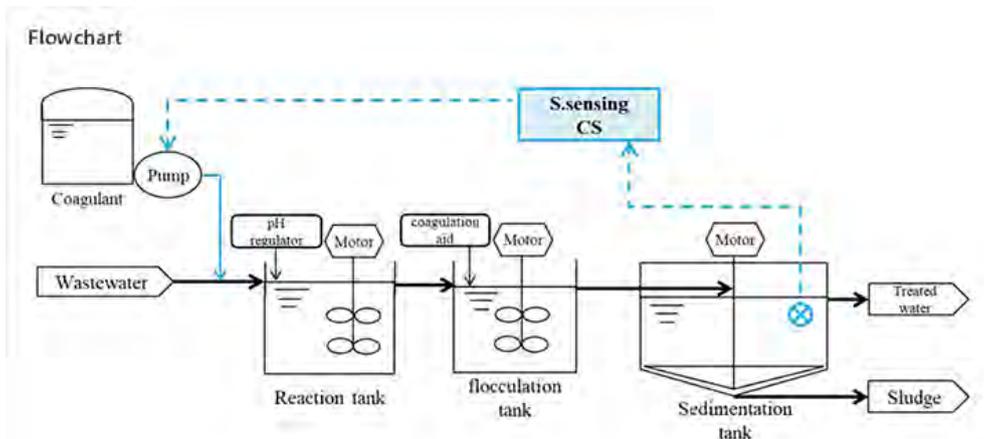


## Customer Example

### Japan Display: Environmental Improvement Case Study

The main businesses of Japan Display Inc. range from R&D to manufacturing and sales of various devices such as displays and sensors. As a participant in the United Nations Global Compact, the company has set green tech and sustainability management as part of the basic policies in its growth strategy leading up to 2026. The Mobara plant, Japan Display's development and manufacturing site, has set reduction targets in various categories, including waste emissions, and the thorough management, reduction, and substitution of chemical substances, and is pursuing ongoing environmental activities to achieve these targets.

Kurita Water Industries Ltd. engages in the production and supply of ultrapure water used in production facilities at Japan Display's Mobara plant as well as in the recovery and treatment of wastewater from the plant. As part of Japan Display's environmental improvement activities, Kurita Water Industries has been working with the customer to detoxify wastewater generated in the production process. Wastewater treatment facilities use various water treatment chemicals to detoxify wastewater. The challenge was to reduce the large amount of industrial waste produced by chemical reactions. To address this issue, Kurita Water Industries developed a proposal to constantly monitor wastewater treatment status using S.sensing CS technology. This makes it possible to optimize the amount of chemical additives used to detoxify and stabilize wastewater. This measure is expected to reduce both the volume of chemicals used and the volume of chemically derived waste by 55% compared to previous treatment methods. Going forward, Kurita Water Industries plans to deploy a similar approach to other wastewater treatment systems to further reduce environmental impact.



### Voice of the Customer

With raw material prices soaring worldwide, the mechanism to reduce the use of water treatment chemicals and the discharge of industrial waste was an excellent proposal that had a direct and positive impact on sustainability.

We look forward to continue working with Kurita on improving the operational stability of our water treatment facilities and reducing environmental impact, as the system also improves wastewater discharge monitoring and has the potential to be deployed at other facilities.



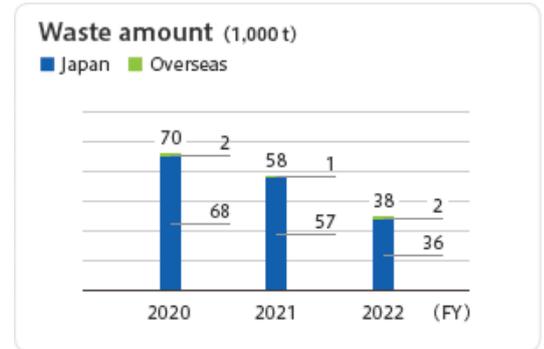
Mr. Hiroshi Nagao  
Senior Manager, Facility Section,  
Total Cost of Ownership Innovation Department,  
JDI Manufacturing Campus, InfiniTech Business Unit,  
Japan Display Inc.

# 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.

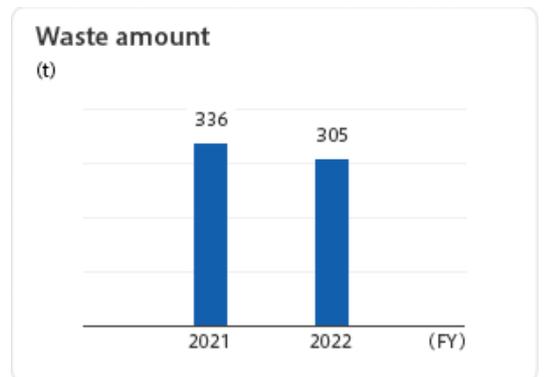
### Internal Promotion of Environmental Improvements



## Hansu: Waste Reduction Case Study

Hansu Co., Ltd. engages in the manufacture and sale of water treatment chemicals. At the Ansan plant, one of the company's manufacturing sites, Hansu Co., Ltd. continuously produces the same line of products based on a production schedule. By reducing the amount of waste filters that were previously switched out for each product item and by reusing containers storing chemical raw materials that were previously thrown away altogether, the company reduced the amount of waste at the plant by 9% compared to fiscal 2021.

### Change in Amount of Waste at Ansan plant, Hansu Co., Ltd. (t)



Filters



Chemical containers

# Advance Industrial Production Technologies

## 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 FY2022
Proportion of themes falling into “Contribution to improvement of production process” to product development themes	35%	28%

### High TDS Waste Liquid Concentration Technology Using Membrane Distillation

High total dissolved solids (TDS)<sup>\*1</sup> effluents are especially difficult to achieve effluent standards by a typical wastewater treatment facility compared to various wastewater from production processes. Therefore, for small quantities, high TDS effluent is usually disposed of as industrial waste. For larger quantities, water content is evaporated to approximately one-twentieth by a vacuum distillation system. However, with acid or aggressive water, there are cases where it is difficult to apply this system. Moreover, this system requires space for its equipment and heating boiler. The total amount of high TDS effluent is disposed of as industrial waste when it is difficult to install a vacuum distillation system. The Kurita Group has developed a concentration treatment system that saves space and can treat acidic waste liquid without neutralization. The system uses a membrane distillation<sup>\*2</sup> technology, which allows steam to permeate through a membrane by taking advantage of the difference in boiling points between impurities in the waste liquid and water. The system uses a hollow fiber membrane, which offers a larger evaporation surface per unit of floor space than vacuum distillation equipment. The Group achieved further space savings by using a heat pump to heat the waste liquid. The system makes it possible to reduce the amount of waste liquid previously disposed of altogether and to recover water from the waste liquid.

\*1 Total dissolved solids are the total value of inorganic salts and organic substances like calcium and magnesium dissolved in water. Higher values indicate greater impurities.

\*2 A technology that allows steam to permeate through a membrane by taking advantage of the difference in boiling points between water and the elements to be separated from water.



Membrane distillation unit

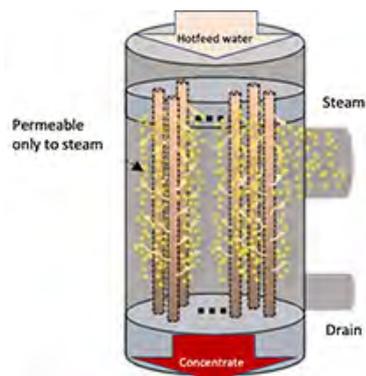


Diagram of membrane distillation

## Developing an Energy-Saving Denitrification System Using Fluid Analysis Technology

Wastewater treatment facilities properly treat wastewater from plants to avoid adversely affecting the ecosystem. Treated effluent is then discharged to rivers. Nitrate nitrogen and other nitrogen compounds in wastewater are typically denitrified by utilizing microorganic activity. Facilitating efficient contact between wastewater and these microorganisms makes it possible to save space in treatment facilities and save energy in the operation of agitation tanks.

The Kurita Group has developed a method using fluid analysis technology to ensure the fluidity of the carriers<sup>\*1</sup> to which microorganisms are attached and to suppress the peeling away of microorganisms from the carrier surface. The Group also revised the material used for the carriers, reducing its weight to enhance fluidity. As a result, it is possible to mix microorganisms efficiently with wastewater using only slight agitating force. The combination of fluid analysis technology and the lighter-weight carrier yielded a system for the high-load treatment of nitrogen compounds that makes it possible to use less space for treatment facilities and reduce CO<sub>2</sub> emissions by 80%<sup>\*2</sup> by using less energy to drive the agitation tanks.

\*1 Pellet-shaped resin with a wide contact surface area that can carry a large number of microorganisms.

\*2 Reduction amount per agitation tank.

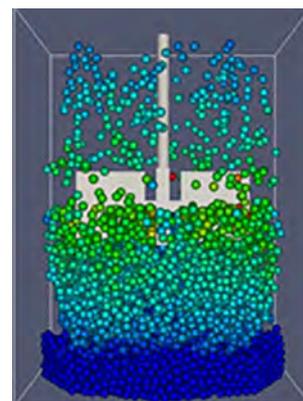
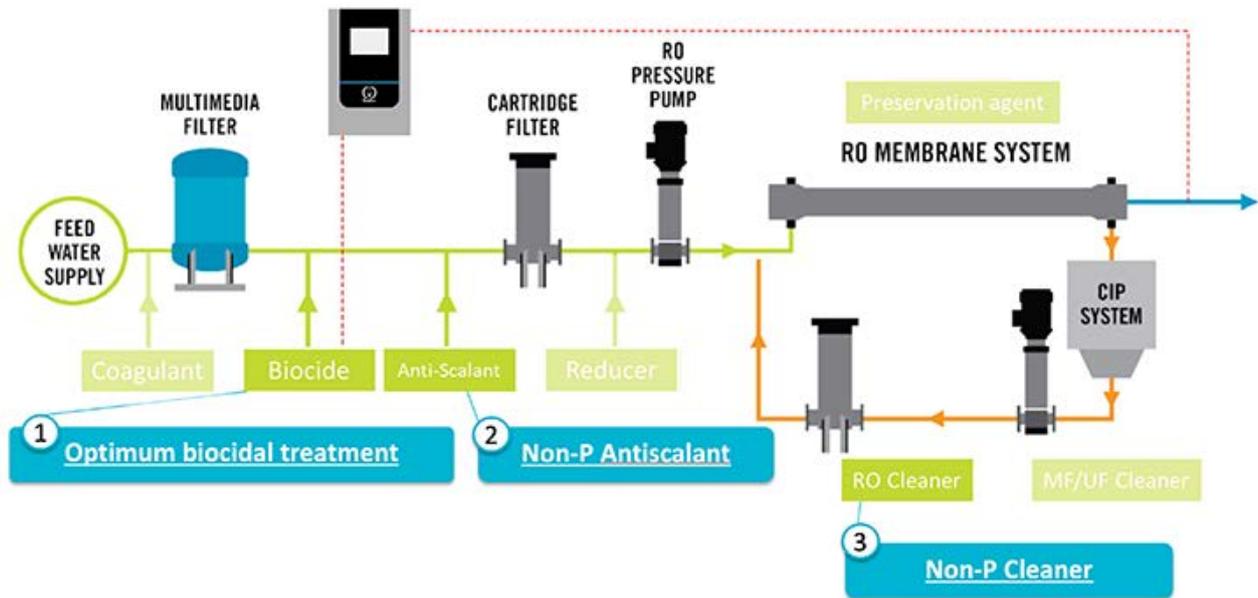


Image of fluid analysis

## Development of RO Membrane Solutions That Help Prevent Water Resource Depletion and Marine Pollution

In countries throughout Asia, the need for household water, agricultural water, and industrial water for use in a variety of production facilities is increasing in line with recent population growth and rapid economic development. There are concerns that the depletion of water resources due to mounting water usage will become a major issue. Many plants are turning to RO membranes, which remove and filter foreign substances in water using the principle of osmosis, to treat well water, industrial water, and factory effluent and ensure the quality and quantity of water needed for production. One problem with RO membranes is that, when raw water contains high concentrations of pollutants, it is necessary to keep the volume of water recovery low to prevent clogging of the membranes. Moreover, the volume of water treated gradually diminishes, as membrane surfaces become fouled by inorganic substances or organic substances in the water, or a combination of both. Securing a stable supply of water for production and using water efficiently requires water treatment chemicals to prevent membrane fouling and regular membrane cleaning. The Kurita Group is developing an array of water treatment chemicals that help reduce environmental impact, such as by saving water, reducing CO<sub>2</sub> emissions, and reducing waste. These include scale prevention and biofouling control agents that maintain and improve the amount of water that can be treated by RO membranes, and cleaning chemicals that restore membrane performance. Moreover, to address stricter regulations in various countries and regions aimed at preventing marine pollution, we are developing cleaning chemicals that do not use phosphorus, which leads to the excessive presence of nutrients in water, as well as a system that optimizes the amount of water treatment chemicals used by constantly monitoring water treatment status. We will continue to help prevent water resource depletion and marine pollution.



RO membrane solution of the Kurita Group.

# 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](#)

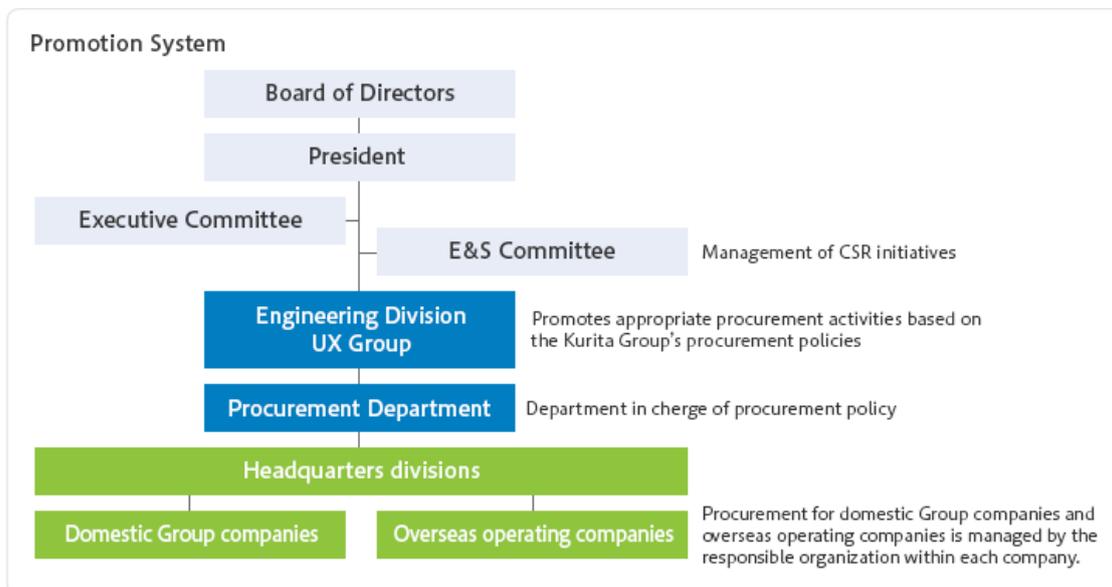
> [The Kurita Group CSR Procurement Guidelines](#)

### 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

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

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### 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 particular, we ask major suppliers to conduct self-assessments based on the guidelines and to implement improvement measures. From fiscal 2019 to fiscal 2022, we received results from suppliers that account for 68% of the order amount of whole Group. 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 2022, 120 suppliers in Japan and overseas (accounting for 24% of total order amount in fiscal 2021) were registered on the platform.

The self-assessments confirmed that the average value of all suppliers satisfies the Kurita Group's standards in all items. On the other hand, for the suppliers who did not meet the standards of some items, we implemented individual measures towards improvement. 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 FY 2021, in order to confirm the working environment of foreign workers at our business partners, we visited our business partners and conducted direct interviews with foreign workers.

\* 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.

➤ [CSR Policy](#)

➤ [The Kurita Group Procurement Policy](#)



## Status of Business Dealings

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

	FY2020	FY2021	FY2022
Number of suppliers	2,326	1,806	1,729
Transaction amount (Millions of yen)	91,409	70,198	83,898
Japan (%)	91.8	90.8	92.4
Overseas (%)	8.2	9.2	7.6

## 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 2022 were as follows.

Name	Purpose / Details	Number of participating companies
Liquid transportation operation training session	Safety course regarding liquid transportation operations	20
Transport safety and quality conferences	Safety training for transportation contractors	20
Safety events	Safety lectures, and explanation of revised safety rules	263
Kurita Group CSR Workshops	Activating, promoting improvement of CSR activities at major suppliers	139
Individual supplier interviews	Encouraging registration on EcoVadis platform, giving feedback on evaluation results	20

# Third-Party Opinion/Response to Third-Party Opinion

## Evaluation and Comments

The Kurita Group's medium-term management plan, "Maximize Value Proposition 2022 (MVP-22)," has one year left to run, but it's clear Kurita has been making steady progress. One of the most significant elements of the plan is Kurita's shift from a business model selling conventional products to the solution-based business model selling products that provides customers with the functionality they need. To support this transformation, Kurita had to change the mindset of customer-facing employees, and to achieve that, all employees had to share the same vision. Specifically, this meant overhauling organizations, running training programs, putting supporting systems in place, and creating a performance evaluation system that ensures actions lead to results. These small changes in the MVP-22 plan are steadily building into a major transformation.

Many companies are incorporating the sustainable development goals (SDGs) into business management and making clear statements about tackling social issues. We believe that the process should first start with analyzing the relationship between the company and its customers to find optimal solutions for the company, customers, and society as a whole. From this perspective, we think the Kurita Group's water supply business is a truly pioneering business model. Moreover, the MVP-22 plan is being addressed as a priority measure, positioning the CSV business as a means of creating both social and economic value. Kurita can play a major role in solving social issues through water. But it has taken a great deal of effort to reach this point. Kurita created its original concept of "customer environmental impact improvement" more than 20 years ago, and through a process of trial and error, it built mechanisms and accumulated data. It was a long way that changing from gaining customer's joint recognition for the effect of products to co-creating social value. This is one of the Kurita Group's greatest assets and something that cannot be achieved overnight. We believe it should be highly valued as a positive driving force for society.

Also, as the COVID-19 pandemic has lasted for two years, Kurita has explored new ways of remote working, both inside and outside the company. It showed the actual efforts to create a new form of business such as by improving successful approaches, discarding ones that don't work, and identifying issues where remote working falls short of comparing to face-to-face interaction. These new business formats and ways of working need appropriate evaluation criteria. Referring to successful models of other companies, we are looking forward to Kurita putting the right mechanisms in place.

Materiality (priority issues being addressed by Kurita) can be separated into maintenance targets and achievement targets. While there have been some changes to the scope of data collected due to M&As and other developments, Kurita appears to be on track to attain most of its targets. In maintenance targets, Kurita has implemented common initiatives on human rights across its global business, but the initiatives have not yet been tailored to the specific situations of each country. We think Kurita needs to take immediate steps in this area, given its position as a global company.

As environmental issues are expected to have a significant impact on business on a global scale, more objective evaluations of the environmental impacts are required. Therefore, Kurita's efforts to create social value together with customers are likely to be viewed positively.

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

Dr. Kokubu is Dean of the Graduate School of Business Administration, Kobe University. He completed his PhD in Business Administration from Osaka City University. He was Dean of the Graduate School of Business Administration, Kobe University from 2014 to 2016 and Vice President of Kobe University from 2019 to 2021. Dr. Kokubu is Chairman of MFCA Forum Japan and Chair of ISO/TC207/SC1WG13. 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

## Response to Third-Party Opinion

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Thank you, Professor Kokubu, for your invaluable comments.

The Kurita Group places CSR at the core of management strategy, aiming to realize its corporate philosophy – “Study the properties of water, master them, and we will create an environment in which nature and humanity are in harmony.” In fiscal 2022, to support our shift to business activities that are informed by social issues, we introduced a new system on a trial basis to assess each employee’s social value creation through CSV businesses as part of their performance evaluation. The system was rolled out fully from fiscal 2023. Also we strengthened both the mechanisms and operational methods needed to promote CSR across the Kurita Group. Specifically, drawing on the advice of external experts, we identified potential risk areas related to human rights in the Group’s value chain, and evaluated the environmental impact on local communities and the business risks of each Group business site, narrowing down the locations and risk categories that need to be prioritized to reduce environmental impact.

Furthermore, to achieve our long-term targets based on the TCFD recommendations, we are working to reduce CO<sub>2</sub> emissions by introducing renewable energy, among a range of other measures. Through our participation in the WRC as a founding member, we are also promoting concrete measures to conserve and restore water resources in catchment areas with serious water resource challenges, while also working with other companies to standardize water conservation activities.

However, we still have a long way to go in strengthening our disclosure of information related to the “S” in ESG (social information), something that was flagged in Professor Kokubu’s fiscal 2022 evaluation. We will address this, and his comments this year about tackling human rights issues, as we continue to work on building a Groupwide framework for implementing and for efficiently and effectively managing CSR initiatives.

Fiscal 2023 is the final year of our CSR medium-term plan, which is based on Kurita’s CSR Policy. As chairperson of the E&S Committee, I am determined to achieve the plan’s objectives. In order to do that, we need to make sure all employees share the Group’s vision for sustainability, as Professor Kokubu pointed out. We will continue to communicate our vision and work to create a corporate culture where employees can take pride and satisfaction in solving social issues.

Ultimately, we want to be a corporate group that consistently provides value to society, backed by a workforce that recognizes how they can individually make a unique impact on social issues by leveraging the Group’s accumulated expertise in the fields of water and the environment. With the goals of our corporate philosophy in mind, we will work to grow sustainably with society through business activities informed by social issues.



Yasuo Suzuki  
Managing Director and  
Executive General Manager of  
Global Business Division  
Chairperson of the E&S Committee



**KURITA WATER INDUSTRIES LTD.**

Nakano Central Park East, 4-10-1 Nakano  
Nakano-ku, Tokyo 164-0001, Japan

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

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