KURITA
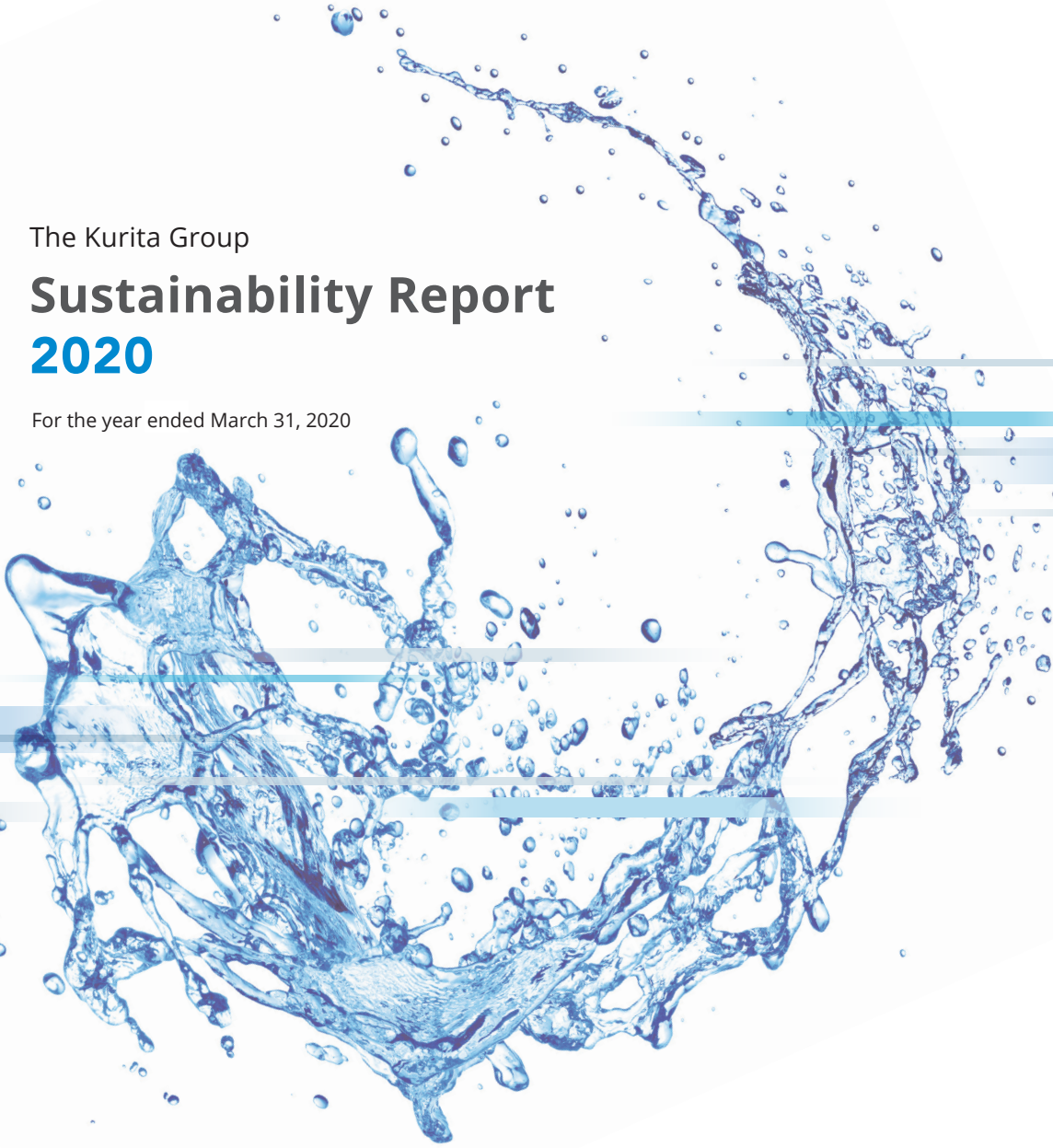
The Kurita Group

Sustainability Report
2020

For the year ended March 31, 2020

Editorial Policy

The Kurita Group Sustainability Report 2019 ("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 2020.

Structure

The Report is broadly comprised of two sections on the Kurita Group's CSR initiatives: 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 2020 (April 1, 2019 to March 31, 2020)

* Some information on policies, structures, and initiatives prior to and beyond fiscal 2021 is included in the report as necessary.

Guidelines referred to

・GRI Standards

・Environmental Reporting Guidelines 2012, Ministry of the Environment

・Environmental Accounting Guidelines 2005, Ministry of the Environment

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 "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, some variation in the figures reported for fiscal 2019 owing to revisions to certain fiscal 2018 data that occurred from August 2018 onwards.

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Contents

Toward Creating an Environment in which Nature and Man are in Harmony

Michiya Kadota
President and Representative Director

Michiya Kadota

The effects of COVID-19 have spread around the globe. We would like to express our deepest condolences to the families of all who have lost their lives and pray for the earliest possible recovery for all who are affected by the pandemic. We would also like to express our sincere respect to all those who are working on the front lines to respond to this crisis, including those in the medical professions.

Fulfilling our Responsibilities to Society

The Kurita Group defines CSR as "The Kurita Group's responsibility for its impact on society." The Group conducts business in water-related areas, which are indispensable in enabling the customers who support society to stay in business. Therefore, the Group recognizes one of its CSR initiatives to be to continue providing products and services to customers while ensuring employee safety and health, even under the impact of COVID-19.

COVID-19 has transformed the way we live and work. Given the reality of having to coexist with this virus, sustainably developing social and economic activities demands that companies dismantle preconceived ideas and shift to new ways of doing business. In the Kurita Group as well, all Group employees are seizing the current crisis as an opportunity to strive together to transform our business processes and models in ways that are not constrained by time or place, all while ensuring quality and safety.

Helping to Solve Social Issues

Initiatives based on the Kurita Group's CSR Policy started in fiscal 2019, the same year as the launch of the medium-term management plan Maximize Value Proposition 2022 (MVP-22). The following year, from the perspective of further enhancing the effectiveness of the seven priority themes laid out in the policy, the Group evaluated activities taken to date and their outcomes, and revised targets for some of the themes. In fiscal 2021, the position of Quality Control Manager was newly created to reinforce initiatives in quality and safety that are an essential basis for the Group to continue doing business. In terms of environmental improvement activities that are closely connected with its business activities, the Kurita Group is enhancing and accelerating the development of "CSV businesses," which are products, technologies, and business models that contribute significantly to water-saving, CO_2 emissions reduction, and waste reduction, and help achieve the action plans and targets outlined in the SDGs. A priority measure of MVP-22 is to develop and enhance CSV businesses that create shared value with society. From fiscal 2021, the Group will continue to focus on generating new CSV businesses and extending these businesses across the Group.

At the same time, as the scale of the Kurita Group's overseas operations has expanded with the acquisition of new companies in recent years, the amount of environmental impact generated by the Group has also increased. Particularly with regard to CO_2 emissions, we must pursue responsible initiatives in response to the global issue of climate change, as a company active in the environmental field. Through AI, IoT, and other digital technology and information analysis, the Kurita Group will build more efficient production systems that significantly reduce energy use, as well as shift towards lower carbon solutions by incorporating smart technologies in the water treatment methods that accompany customer production processes and in our water supply bases.

The international crisis engendered by COVID-19 has accelerated the digitization of life and work, and brought about irreversible changes in society. The Kurita Group is recapturing the vision expressed in its corporate philosophy "Study the properties of water, master them, and we will create an environment in which nature and man are in harmony," striving to realize this vision as we work to create shared value with society.
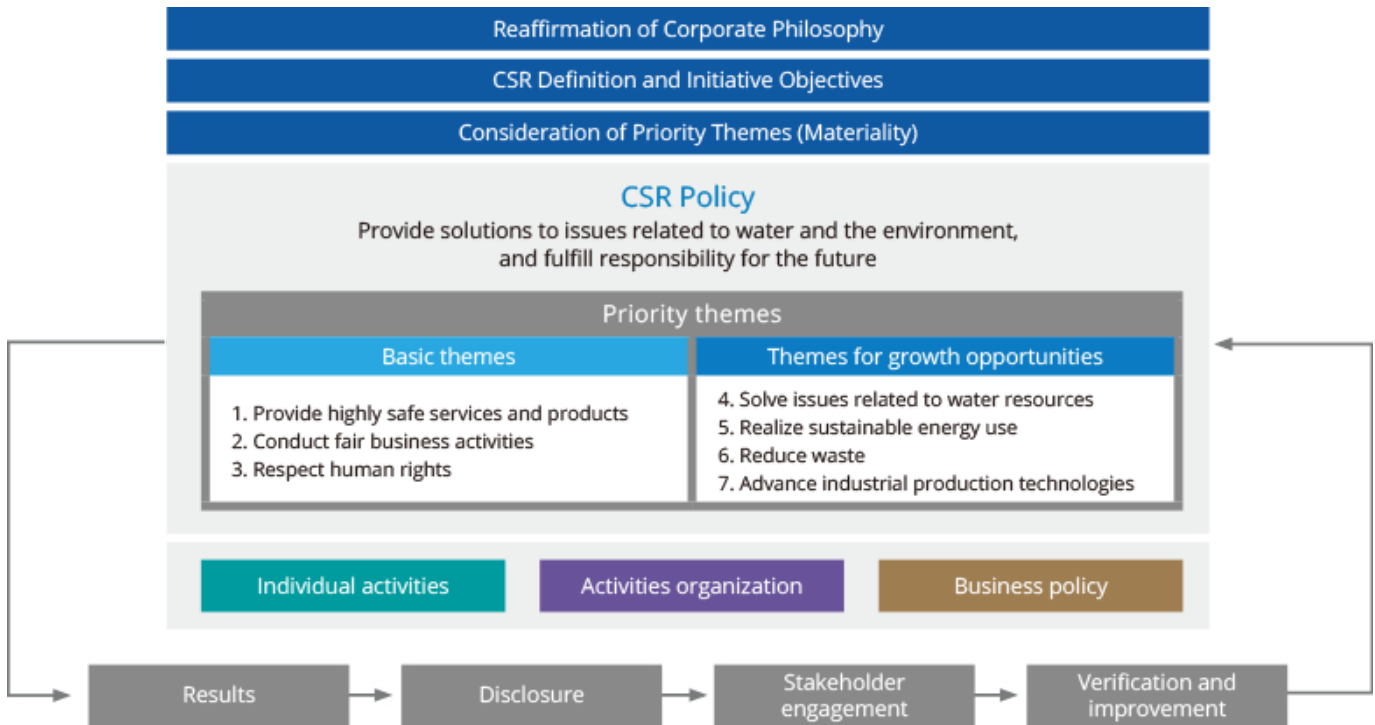
Definition and Objectives of CSR

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 CSR initiatives. 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 Organisation for Economic Co-operation and Development (OECD), 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 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.

Greatness of the Kurita Group's impact on society

Evaluation of materiality of the 30 themes based on two axes

Degree of stakeholders' expectations for the Kurita Group
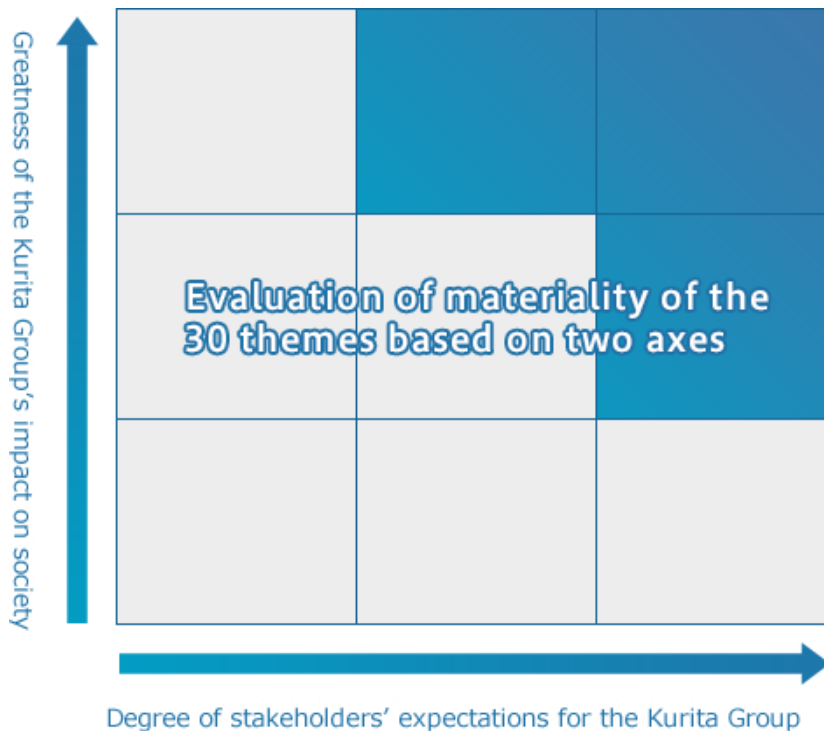
Step 2: Identification of Materiality

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.

Classification of materiality with two perspectives

| Tasks that should be positioned as the base of management and business activities | Growth opportunities for achieving our Corporate Philosophy |

Seven material issues

Basic themes	Themes for growth opportunities
1 Provide highly safe services and products	4 Solve issues related to water resources
2 Conduct fair business activities	5 Realize sustainable energy use
3 Respect human rights	6 Reduce waste
	7 Advance industrial production technologies

Setting "what we should be like in 2030" or "frame of mind" that we should maintain firmly, for each material issue

Step 3: Confirmation of Adequacy

The E&S (Environmental and Social) 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

To promote its CSR initiatives, 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 to issues related to water and the environment, and fulfill responsibility for the future					
Priority themes		Initiatives toward 2030	Metrics	Medium to long term targets	
					Target year
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*1	100%	FY2023
			2) Rate of front-line employee participation in regular safety training directly related to products and services	100%	
	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 among officers and employees	100%	FY2023
	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 training conducted in relation to human rights among officers and employees	100%	FY2023
			2) Rate of participation in safety training related to site operations*2	100%	

Provide solutions to issues related to water and the environment, and fulfill responsibility for the future				

	Priority themes	Initiatives toward 2030	Metrics	Medium to long term targets	
					Target year
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 m³*3	FY2023
	5. Realize sustainable energy use	Optimize energy use in living and in industries, and introduce technologies for creating energy throughout society.	CO₂ emission reductions at customers*4 – CO₂ emissions from our business activities	10,000 t*3	FY2023
			Scope 1 and 2 emissions reduction*5 (Reduction rate from FY2019)	27.5%	FY2031
				100%	FY2051
			Scope 3 emissions reduction*5 (Reduction rate from FY2019)	27.5%	FY2031
	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	300,000 t*3	FY2023
	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

*1 Regarding "Proportion of themes falling into 'Safety improvement' and 'Response to legal changes' to product development themes," needs related to safety improvement and response to legal changes vary with the prevailing circumstances, so the target was revised in the fiscal year ended March 31, 2020 in order to facilitate more effective initiatives.

*2 Regarding the "Severity rate," definitions and calculation methods differ depending on the country, so the target was revised in the fiscal year ended March 31, 2020 so that it could be pursued on a Group-wide basis.

*3 The products, technologies and business models selected for the CSV business, which contributes to environmental impact reductions by customers, have increased, and provision of the business to customers has made steady progress, so the target has been revised.

*4 The Kurita Group sets a unique KPI of "Customer impact reduction – Kurita Group impact", aiming to achieve a reduction of environmental impact through its business that offsets and even exceeds the environmental impact generated by its business. "CO_2 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. Please refer to "Environmental Improvement of Customers' Operations" for the details of "Customer impact reduction."

> Environmental Improvement of Customer's Operations

*5 In order to make efforts in line with the Paris Agreement, the Kurita group has set the long-term targets aligned with the well below 2℃ indicated by SBTi, 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. Please refer to "The Kurita Group's Initiatives Addressing Climate Change" in detail.

The Kurita Group's Initiatives Addressing Climate Change >

Status of Targets for the fiscal year ended March 31, 2020

Results and evaluations of CSR initiatives in fiscal 2020 are shown below.

Priority themes	Target			Result	Evaluation
		FY2023 (initial plan)	FY2020		
1. Provide highly safe services and products	1) Proportion of themes falling into "Safety improvement" and "Response to legal changes" to product development themes	15%	Target changed[*1]		
	2) Rate of front-line employee participation in regular safety training directly related to products and services	100%	100%	100%	○
2. Conduct fair business activities	Rate of participation in compliance-related training among officers and employees	100%	100%	100%	○

Priority themes	Target			Result	Evaluation
		FY2023 (initial plan)	FY2020		
3. Respect human rights	1) Rate of training conducted in relation to human rights among officers and employees	100%	100%	100%	○
	2) Severity rate[*2]	0.005	Target changed[*2]		
4. Solve issues related to water resources	Water savings at customers – Tap water used in our business activities	50 million m³	77 million m³	52 million m³	△
5. Realize sustainable energy use	CO_2 emission reductions at customers – CO_2 emissions from our business activities	0 t	-43,000 t	43,000 t	○
6. Reduce waste	Waste reduction at customers – Waste generated from our business activities	100,000 t	292,000 t	152,000 t	△
7. Advance industrial production technologies	Proportion of themes falling into "Contribution to improvement of production process" to product development themes	35%	30%	37%	○

○: Achieved △: Partially achieved

*1 Needs related to safety improvement and response to legal changes vary with prevailing circumstances, so revisions were made in the fiscal year ended March 31, 2020 to make initiatives more effective, and the target was changed to "Rate of product safety evaluations for newly developed products." Initiatives to achieve this target have been conducted since October 2019. After revising the target, the rate of product safety evaluations in the fiscal year ended March 31, 2020 was 100%.

*2 Definitions and calculation methods differ depending on the country, so revisions were made in the fiscal year ended March 31, 2020, and the target was changed to "Rate of participation in safety training related to site operations." Initiatives to achieve the target have been conducted since April 2020.

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	· Suggest and provide solutions to issues of individual customers, by communicating with them through proposal activities, and check how the solutions are evaluated. · Conduct customer surveys to better grasp issues facing the Kurita Group.
Business partners	Fair trade and considerations for society, human rights, and environmental aspects in supply chain	· Check what individual business partners expect and how they evaluate us, by communicating with them in procurement activities. · Conduct questionnaires of business partners to check expectations and evaluations by business partners as a whole and identify the Kurita Group's issues. · Set up a helpline for business partners as a contact for anonymous consultations and whistleblowing.
Employees	Respect for human rights, improvement of job satisfaction, and human resource development	· Check employees' opinions through a self-reporting system or the similar system. · Check needs and effects of employee capability development by providing human resource development training, supporting female employees in their career development, and taking other measures. · Conduct employee happiness and well-being surveys to identify any issues. · Set up a contact for compliance consultation and one for whistleblowing to accept anonymous consultations and whistleblowing.
Shareholders and investors	Dialogues with shareholders and investors for mutual understanding with them and winning support from them	· The president and the director in charge have dialogues with shareholders and stakeholders in financial results briefing, briefing sessions for shareholders, ones for investors, conferences hosted by securities companies, and IR roadshows. · People who are exclusively in charge of IR have dialogues with individual securities analysts and institutional investors through meetings and conference calls. · Disclose information appropriately and in a timely manner via integrated reports, website, and other media.

Stakeholder	Purpose	Approach
Local communities	Contribution to local communities	· Carry out activities related to nature conservation, welfare, disaster control, and other issues in areas where our business bases are located, and provide support for affected areas in the event of a disaster. · Contribute to the Kurita Water and Environment Foundation, which was established to contribute to advancing science and technologies related to water and the environment. · Check expectations and evaluations by local communities in light of presence/ absence of complaints and other feedback to each business location and their contents. · Through participation in the WRC*, work to preserve water resources in water-stressed basins all over the world.

> *Please refer to this press release: Kurita Joins "Water Resilience Coalition", an Organization Committed to preservation of Water Resources

Examination of CSR Initiatives

Based on the following information, we examine our CSR initiatives 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

Results of Initiatives for FY2020

Stakeholder	Major Approach	Results	Issues Going Forward
Customers	· Responded to CSR surveys from customer and supplier evaluation agencies. · Revised implementation policy for customer satisfaction survey.	· Responded to all surveys, disclosed information to supplier evaluation agencies, obtained evaluations. · Decided to implement customer surveys based on as a new policy.	· Reinforce the system for responding to increase in survey requests.

| Stakeholder	Major Approach	Results	Issues Going Forward
Business partners	· Conducted questionnaires for business partners to confirm appropriateness of transactions. · From fiscal 2019 to fiscal 2020, disseminated "Kurita Group CSR Procurement Guidelines" to 398 domestic and overseas business partners (accounting for 57% of value of orders placed by Kurita). In addition, collected results of self-assessments from 260 companies (46%).	· Confirmed issues that business partners identified for the Group and took corrective measures. · Based on self-assessment results, provided specific guidance to business partners needing improvement.	· Expand the scope of the questionnaires to include business partners of domestic and overseas group companies. · Fully disseminate guidelines and expand the scope of business partners subject to self-assessment.
Employees	· Conducted Compliance Behavior Survey for all Kurita Group employees. · Conducted "happiness and well-being survey" targeting the Company and Group companies in Japan.	· Evaluated risks and results of compliance activities for each entity and took corrective measures. · Confirmed status of factors that contribute to employee happiness and well-being.	· Conduct surveys for companies new to the Kurita Group. · Develop measures to enhance job satisfaction and organizational vitality based on survey results.
Shareholders and investors	· Improved ESG information disclosure, responded to surveys from ESG evaluation agencies, held meetings with ESG investors.	· Newly included in ESG indexes.	· Continually improve CSR initiatives and related information disclosure.
Local communities	· Confirmed whether there were complaints from local residents at each Kurita Group company office.	· There were no thanks or complaints.	· Confirm opinions on a regular basis.

Information disclosure

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

- Disclosing reports created by referring to international standards on information disclosure

- Answering questionnaire and other surveys conducted by research institutions and other organizations

- Answering questions and surveys from customers, shareholders, and investors

Promotion System and PDCA

Promotion System

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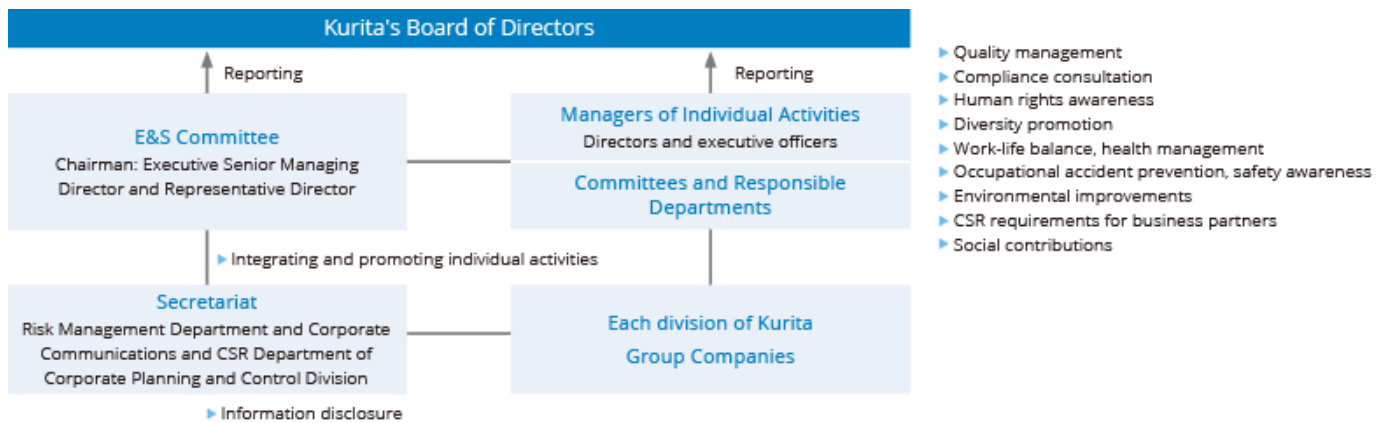
PDCA

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

	Plan	Do	Check	Action
Directors of Kurita	▸ Formulate medium-term management plans/ business plans by reflecting group-wide tasks related to CSR initiatives.		▸ Check and evaluate results of individual activities on CSR. ▸ Recognize and accept stakeholders' expectations, concerns, and requests.	
E&S Committee	▸ Identify group-wide tasks related to CSR initiatives and formulate the CSR Policy and KPIs.	▸ Check the progress of individual activities on CSR. ▸ Disclose information related to CSR. ▸ Have dialogues with stakeholders.	▸ Consolidate the results of individual activities on CSR. ▸ Evaluate and analyze the results of individual activities on CSR based on stakeholders' expectations and concerns.	▸ Review CSR Policy and CSR-related KPIs. ▸ Outcomes of activities and improvement measures reported to Board of Directors
Various committees, each division	▸ Implement measures in light of tasks related to individual activities on CSR	▸ Carry out the individual activities on CSR. ▸ Report the results of	▸ Evaluate and analyze the results of individual activities on CSR.	▸ Review measures on individual activities on CSR

External Evaluation (As of September 2020)

Inclusion in ESG Indexes

	FTSE4Good Index Series 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. Official website
	FTSE Blossom Japan Index 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. Official website
	MSCI ACWI ESG Leaders Index 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.
	MSCI World ESG Leaders Index 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.
	The MSCI Japan Empowering Women Index (WIN) This index was developed by MSCI. It is composed of companies in the MSCI IMI Top 500 Index that have been selected based on their data regarding employment of women, disclosed under the Act on Promotion of Women's Participation and Advancement in the Workplace and corporate policies regarding gender diversity.

SOMPO Sustainability Index

This index was developed by Sompo Asset Management Co., Ltd., a Japanese asset management company. The index is composed of independently selected stocks, emphasizing their ESG evaluation based on the Buna-no-Mori Environmental Questionnaire (environmental assessment) conducted by Sompo Risk Management Inc. and the IntegreX Survey (social and corporate governance assessments) conducted by Integrex Inc.

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Evaluation by ESG Rating Organization

ISS-ESG

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.

Official website

Evaluation by Supplier Evaluation Organization

EcoVadis

Awarded "Bronze Medal" for the top 50% of companies in the manufacturing sector by EcoVadis, a French firm that rates the sustainable procurement capabilities of suppliers from a CSR perspective.

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 CSR activities, 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 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

Basic Policy of 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

In developing products and services, we consider safety, health, and environmental impact throughout the product lifecycle. Specifically, we screen the development themes of high performance materials, units, and solution technologies in the Solutions Business Committee, narrowing them down to the themes that are expected to be most effective. The themes are used to develop products and services by the Research and Development Division and the Solution Business Division. Regarding quality management for the stages from manufacturing to provision of products, the position of Quality Control Manager was created in April 2020 to reinforce safety and other quality control functions at production and construction sites group wide. The Quality Control Manager oversees the Quality Management Committee of Kurita Water Industries and similar committees at various group companies, and determines and assesses quality outcome goals and progress toward process goals, reporting the results to the Board of Directors once a year.

Promotion System
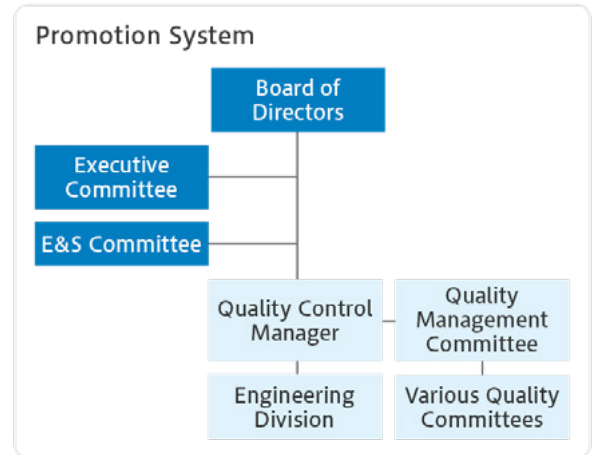
▶ Conceptual Diagram of Quality Management system
(Example of Kurita Water Industries' Department Related to Electric Power Plant)
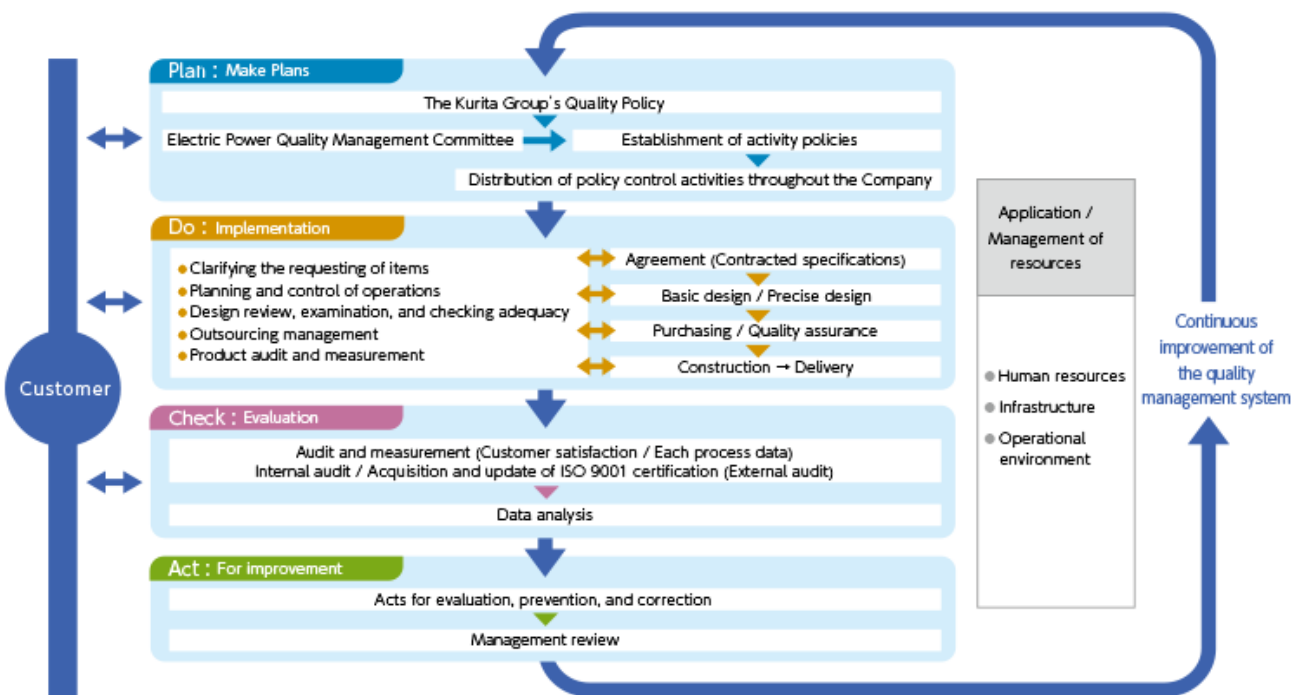
Targets and Achievements

The Kurita Group's targets for the fiscal 2023 and achievements for the fiscal 2020 for the theme are as shown below.

	Targets for FY2023	Achievements in FY2020
Proportion of themes falling into 'Safety improvement' and 'Response to legal changes' to product development themes[1]	15%	-
Rate of safety evaluations for newly developed products[2]	100%	100%
Rate of front-line employee participation in regular safety training directly related to products and services	100%	100%

[1] Needs related to safety improvement and responses to legal changes vary with prevailing circumstances, so revisions were made in fiscal 2020 to make initiatives more effective.
[2] In line with the above revisions, the Group has pursued the revised targets since October 2019.

Main Initiatives

Safety Evaluation of Newly Developed Products

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

Sharing Information Related to Product Safety

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

[1] GHS stands for the Globally Harmonized System of Classification and Labeling of Chemicals. Under this system, physical hazards and health hazards/environmental hazards of chemicals are classified based on international standards, and products classified as hazardous ones are stated on SDSs and indicated on the containers. GHS has been introduced in many countries in accordance with a recommendation by the United Nations. In Japan, compliance with GHS is required by the Industrial Safety and Health Act.

[2] SDS (Safety Data Sheet), is a sheet on which a product's hazards, applicable laws, how to handle and transport the product, emergency measures, and other information are presented in a specific format. The Company creates SDSs for all of its products, commodities, and developed articles and provides them to its customers.

[3] A Yellow Card is a yellow-colored card showing information about procedures for handling an accident as a safety measure for transportation of a chemical. This card is taken along by the transport operator when a chemical is transported on a tanker truck or the similar vehicle.

[4] A Yellow Card cannot be used in the case of consolidated transport or transport of small lot products. Therefore, in such a case, the Company affixes a label indicating safety information (United Nations Number and Emergency Response Guide Number of the chemical name) on each container.

Conducting CS Surveys

The Company's Engineering Group continuously conducts customer satisfaction (CS) surveys of all customers who have purchased large water treatment plants. Based on the results of the survey, the Group continually works to revise and improve various items, including its operations procedure manual and specification sheets.

Number of Surveys Conducted		Question Items
FY2019	14	8 items, including specification, quality management, and construction
FY2020	12	

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 (Total)	
FY2018	840
FY2019	1,113
FY2020	1,243

Technical training session

Safety Training

The Company runs a product safety e-learning course for all employees except those in its administrative division. The course is designed to deepen employee understanding about product safety. In fiscal 2020, 4,320 employees underwent training, which will continue going forward.

Response to Problems

Problems 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.

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 design flaws and stop issues from reoccurring. Building and leveraging the SSM framework will help curb the occurrence of defects.

* Developed by Yasuhiko Tamura of the Institute of Structured Knowledge Yielding Co., Ltd., SSM is a quality management approach mainly used in the manufacturing sector.

Number of Serious Accidents in the Kurita Group Involving Products and Services	
FY2018	0
FY2019	0
FY2020	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. For data such as overall acquisition rate for the entire Group, refer to presented under ESG Data-Social.

List of ISO 9001 Certified Bases(As of July, 2020)

- Kurita Water Industries Ltd.
  (Department related to electric power plant)
- Kurita Chemical Manufacturing Ltd.
- Kurita Meiki Ltd.
- Kuritec Service Co. Ltd.[1]
- Kuritaz Co., Ltd.
- Kurita Engineering Co., Ltd.[2]
- Kurita Creation Co., Ltd.
- 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 Iberica SL
- Kurita Turkey Kimya A.S.
- Kurita Middle East FZE
- Kurita do Brasil LTDA.
- Kurita Water Technology (Taiwan) CO.,LTD.
- Kurita Water Industries (Suzhou) Ltd.
- Hansu Technical Service Ltd.
- Kurita (Singapore) Pte.Ltd.
- Kurita Water (Malaysia) Sdn.Bhd.
- PT Kurita Indonesia
- Kurita America Inc.
- Avista Technologies (UK) Ltd.

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

CSR Requirements for Suppliers

The Kurita Group considers it vital to obtain cooperation from suppliers in order 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.

❯ 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.
Transparency	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.
Compatibility	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

The Kurita Group formulated its Anti-Bribery Policy in order 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 this policy, the Company and each Group company defines items to be complied with as rules and works on the reduction of the risk of the occurrence of bribery.

> The Kurita Group formulated its Anti-Bribery Policy

Kurita Group Antitrust Policy

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 and so forth in different countries and regions.

> 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 an Executive Senior Managing Director of the Company, and the Group E&S Committee's members are representatives of Group companies. The committees are tasked with deciding polices and key measures related to compliance activities, which are conveyed to all employees through subcommittees in each headquarters division and Group company. The E&S Committee also manages the activities and reports the activity results once a year to the Company's Board of Directors, which evaluates the activity results.
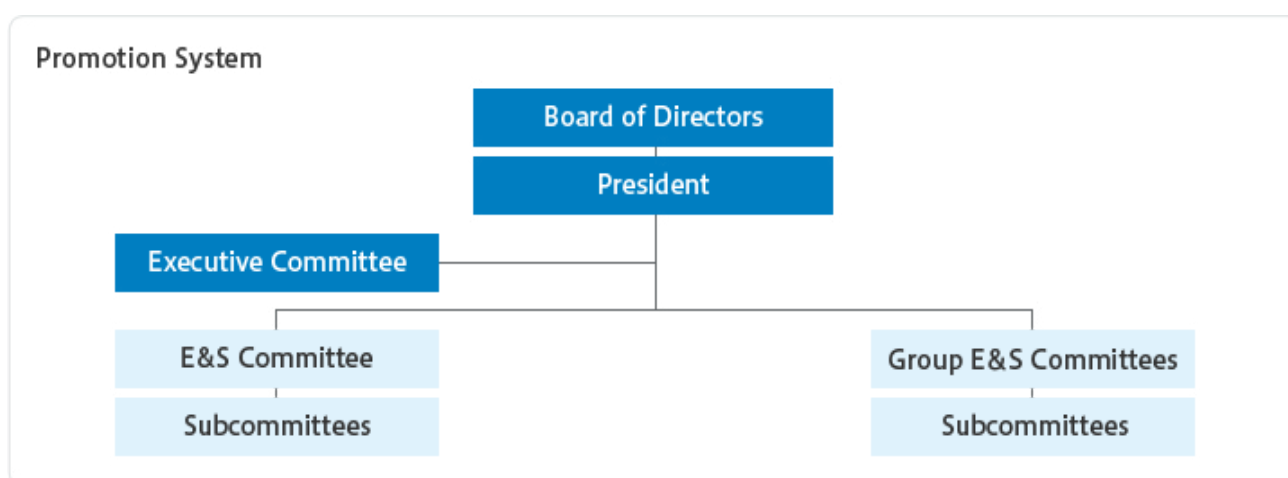
Promotion System

Board of Directors — President — Executive Committee — E&S Committee / Subcommittees — Group E&S Committees / Subcommittees

Targets and Achievements

The Kurita Group's target for the theme in fiscal 2023 and its achievement in fiscal 2020 are as shown below.

	Target for FY2023	Achievement in FY2020
Rate of participation in compliance-related training among officers and employees	100%	100%

*Courses in fiscal 2020 were targeted at officers and employees of the Company and domestic Group companies and at managers management of overseas Group companies.

Main Initiatives

Preventing Problems from Occurring

The Kurita Group has established targets and measures to be taken for improvement of the risk of legal or regulatory infringements, and is working to prevent compliance-related problems from occurring. Specifically, 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.

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

	FY2019	FY2020
Number of people surveyed	6,944	7,054
Number of respondents	6,867	6,988
Response rate (%)	98.9	99.1

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)

	FY2018	FY2019	FY2020
Japan	26	27	23
Overseas	1	4	4
Total	27	31	27

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 provided anti-bribery and anti-corruption e-learning training for all of its officers and employees in fiscal 2020. The training is designed to deepen understanding about points that should be observed by all directors and employees in accordance with the Kurita Group Anti-Bribery Policy, as well as to promote fair business activities. It was held at the Company and domestic Group companies, with a 100% attendance rate.

CSR Requirements for Suppliers

The Kurita Group considers it vital to obtain cooperation from suppliers in order 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.

> The Kurita Group CSR Procurement Guidelines

Respect Human Rights

Human Rights

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

Contribution to Achieving the SDGs

Basic Concept of Human Rights

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

❯ The Kurita Group Human Rights Policy

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 Control Division undertakes awareness-raising activities, mainly for employees, while the Engineering Division is in charge of requesting suppliers to respect human rights.
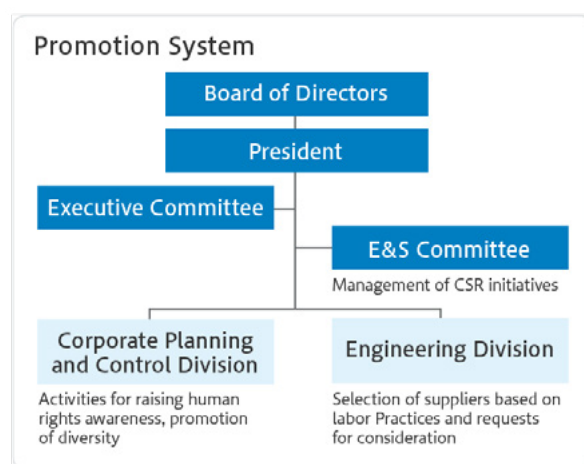
Promotion System

Board of Directors

President

Executive Committee

E&S Committee
Management of CSR initiatives

Corporate Planning and Control Division
Activities for raising human rights awareness, promotion of diversity

Engineering Division
Selection of suppliers based on labor Practices and requests for consideration

Targets and Achievements

The Kurita Group's target for the theme in fiscal 2023 and its achievement in fiscal 2020 are as shown below.

	Target for FY2023	Achievement in FY2020
Rate of conducting training related to human rights among officers and employees	100%	100%

*Courses in fiscal 2020 were targeted at employees of Kurita Water Industries and at managers of domestic Group companies.

Main Initiatives

Formulation of the Kurita Group Personnel Management Guidelines

The Kurita Group formulated 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 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.

Conducted human rights awareness training on the theme of "Harassment Prevention: Focusing on Power Harassment" (December 2019)

Number of Participants in Human Rights Awareness Training

	FY2018	**FY2019**	**FY2020**
Theme	LGBT	LGBT	Harassment Prevention
Number of participants	1,669	1,947	1,714

Dialogue with Employees

Since October 2016 the Company has continuously held "Town Meetings" where President Kadota and employees can speak directly with each other (40 meetings as of September 2020). About six employees from Kurita Water Industries and other domestic Group companies participate each time. Discussions range widely, from how the Group ought to be and its business strategies, to the individual work-related concerns of participants, and explore topics such as what is distinctive about Kurita, business strategies for global projects, and how best to make use of female and other diverse human resources.

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 in order 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.

> 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.

	FY2019	FY2020
Kurita Water Industries	2	5
Domestic subsidiaries and affiliated companies	9	4
Overseas subsidiaries and affiliated companies	4	0
Total	15	9

Evaluation of Employee Human Rights Risk

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

		FY2018	FY2019	FY2020
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.

Status of Employment of Personnel with Disabilities at Kurita Water Industries and Group companies in Japan[*]

	FY2018	FY2019	FY2020
Number of people employed	32.0	45.5	43.5
Employment rate (%)	2.3	2.3	2.2

* Companies eligible to employ people 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

	FY2018	FY2019	FY2020
Number of people employed	16	19	16

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.

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	FY2019	FY2020
Management	100	100
Non-management	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

		FY2019	FY2020
Number of people using leave	Male	6	21
	Female	25	25
Usage rate (%)	Male	6	28
	Female	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)

		FY2019	FY2020
Caregiving leave system	Male	1	1
	Female	0	0
Work less hours for caregiving system	Male	0	0
	Female	0	0
Short-term caregiving leave system	Male	10	9
	Female	5	7

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 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)

		FY2019	FY2020
Leave system due to spouse being transferred	Male	0	0
	Female	2	2

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)

		FY2019	FY2020
Volunteer leave system	Male	3	1
	Female	2	2

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 16.8, indicating a working environment that encourages women to continue working for a relatively long period. On the other hand, little progress was made in appointing women to management positions. However, as Japan faces the prospect of a society with a shrinking population, the ability to successfully promote women's participation and advancement in the workplace has become an urgent issue for the Company in terms of securing management resources. In response, we are working to improve this situation under an action plan based on the Act on Promotion of Women's Participation and Advancement in the Workplace and the Act on Advancement of Measures to Support Raising Next-Generation Children. As a result of these efforts, Kurita Water Industries has been selected for the MSCI Japan Empowering Women (WIN) Index.

> The MSCI Japan Empowering Women (WIN) Index.

Status of Kurita Water Industries

		FY2019	FY2020
Ratio of Female Personnel (%)*	Management	1.1	2.1
	Employees	14.1	14.5
Average Years of Service for Female Personnel		17.1	16.8

*As of December 1 for each fiscal year

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 for women in career track positions, 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 for women in career track positions	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 five-year plan for the period from April 2018 to March 2023, Kurita Water Industries has set the following four initiatives.

Initiative	Measures Taken
Ease workplace regulations	Increase the options for work styles by promoting use of satellite offices (rental offices outside the Company) and recognizing working at home for employees who have restrictions on their work.
Promote use of annual paid leave	Formulate and implement measures to promote use of annual paid leave.
Promote male participation in childcare	Remind employees that childcare leave can be taken in small increments, and aim to increase the number of men taking this leave.
Ensure time for spending on childcare	Subsidize costs of childcare services and ensure that employees have time for childcare.

Work Style Reforms

The Company is promoting work style reforms centered on reducing long working hours with a view to maintaining employees' physical and mental health and increasing their productivity. To help employees ensure a healthy mind and body, to increase productivity, and to promote activity among diverse human resources, we are working to prevent long working hours based on the following policy.

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.

Initiatives to Reduce Long Working Hours

The Company is taking the following initiatives to reduce long working hours.

Issue	Measures
Restrict working hours	- Establish no overtime day (Wednesday) - Set the hours that the Company's facilities can be used (until 8:00 p.m.)
Promote use of paid annual leave	- Encourage employees to take at least five days of continuous leave in the summer holiday period (June-October)
Changing employee awareness	- Provide Work Style Reform Seminars for engineers - Run e-learning programs for acquisition of time-management skills and efficient meeting operation
Reform and introduction of systems and schemes	- Introduction of satellite offices - Trial of interval system to break up work hours

Streamline Operations by Introducing IT Equipment

The Company has distributed mobile IT devices to employees in the Engineering Division to streamline design 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.

Implementing Home Working Measures

Amid rising infections worldwide caused by the COVID-19 coronavirus, the Kurita Group began implementing home working measures in February 2020. As a general rule, all officers and employees are required to work from home, unless they are involved in essential operations related to the provision of products and services to clients and other activities requiring attendance at Group business sites (as of September 2020). The Kurita Group is putting in place the necessary IT environments to ensure officers and employees can work easily from home. It is also using changes in the business environment caused by COVID-19 as an opportunity to consider introducing new work practices.

Health and Safety

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

Basic Policy

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

> The health and safety of directors and employees

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 working 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 the executive senior managing director and representative director 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. 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.

In April 2020, the position of Quality Control Manager was created to reinforce the safety management of production and construction sites group wide. 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 Center, a department dedicated to safety group wide, supports on-site safety initiatives, as well as planning and implementing work-related injury prevention measures and monitoring 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 2020). In addition, the percentage of employees who participate in the Health and Safety Committee is 60.1%* at the Company and 57.1% at domestic Group companies.

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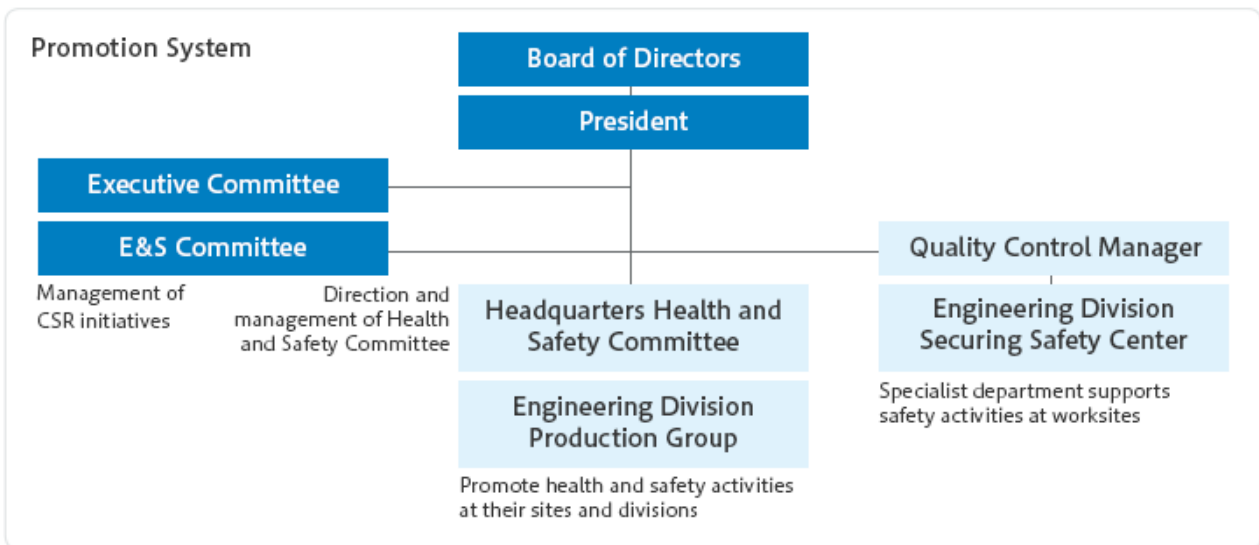
Targets and Achievements

Regarding the "Severity rate," the target for this theme, definitions and calculation methods differ depending on the country, so revisions were made in fiscal 2020, and the target was changed to "Rate of participation in safety training related to site operations." Initiatives to achieve the target have been conducted since April 2020.

For the "Severity rate" in fiscal 2020, please refer to Status of Work-Related Accidents.

❯ Status of Work-Related Accidents

Main Initiatives

In fiscal 2019, the Health and Safety Committee stated the direction for its initiatives as "every one of us must have a sense of danger and establish the behavior of thinking for ourselves to remove any potential 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 2019 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. The Group has put in place response measures for earthquakes and other disasters, and confirmed the status of safety inspections, emergency supply stockpiling, and preparedness training at all 156 domestic business sites, and continues to make improvements.

> The Kurita Group BCM (Business Continuity Management) Policy

Safety Patrols for Preventing Work-Related Accidents

Taking into consideration previous work injuries, we set preventing chemical-related injuries and falls as priority issues. In fiscal 2020, outside experts and the Company's responsible departments conducted 599 safety patrols at sites on new and existing businesses and projects with a high risk of work-related accidents, and efforts were made to discover and eliminate risks at worksites and raise the safety awareness of employees and 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. The Group has begun to trial a virtual reality-based safety training program that aims to heighten risk awareness through a more realistic experience. We have also been enforcing safety training prior to the start of construction in response to the increase in business partners working at a growing number of construction sites. Furthermore, since fiscal 2018, we have conducted safety patrols overseas.

Number of Safety Patrols (Kurita Water Industries)

	FY2019	FY2020
Japan	449	569
Overseas	22	30
Total	471	599

Number of Participants in Safety Education (Kurita Water Industries)

Training name	FY2019	FY2020
Training on handling fires	95	265
Training on handling chemicals	86	500
Safety training for new employees	209	160
Safety training for overseas national staff employees	32	19
Special training on full-harness type fall prevention devices	288	89
Others	263	50
Total	973	1,083

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 2020 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.

The types of injuries that occurred at the Company and domestic Group companies in fiscal 2020

Falls, chemical-related injuries, being caught or crushed, traffic accidents, bruising, sprains, contusions, cuts, bone fractures, dislocation, heat stroke

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.

	FY2018	FY2019	FY2020
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.

	FY2018	FY2019	FY2020
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.

	FY2018	FY2019	FY2020
Number of Health Seminars	2	10	20
Number of Health Events	13	40	46

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.

	FY2018	FY2019	FY2020
Number of Mental Health Seminars	15	16	19
Ratio of Employees Receiving Stress Checks (%)	99.6	98.4	98.5

CSR Requirements of Suppliers

The Kurita Group considers it vital to obtain cooperation from suppliers in order 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.

❯ The Kurita Group CSR Procurement Guidelines

Acquisition of ISO 45001 / OHSAS 18001 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 / OHSAS 18001 certification as of March 31, 2020 is as follows. See the "Social" section of the ESG Data sheet for group wide certification rates and other data.
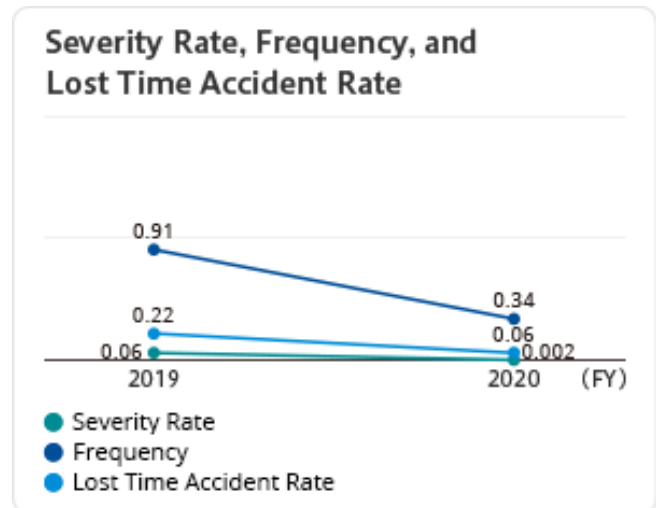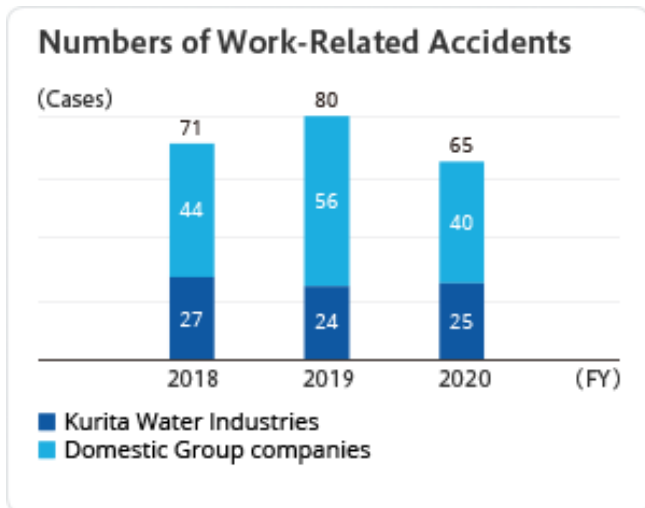
> ⟩ ESG Data

Companies with ISO 45001 / OHSAS 18001 certification

- Kurita (Taiwan) Co.,Ltd.
- Hansu Co.,Ltd.
- Kurita Europe GmbH
- Kurita Turkey Kimya A.S.
- Kurita do Brasil LTDA.
- Kurita (Singapore) Pte.Ltd.
- Kurita Water (Malaysia) Sdn.Bhd.
- PT Kurita Indonesia

Status of Work-Related Accidents

Numbers of Work-Related Accidents at Kurita Water Industries and Domestic Group Companies
The number of work-related fatalities at Kurita Water Industries and domestic Group companies for fiscal 2019 and fiscal 2020 was 0.

Numbers of Work-Related Accidents

(Cases)

	2018	2019	2020
Total	71	80	65
Domestic Group companies	44	56	40
Kurita Water Industries	27	24	25

(FY)

■ Kurita Water Industries
■ Domestic Group companies

Severity Rate, Frequency, and Lost Time Accident Rate

	2019	2020
Frequency	0.91	0.34
Lost Time Accident Rate	0.22	0.06
Severity Rate	0.06	0.002

(FY)

● Severity Rate
● Frequency
● Lost Time Accident Rate

The Kurita Group's Environmental Improvement Activities

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

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

Basic Policy

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
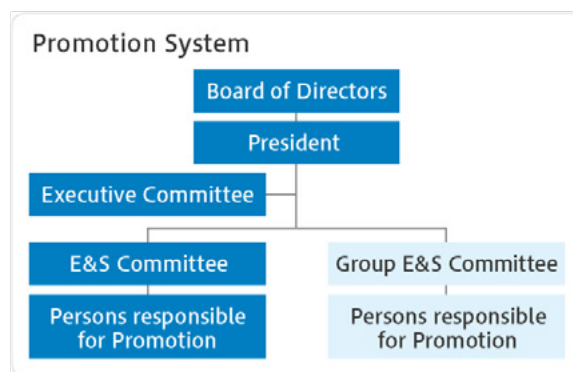
General Provisions

- 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 man 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 (Environmental & Social) Committee, which is chaired by an executive senior managing director and representative 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 initiatives in the Kurita Group. The committees formulate unified medium-term goals for the Kurita Group's environmental improvement initiatives and action plans for each fiscal year. Personnel responsible for promotion the initiatives (committee members or personnel designated by representatives of each company) are tasked with driving efforts to achieve environmental improvement initiative 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 CSR activities once a year.

Promotion System

Board of Directors — President — Executive Committee — E&S Committee — Persons responsible for Promotion / Group E&S Committee — Persons responsible for Promotion

Kurita Group KPI: Customer impact reduction – Kurita Group impact

The Kurita Group has set a unique KPI of "Customer impact reduction – Kurita Group impact" in themes for growth opportunities. 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 and to this end it is compiling data for actual reductions and impact. In theme 5, CO_2 emissions by the Company, current GHG Protocol definitions include data corresponding to Scope 3, but to maintain continuity in CSR activities and KPIs, the existing approach will be used until fiscal 2024, when the current CSR medium-term plan concludes.

GRI Standards were partially revised in 2018, and the Company's ultrapure water supply volume in its ultrapure water supply business was defined as "water discharge (send water for use by another organization)." The ultrapure water supply business takes water from customers, processes it at the Company's facilities into ultrapure water and supplies it back to customer production plants. Ultrapure water after use is recovered and treated at the Company's facilities and reused as ultrapure water. Ultrapure water supplied is not discharged outside factories as is, so the Company excludes ultrapure water supply volume from the scope of calculations for wastewater volume. Disclosure data from January 2021 will include ultrapure water supply volume within the scope of calculations, so from the standpoint of the data, the Kurita Group will become a company that uses a large volume of water.

The Kurita Group will continue to enhance targets and data disclosure in line with the GHG Protocol and GRI Standards. Two KPIs will be utilized, one in line with international standards and one that expresses the unique way the Kurita Group creates value, "Customer impact reduction – Kurita Group impact," and through this the Group will work to both improve the environment through its business and reduce environmental impact down the entire supply chain.

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-saving," "CO_2 emissions reduction," and "waste reduction."

Promotion of CSV Business

The Kurita Group has defined products, technologies, and business models that contribute significantly to water-saving, CO_2 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. Various measures are conducted to promote the CSV business, including development from the standpoint of social issues and establishment of an awards program.

CSV Business Selection Standard

CSV businesses demonstrate the following standards with regard to water-saving, CO_2 emissions reduction, and waste reduction:
1) Are significantly more effective than previous or competing technologies.
2) Are new technologies or applications of existing technologies in new markets.
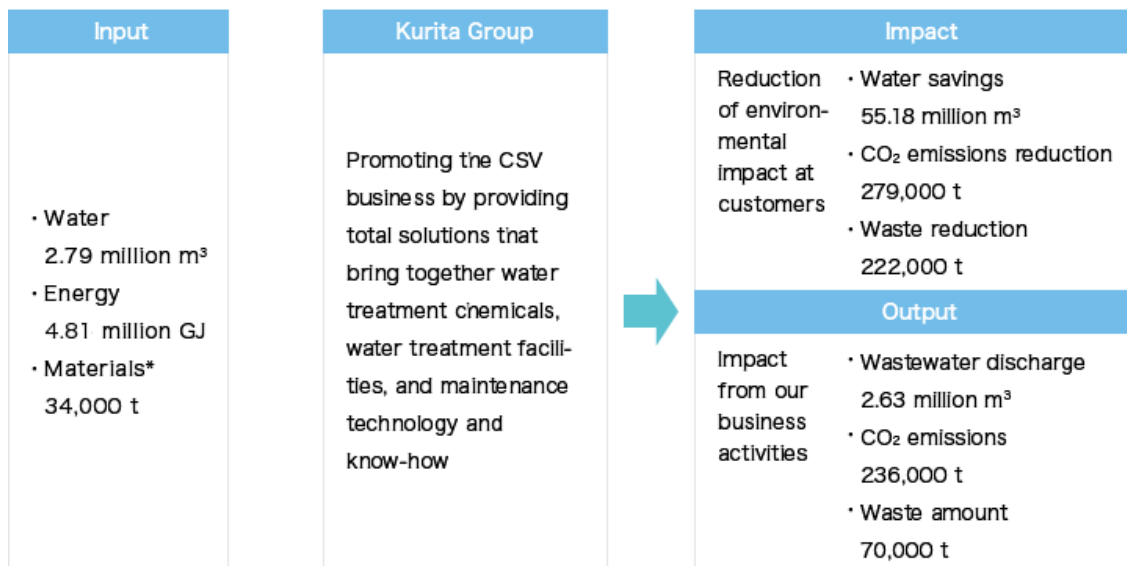3) Contribute to the action plans presented in the SDGs.
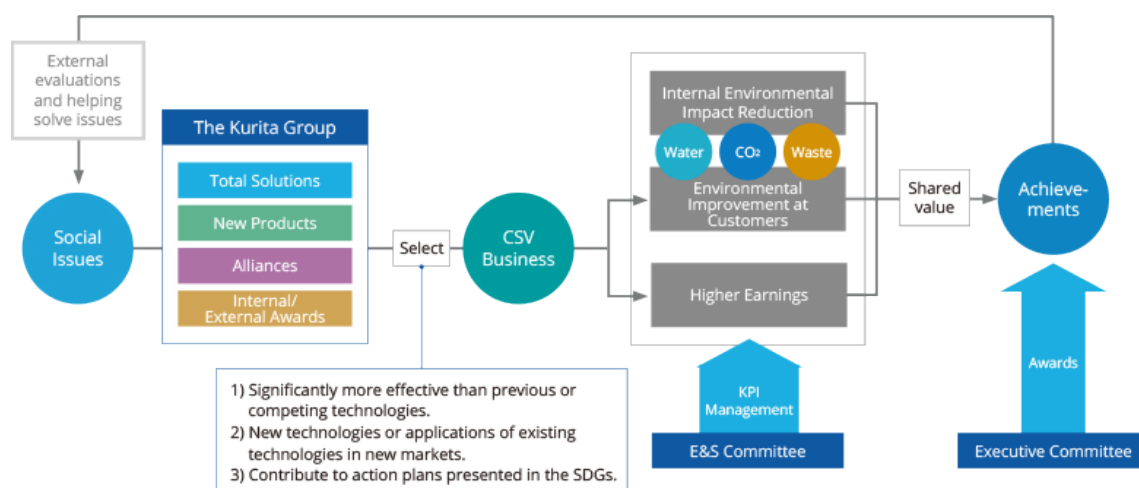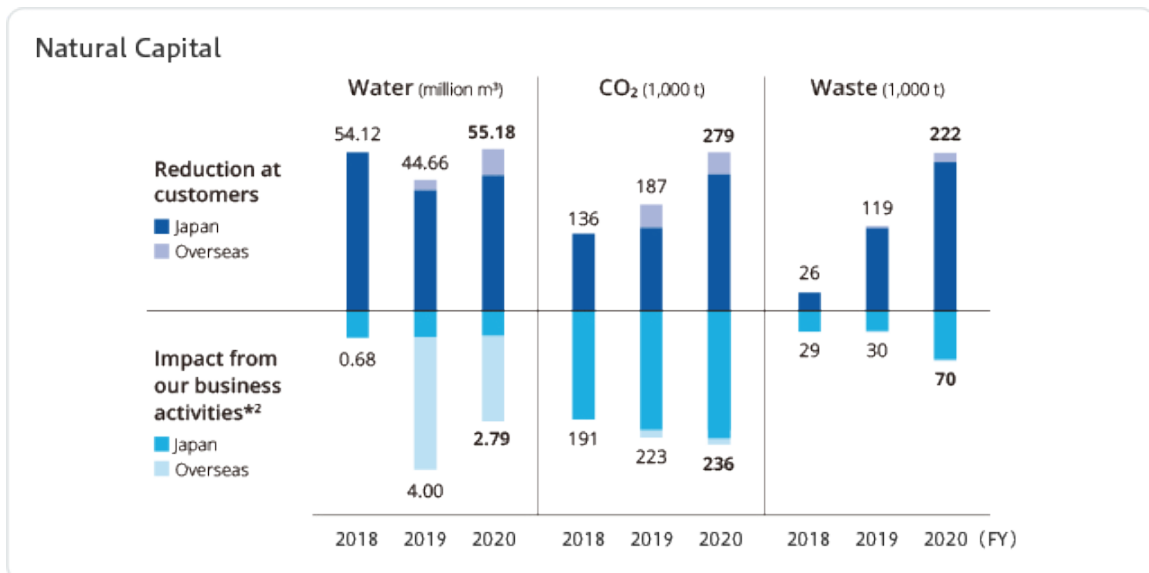
Internal Environmental Improvement Activities

The Kurita Group works to reduce water usage, energy usage, and waste, while adhering to the environmental laws and ordinances of each country and region that apply to the Group's business activities. These activities, including assessments related to compliance with environmental rules 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

		FY2019	FY2020
Infringements of environmental laws and regulations	Number of infringements	0	0
	Fines (Thousand yen)	0	0
Emissions having a serious impact on the environment		None	None

Input

- Water
  2.79 million m³
- Energy
  4.81 million GJ
- Materials*
  34,000 t

Kurita Group

Promoting the CSV business by providing total solutions that bring together water treatment chemicals, water treatment facilities, and maintenance technology and know-how

Impact

Reduction of environmental impact at customers
- Water savings
  55.18 million m³
- CO₂ emissions reduction
  279,000 t
- Waste reduction
  222,000 t

Output

Impact from our business activities
- Wastewater discharge
  2.63 million m³
- CO₂ emissions
  236,000 t
- Waste amount
  70,000 t

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

Natural Capital

Water (million m³)
Reduction at customers
- Japan
- Overseas

54.12 | 44.66 | 55.18

Impact from our business activities*²
- Japan
- Overseas

0.68 | 4.00 | 2.79

CO₂ (1,000 t)
136 | 187 | 279
191 | 223 | 236

Waste (1,000 t)
26 | 119 | 222
29 | 30 | 70

2018 2019 2020 | 2018 2019 2020 | 2018 2019 2020 (FY)

ISO 14001 Certified Bases

The Kurita Group acquires ISO 14001 certification, mainly at business sites that have a heavy environmental impact. As of September 2019, the status of acquisition in the Group is as shown below.

Company	Office
Kurita Water Industries Ltd.	Shizuoka, Yamaguchi, Toyoura and Tsuruga plants; Sakai Sub-branch
Kurita Chemical Manufacturing Ltd.	Head Office, Ako plant
Kurita Buil-Tech Co., Ltd.	Head office
Kuritaz Co., Ltd.	Head office, West Japan branch office and nine other business sites
Kuritec Service Co. Ltd.	Iga, Mie, West Japan, Oita and East Japan plants
Kurita-GK Chemical Co., Ltd.	Head office and Rayong branch
Kurita (Taiwan) Co., Ltd.	
Kurita Water Industries (Dalian) Co., Ltd.	
Kurita Water Industries (Jiangyin) Co., Ltd.	
Hansu Co., Ltd.	Head office and two other business sites
Kurita Europe GmbH	Head office and two other business sites
Kurita Turkey Kimya A.S.	Head office and one other business site
Kurita do Brasil LTDA.	Head office and three other business sites
Hansu Technical Service Ltd.	
Kurita (Singapore) Pte. Ltd.	
Kurita Water (Malaysia) Sdn. Bhd.	
PT Kurita Indonesia	
Kurita America, Inc.	

Communication with Stakeholders

Bolstering Information Dissemination

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

CSR Requirements of Suppliers

The Kurita Group considers it vital to reduce environmental impacts across the entire supply chain with the cooperation of business partners. 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.

> 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 saving, 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 "amount of the reduction in environmental impact of customers - the amount of the Kurita Group's own environmental impact." We will continue to measure these actual values going forward values.

	Target for FY2023	Achievement in FY2020
Water savings at customers – Amount of water intake used in our business activities	240 million m³	52 million m³

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. In fiscal 2019, we revised the scope and method of data aggregation.

Environmental Improvement of Customers' Operations

Water intake reduction (million m³)
■ Japan ■ Overseas
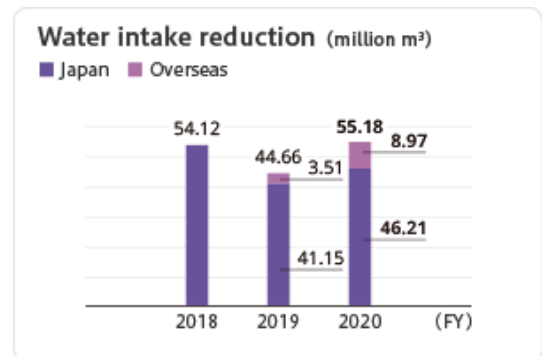
Customer Example

Environmental Improvements at CMK Corporation Thailand Co., Ltd. (Initiatives of Kurita-GK Chemical Co., Ltd.)

CMK Corporation Thailand Co., Ltd. primarily manufactures printed circuit boards for automobiles. Producing circuit boards requires the use of large amounts of water for cleaning, and the company uses more water than any manufacturing plant in the CMK Group, so reducing the amount of water it consumes has been an ongoing issue.

Kurita-GK Chemical Co., Ltd. proposed reducing water usage by raising the processing efficiency of the company's RO membrane facilities, which are the main piece of equipment used to manufacture water for cleaning. RO membranes filter out impurities and inorganic salts. After passing through the membranes, the water is used as industrial water, and water containing inorganic salts is processed as wastewater. When biofouling occurs on the surface of the membranes, it reduces permeated water volume, which increases the amount of water used. To address this problem, Kurita-GK Chemical applied water treatment chemicals that control biofouling on the RO membranes to successfully reduce water usage by 310,000 m² per year. In addition, the frequency at which the RO membranes are cleaned has been reduced from once per week to once every two months, and the frequency at which the cartridge filters, which are installed upstream from the RO membrane facilities, are replaced has been reduced from once per week to once every 1.5 months.

RO membrane facility

Voice of the Customer

KURITA's RO chemical and consulting service provided us a great improvement in RO operation. We could operate RO system smoother and reduce total cost saving. Thank you, KURITA team, for their support.


Mr. Wittaya Srisuwan
Factory Engineering

Environmental Improvements at PTT Public Company Limited (Rayong Gas Separation Plants) (Initiatives of Kurita-GK Chemical Co., Ltd.)

PTT Public Company Limited is a petroleum and natural gas provider, the largest energy company in Thailand. The PTT Group promotes CSR activities based on the PTT Group SSHE (Security, Safety, Health and Environment) Management Standards with the goal of being an 'Advanced and Green National Oil Company.' The company's Rayong Gas Separation Plants had a problem with biofouling in its RO membrane facilities, which are used in water, reducing the amount of water passing through the membranes and requiring cleaning to maintain water volumes.

Kurita GK Chemical Co., Ltd. proposed using water treatment chemicals to prevent RO membrane biofouling. The proposal was adopted and resulted in stabilizing the amount of water passing through the membranes and also reduced membrane cleaning frequency from once every two months to once every four months, which served to reduce the amount of water used by 1,260 m³ per year, including cleaning water. In addition, optimizing management of RO membrane facility operations and reducing the load on the water supply pumps caused by biofouling served to reduce electricity consumption by the equivalent of 11.5 tons-CO_2.
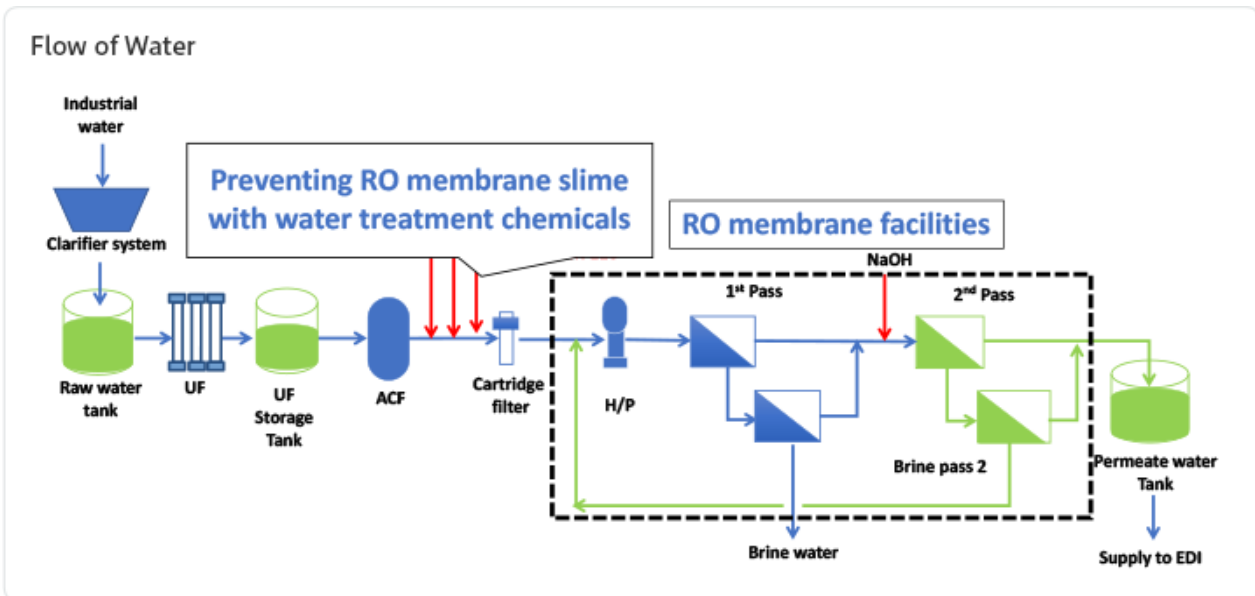
Voice of the Customer

In this case, Kurita's proposal can reduce water and energy consumption after CIP by Kurita's treatment program. RO can operate normally and have good condition. So, it can reduce a risk of membrane cracking. RO membrane can extend the operating time because of the performance as same as new membrane. I would like to thank Kurita for recommendation for saving cost. And we look forward to receiving more improvement proposal to cooperate together.
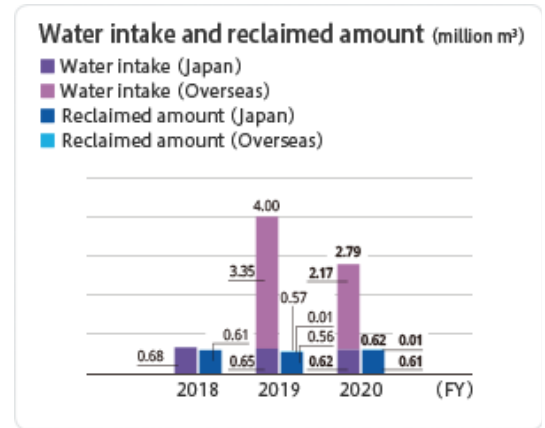
Mr. Thodsaphon Phansadsadee
Process Engineering and Optimization Division,
Production Planning and Technical Management Department

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. Since fiscal 2019, we have been aggregating results for overseas Group companies as well.
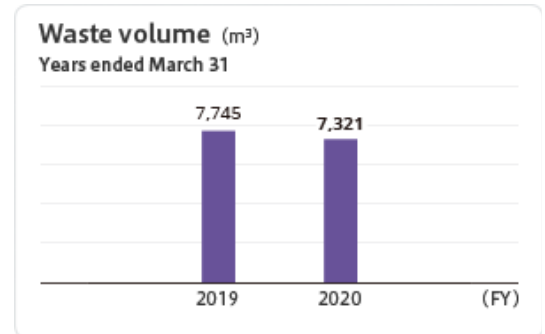
Internal Promotion of Environmental Improvements

Water intake and reclaimed amount (million m³)
- Water intake (Japan)
- Water intake (Overseas)
- Reclaimed amount (Japan)
- Reclaimed amount (Overseas)

Example of Reducing Water Usage at Kurita do Brasil LTDA.

Kurita do Brasil LTDA. is an overseas Group company that produces Kurita Group water treatment chemicals by blending previously manufactured chemical substances. The company sells the water treatment chemicals and supplies technical services in South America. Most of the water used at the company's plant is for the manufacture of water treatment chemicals, but water is also used for cleaning production equipment and for experiments.
The company carried out an investigation to assess water use in its plant in order to reduce water consumption in non-product areas. The investigation found that a large amount of water was being used to clean part of a production line. Kurita do Brasil LTDA. took a number of steps to address the issue in the fiscal year ended March 31, 2020, including making improvements to facilities, such as adjusting production lines and maintaining equipment, optimizing cleaning methods and raising employee awareness about the importance of conserving water. Those steps reduced water consumption by 5% year on year.

Change in Water Usage at Kurita do Brasil LTDA.

Waste volume (m³)
Years ended March 31

7,745 — 2019
7,321 — 2020 (FY)

Internal campaigns to raise awareness about water usage

Evaluation of Water Risk at Internal Facilities

Kurita Water Industries assesses and ascertains water risk for areas where Group production bases are located once a year using the Aqueduct Water Risk Atlas provided by the World Resources Institute. In fiscal 2020, we surveyed production sites that use large amounts of water intake and identified four sites located in areas ranked "High risk" or above. We found that the total amount of water intake for these sites equated to 3% of water intake for all the Group's production sites.

Participation in Water Resilience Coalition

The Company is pleased to announce that in July 2020 it joined the Water Resilience Coalition ("WRC") as a Co-Founder. 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. As a member of the WRC, the Kurita Group will work to preserve the world's water resources together with other companies and organizations, aiming to achieve the Sustainable Development Goals (SDGs) and its Corporate Philosophy.
The Company has also participated in the UN Global Compact and endorsed the CEO Water Mandate.

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.

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_2 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 "amount of the reduction in environmental impact of customers - the amount of the Kurita Group's own environmental impact." We will continue to measure these actual values going forward values.

	Target for FY2023	Achievement in FY2020
CO_2 emissions reduction at customer[1] – CO_2 emissions from our business activities[2]	10,000 t	43,000 t

[1] Please refer to the link below for the details of "CO_2 emissions reduction at customer."

> Environmental Improvement of Customer's Operations

[2] "CO_2 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.

In order to make efforts in line with the Paris Agreement, the Kurita group has set the long-term targets aligned with the well below 2℃ indicated by SBTi[3], starting from the fiscal year ended March 31, 2020 as the baseline year, and are working to reduce Scope 1, 2 and Scope 3 emissions in addition to the above-mentioned targets.

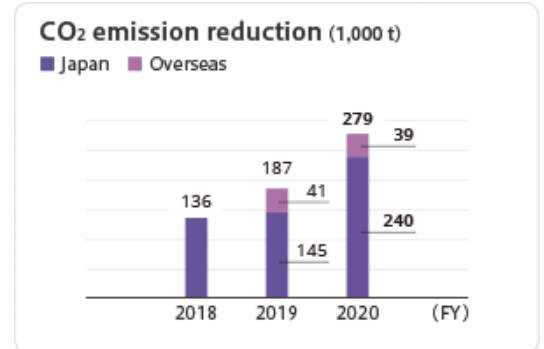| Metrics	Long-Term Targets	
	FY2031	FY2051
Scope 1 and 2 emissions reduction (Reduction rate from FY2020)	27.5%	100%
Scope 3 emissions reduction (Reduction rate from FY2020)	27.5%	-

[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℃ compared to pre-industrial levels.

With Customers

Reducing CO$_2$ Emissions at Customers' Plants and Business Sites

The graph shows the performance of CO$_2$ 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. In fiscal 2019, we revised the scope and method of data aggregation.

Environmental Improvement of Customers' Operations

CO$_2$ emission reduction (1,000 t)
- Japan ■ Overseas

FY	Japan	Overseas	Total
2018	136		
2019	145	41	187
2020	240	39	279

Customer Example

Environmental Improvements at CELUPA INDUSTRIAL CELULOSE E PAPEL GUAÍBA LTDA. (Initiatives of Kurita do Brasil LTDA.)

CELUPA INDUSTRIAL CELULOSE E PAPEL GUAÍBA LTDA. manufactures various types of specialty papers for sterilization processes, food packaging and the production of coffee filters. The papermaking process requires the use of steam, so one challenge at the company is reducing the amount of fuel used for steam generation, thus reducing CO$_2$ emission as well.

Kurita do Brasil LTDA. proposed the use of a new technology "KURITA PJ" for raising thermal conductivity by water-proofing the metal surface of the paper drying drums that are heated by steam. A layer of water is formed inside the drying drums when steam condenses on the metal surface in contact with the steam. Even when extremely thin, this water membrane greatly reduces heat conductivity, which causes more energy to be consumed in the papermaking process. Kurita do Brasil proposed a technology to eliminate this water membrane. Treating the steam with a water-proofing chemical successfully reduced the amount of heat needed, which in turn reduced the fuel consumption per ton of paper produced by 2.8%.

Voice of the Customer

Application of PJ Technology has been advantageous for our process. In addition to the reduction in steam consumption, we achieved environmental gains by reducing the carbon footprint and consumption of fresh water to produce the steam.

With Kurita PJ the process works in stability and brings important gains for CELUPA.
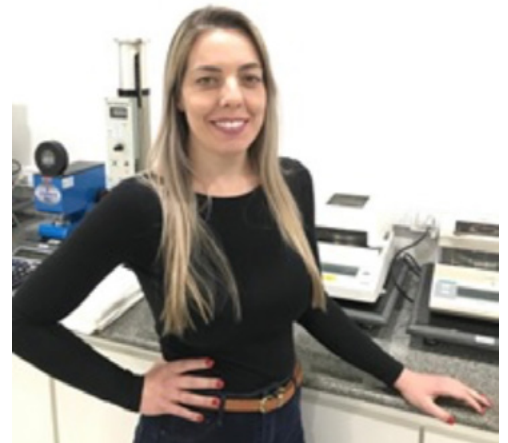
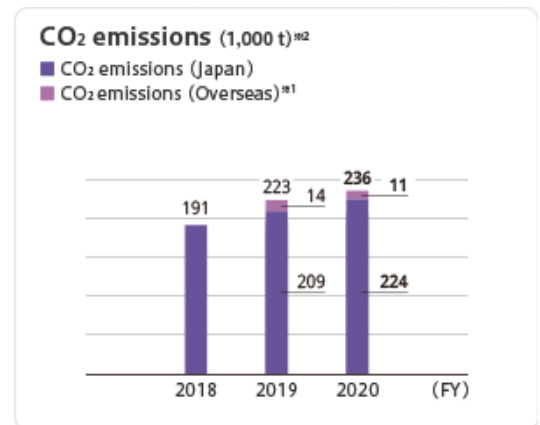Ms. Natalie Figueiredo da Silva
Quality Control

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. Since fiscal 2019, we have been aggregating results for overseas Group companies as well.

> ❯ Kurita Group KPI: Please refer to Customer impact reduction – Kurita Group impact

Internal Promotion of Environmental Improvements

CO_2 emissions (1,000 t)[*2]
- ■ CO_2 emissions (Japan)
- ■ CO_2 emissions (Overseas)[*1]

	2018	2019	2020	(FY)
Overseas		14	11	
Japan	191	209	224	
Total		223	236	

Example of Reducing CO_2 Emissions at Kurita do Brasil LTDA.

Kurita do Brasil LTDA. is an overseas Group company that produces Kurita Group water treatment chemicals by blending previously manufactured chemical substances. The company sells the water treatment chemicals and supplies technical services in South America. The company's CO_2 emissions are derived from electricity used in production facilities and offices and from fuel in customer support vehicles.
To reduce CO_2 emissions in the fiscal year ended March 31, 2020, the company adopted LED lighting, mainly in production areas, and switched from gasoline to ethanol fuel in customer support vehicles. Many vehicles in Brazil are compatible with ethanol fuel, as the country has a long history of producing bioethanol from sugar cane. Those initiatives reduced CO_2 emissions by 14% year on year.

CO_2 Emissions at Kurita do Brasil LTDA.

CO_2 emissions (t)
Years ended March 31
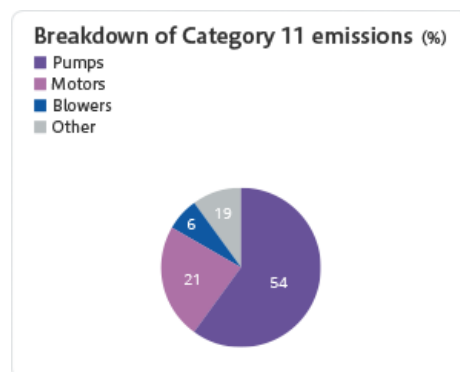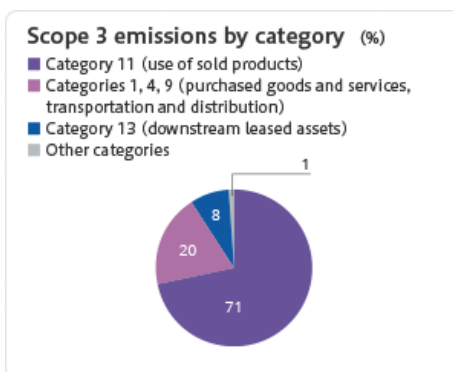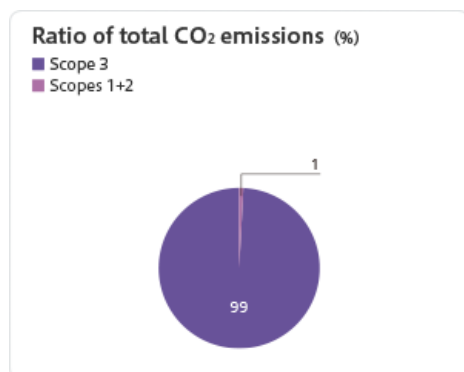
2019	2020	(FY)
325	280	

Conducted an in-house energy conservation awareness campaign

Scope 3 Emissions Data Account and Initiatives

From the fiscal year ended March 31, 2020, the Kurita Group has ascertained data on Scope 3 emissions as part of efforts to address climate change in line with international standards. We found that Scope 3 emissions account for 98.9% of the Kurita Group's combined emissions in the Scope 1-3 categories, with "use of sold products" such as pumps and motors generating a high proportion of Scope 3 emissions. Using this data, we will set medium- and long-term targets for reducing greenhouse gas emissions in line with the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and develop measures to achieve those targets. In addition, we will increase the Group's competitiveness by switching to solutions with a smaller carbon footprint.

	FY 2020	
	CO$_2$emissions (t)	Ratio of total CO$_2$ emissions (%)
Scope 1	9,384	0.3%
Scope 2	25,520	0.8%
Scope 3	3,041,803	98.9%
Scopes 1＋2＋3	3,076,707	100.0%

Ratio of total CO$_2$ emissions (%)
- Scope 3
- Scopes 1+2

Scope 3 emissions by category (%)
- Category 11 (use of sold products)
- Categories 1, 4, 9 (purchased goods and services, transportation and distribution)
- Category 13 (downstream leased assets)
- Other categories

Breakdown of Category 11 emissions (%)
- Pumps
- Motors
- Blowers
- Other

The Kurita Group accelerates the actions on climate change based on TCFD Recommendations

The Kurita Group views climate change as an urgent issue that needs to be addressed globally, and continuously reduce greenhouse gases generated by our business activities and contribute to reducing greenhouse gas emissions for our customers through our business.
In order to realize the Kurita Group's sustainable growth going forward, we analyzed the risks and opportunities of climate change and its impact on our business strategies at E&S (Environmental and Social) Committee, and set medium to long-term targets and measures for the reduction of greenhouse gas emissions based on the TCFD Recommendations.
In addition, we established a system which the Board of Directors oversees the actions on climate change issues. Please refer to "The Kurita Group's Initiatives Addressing Climate Change" in detail.

The Kurita Group's Initiatives Addressing Climate Change ＞

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 July 2020, 137 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.

Kurita Wins Energy Conservation Prize for Kurita Dropwise Condensation Technology

Kurita Water Industries was awarded the Agency of Natural Resources and Energy Director-General's Award in the Product and Business Model category of the 2019 Energy Conservation Grand Prize, organized by The Energy Conservation Center, Japan (backed by the Ministry of Economy, Trade and Industry). The prize was awarded for our dropwise condensation technology, which improves heat transfer efficiency. Condensation typically causes a layer of water to form on metal surfaces at the steam end of heat exchangers that use steam generated by boilers. While extremely thin, the layer of water drastically reduces heat transfer efficiency, resulting in higher energy consumption and lower productivity due to the larger volume of steam that needs to be used. Our dropwise condensation technology adds water repellent properties to metal surfaces in heat exchangers, eliminating the layer of water and improving heat transfer efficiency. This in turn saves energy thanks to a reduced amount of steam required, boosting productivity. Moreover, since the effect is produced by simply adding a water treatment chemical with water-repellent properties to the steam line immediately before the heat exchanger, the technology can be introduced while production facilities are operating.
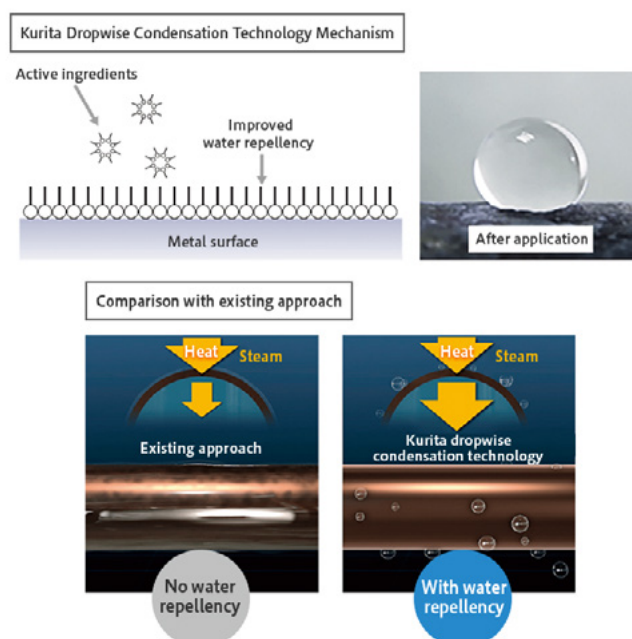
Reduce Waste

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 "amount of the reduction in environmental impact of customers - the amount of the Kurita Group's own environmental impact." We will continue to measure these actual values going forward values.

|	Target for FY2023	Achievement in FY2020
Waste[*] reduction at customers – Waste[*] generated from our business activities	300,000 t	152,000 t

* including hazardous or toxic waste

With Customers

Waste Reduction at Customers' Plants and Business Sites

The graph shows the waste reduction performance of proposals for customers' plants and business sites made by 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. In fiscal 2019, we revised the scope and method of data aggregation.
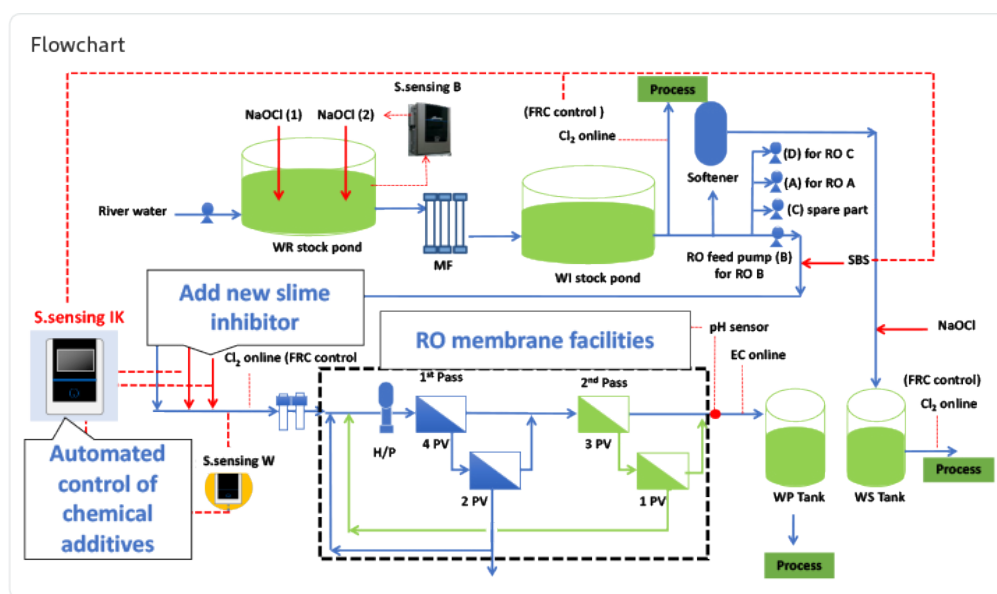
Environmental Improvement of Customers' Operations
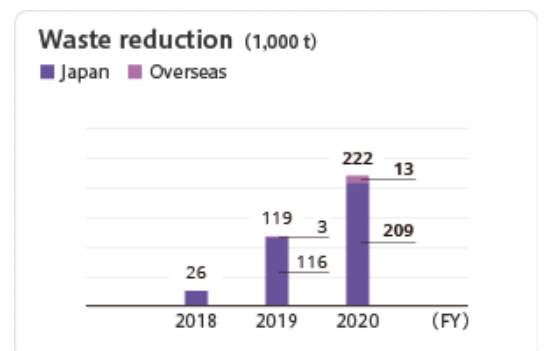
Customer Example

Environmental Improvements at Ajinomoto Co., (Thailand) Ltd. (Ayutthaya Plant) (Initiatives of Kurita-GK Chemical Co., Ltd.)

Ajinomoto Co., (Thailand) Ltd. (Ayutthaya Plant) in Thailand primarily produces umami seasonings. The company is a member of the Ajinomoto Group and as such works to reduce greenhouse gases and plastic waste. To reduce the environmental impact of RO membrane facilities that are used to manufacture industrial water at the plant, Kurita-GK Chemical Co., Ltd. proposed lengthening the operational life of the RO membranes to reduce waste and electricity consumption.

RO membranes can collect biofouling[*] and other substances on their surface, making it difficult for water to pass through. This increases the load on the pumps used to supply water to the membranes and increases electricity consumption as a result. Moreover, to maintain water production volumes, the RO membranes have to be cleaned and replaced regularly. The solution proposed by Kurita-GK Chemical applies new water treatment chemicals that inhibit biofouling and uses sensors to optimize the levels of chemical additives needed for stable membrane operations. After the solution was adopted by the plant, cleaning frequency decreased, RO membrane waste declined 0.4 tons per year and electricity consumption dropped by the equivalent of 8.5 tons-CO_2. The amount of cleaning agents and wastewater from membrane cleaning also decreased. In addition, sensor-based control has made it possible to reduce the amount of chemical additives as well.

* Pollutants formed by microorganisms such as bacteria and algae in water.

Flowchart

Voice of the Customer

S.sensing and IK from KURITA can control the amount of chemicals use in the RO system very well and save maintenance cost of membrane RO.

Mr. Sanan Kinkasorn
Utility & Biomass Department

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 overseas Group since fiscal 2019, and the total volume of waste at construction sites of the Company and domestic group companies since fiscal 2020.

Internal Promotion of Environmental Improvements

Waste amount (1,000 t)
- ■ Waste amount (Japan)
- ■ Waste amount (Construction sites in Japan) [2]
- ■ Waste amount (Overseas) [1]

	2018	2019	2020
	29	30 2	70 2
		28	68
			41

(FY)

Example of Waste Reduction at Kurita do Brasil LTDA.

Kurita do Brasil LTDA. is an overseas Group company that produces Kurita Group water treatment chemicals by blending previously manufactured chemical substances. The company sells the water treatment chemicals and supplies technical services in South America. Waste generated by Kurita do Brasil LTDA. includes packaging for water treatment chemical raw materials, non-compliant water treatment chemicals and leaks of chemicals from manufacturing equipment.
To reduce waste volume in the fiscal year ended March 31, 2020, the company requested suppliers of key raw materials to switch to reusable packaging, made improvements to production processes to prevent the output of non-compliant products and established a maintenance routine to prevent leaks and losses of chemicals. As a result, waste volume was reduced by 32% year on year.

Waste Volume at
Kurita do Brasil LTDA.

Waste volume (t)
Years ended March 31

2019	2020
50	34

(FY)
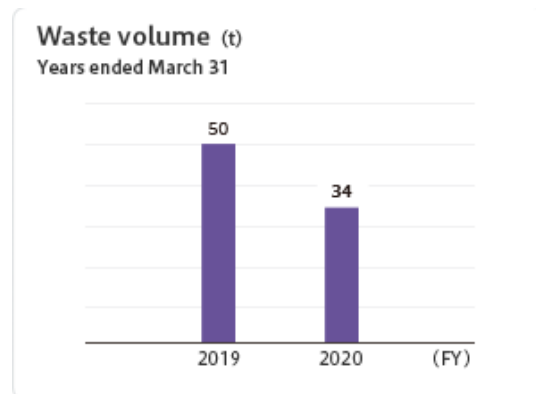
Advance Industrial Production Technologies

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 saving and energy saving for customers and society.

	Target for FY2023	Achievement in FY2020
Proportion of themes falling into "Contribution to improvement of production process" to product development themes	35%	37%

### Development of water treatment chemicals that suppress RO membrane clogging

RO[1] membranes remove and filter foreign substances in water using the principle of osmosis, and are widely used in seawater desalination and pure water production. Since scale[2] and biofouling[3] can occur and organic matter can adhere to the membranes' surface, clogging them, filters or adsorption columns are often installed upstream from RO membrane equipment to remove pollutants and organic matter from the water. It is also common to use chemicals that suppress scale and biofouling.
The Kurita Group has developed a water treatment chemical that suppresses the adhesion of scale and organic matter. Use of this chemical renders organic matter adsorption columns unnecessary, enabling reduced operating costs and stable functioning of the RO membranes.

*1 RO=reverse osmosis
*2 Calcium, magnesium, etc. dissolved in water that precipitates and solidifies.
*3 Pollutants formed by microorganisms such as bacteria and algae in water.
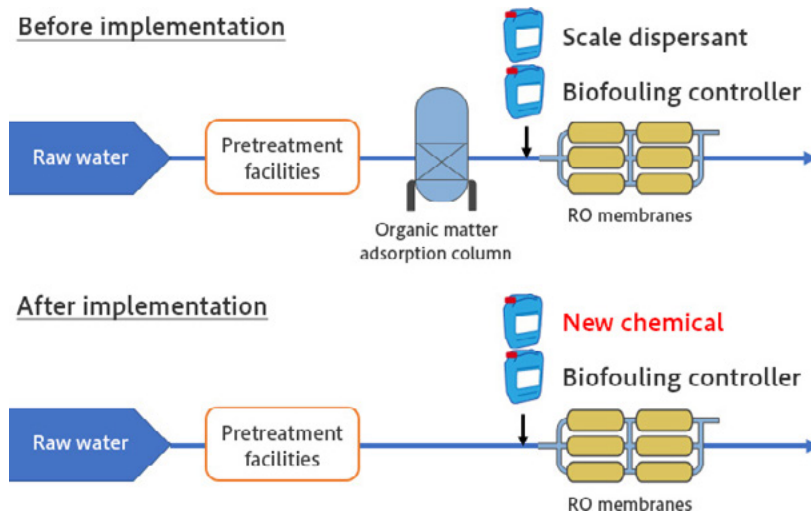
Development of energy-saving technique for carrier-type aerobic biotreatment equipment using AI control system

Carrier-type[*] biotreatment facilities utilize microorganic activity to treat plant effluents and other wastewater containing large amounts of organic matter. With aerobic treatment, it is necessary to aerate treatment tanks to sustain microorganic action. Since power consumption of aeration devices accounts for a large proportion of the total energy used by wastewater treatment facility, improving operating efficiency of aeration devices has been an issue in terms of energy saving and cost reduction.

The Kurita Group has developed an AI control-based system that enables optimal aeration device operations. In this system, AI predicts the treated water quality based on the amount of organic matter present, changes in the treatment capacity of the microorganisms, and water quality data, and adjusts aeration levels. This system makes possible consistent wastewater quality and lower electricity usage, as well as saving labor, since treatment status can be checked remotely.

* A sponge-like substance that contains microorganisms.
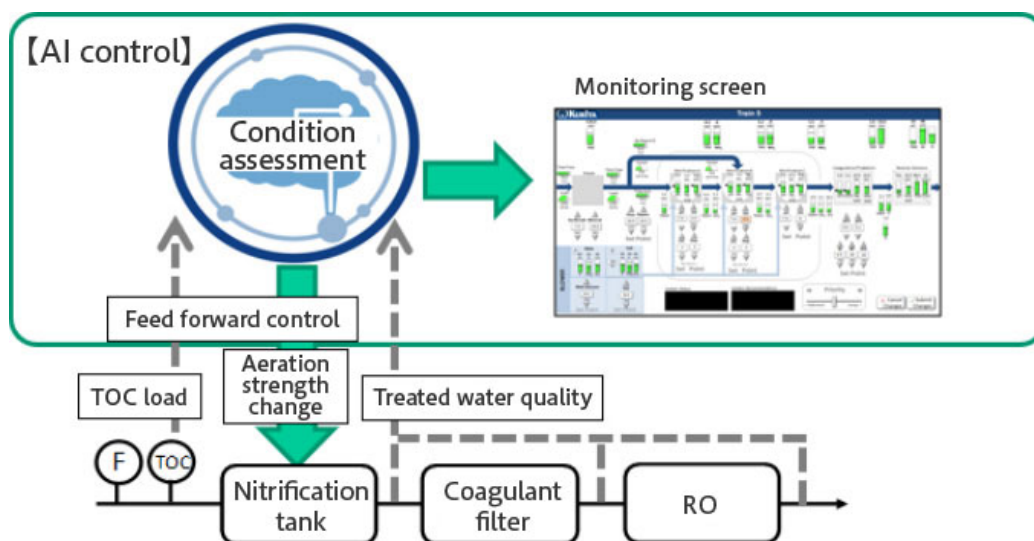
Developed in-situ remediation technique for highly VOC-contaminated soil not requiring excavation or dismantling

On land in industrial areas, harmful chemicals and wastewater used in the past may permeate the ground surface and remain in the soil, so that when the owner expands or renovates the facility or sells the land, it may be necessary to clean up such pollutants. Since it is impractical to dismantle a building when a plant is in operation, instead of excavating and removing contaminated soil, in-situ remediation techniques are often used, such as bioremediation that injects microorganisms into groundwater to break down contaminants.

Volatile organic compounds (VOCs), such as tetrachloroethylene and trichloroethylene, are widespread contaminants in industrial areas. The chlorinated compounds, have the property of easily penetrating deep underground, and, when they reach into a low-permeability layer that prevents water movement, they resist being broken down with microbes. Moreover, remediation periods can be prolonged since the VOCs dissolve into groundwater gradually.

The Kurita Group has significantly reduced the remediation period by combining an electrical resistance heating method[*] that accelerates the volatilization and separation of VOCs from the low-permeability layer, with Kurita Bioremediation-PB, which breaks down separated VOCs through microbial action.

* Technology developed by Shimadzu Corporation.
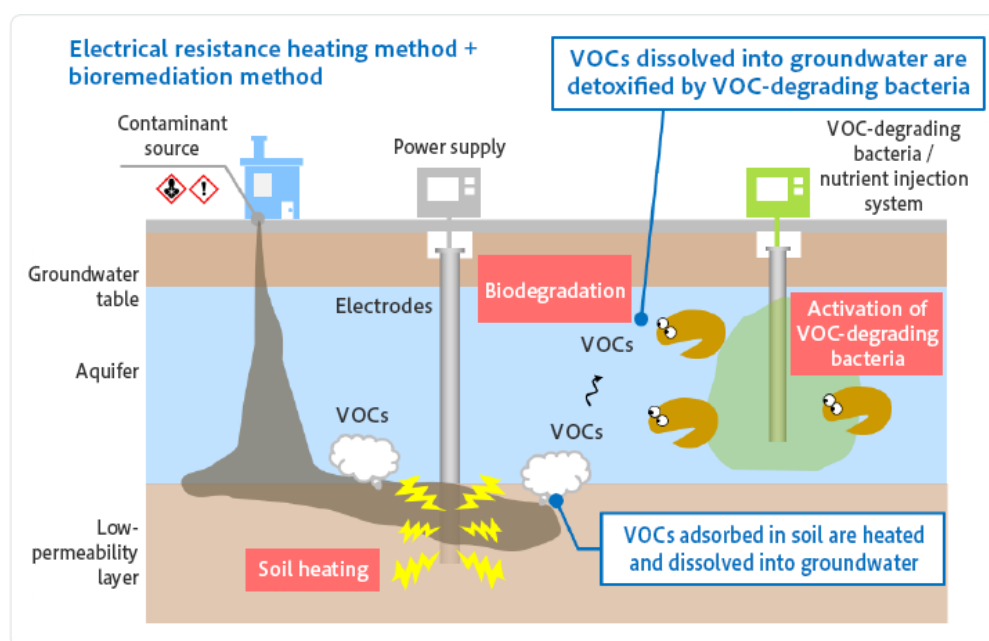
A novel automatic controlling system saving labor and stabilizing the sludge dewatering process is developed

Wastewater treatment facilities treat wastewater from manufacturing plants to a level that will not adversely impact the ecosystem before it is discharged to rivers. Sludge* generated in this process is dewatered and treated as waste. It is necessary to operate the sludge dewatering process properly in response to flocculation conditions, especially at plants where sludge properties change along with the change of wastewater properties such as food plants that change production items frequently. Automation of the dewatering process has been desired by customers in terms of saving labor and stabilizing sludge treatment. However, most systems relied on experienced human operators to adjust chemical dosage to deal with sludge conditions that fluctuated daily, and automation remained unestablished.

Kurita Group has developed an automatic chemical dosage controlling system for the sludge dewatering process that enables stable treatment by monitoring flocculation conditions using Kurita's unique sensor. The system enables the treatment of sludge similar to operation by skilled operators. Therefore, this novel system saves labor and stabilizes the sludge dewatering process.

* Semi-solid slurry containing large amounts of contaminants removed from wastewater and microorganisms that degrade organic substances in wastewater.

Detects flocculation conditions with a proprietary sensor
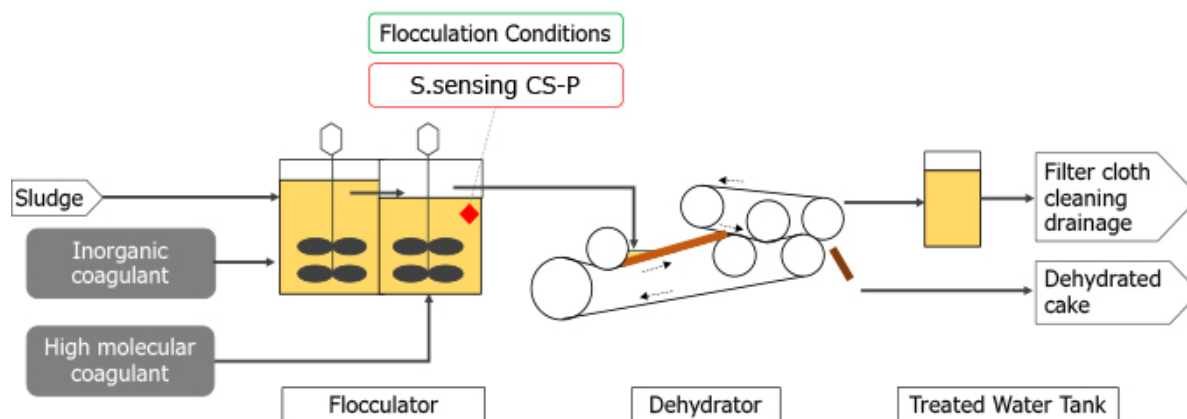
Building Good Relationships with Suppliers

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 CSR initiatives.

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.
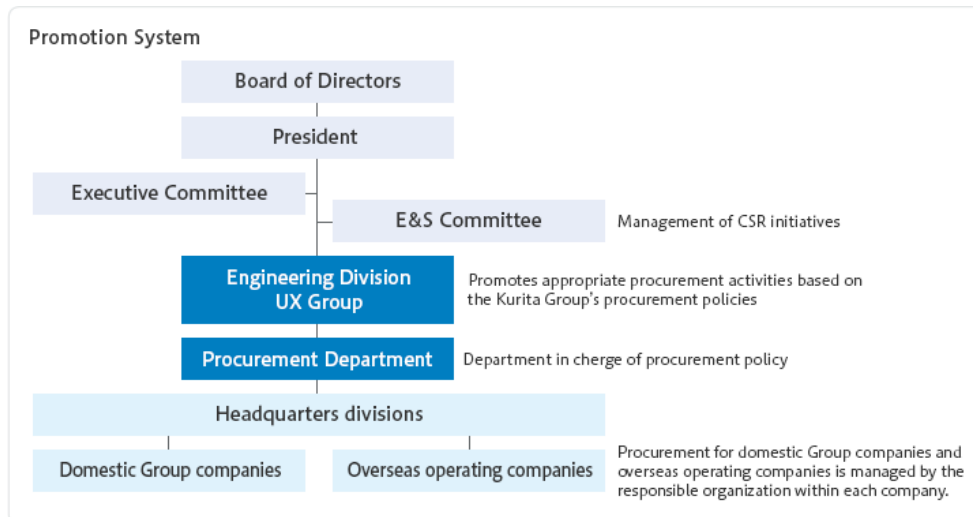
❯ The Kurita Group Procurement Policy

❯ The Kurita Group CSR Procurement Guidelines

<div>

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.

</div>

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 Operational Improvement Group, Engineering Division is in charge of promoting procurement activities based on the policy. The policy is promoted at Group companies in Japan and overseas through the business management divisions of their respective supervising headquarters divisions.

Main Initiatives

Formulation of Procurement Operation Regulations

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

> The Kurita Group Procurement Policy

CSR Requirements for Suppliers

The Kurita Group considers it vital to obtain cooperation from suppliers in order 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 we have asked suppliers to understand and implement the Kurita Groups policies regarding matter such as human rights, safety, and environmental improvement, and the response that we require of them, and to provide appropriate information. In particular, we ask major suppliers to conduct a self-evaluation based on the guidelines and to implement improvement measures. From fiscal 2019 to fiscal 2020, we requested suppliers for self-evaluation of 28 items in total related to human rights, occupational safety and health, the environment, compliance with laws and regulations, quality and safety, information management, and relations with anti-social forces. We received results from suppliers that account for 46% of the order amount of whole group, and it was confirmed that the average value of all suppliers satisfied the 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.

> CSR Policy

> The Kurita Group Procurement Policy

Supplier Questionnaire Survey

The Company requires its suppliers to understand its compliance activities such as observing the Subcontract Act and confidential information management, and confirms the appropriateness of its transactions with them by conducting Surveys on Transactions with Kurita Water Industries Ltd. This survey targets suppliers who fall under the category of subcontractors as provided in the Subcontract Act and is conducted once a year by the E&S Committee, which is in charge of compliance activities. In the event that status checks or improvements are deemed necessary after responses are confirmed, the E&S Committee instructs the relevant department to respond and conducts a follow-up check on the result of the response.

	FY2018	FY2019	FY2020
Number of companies surveyed	952	995	1,058
Number of respondents	667	680	719
Response rate (%)	70.1	68.2	68.0

Public-Interest Whistle-Blowing and Helpline

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

Status of Use of Supplier Helpline

	FY2018	FY2019	FY2020
Number of cases	0	0	1

Helpline pamphlet

Status of Business Dealings

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

		FY2019	FY2020
Number of suppliers		2,354	2,326
Transaction amount (Millions of yen)		98,443	91,369
	Japan (%)	90.4	91.8
	Overseas (%)	9.6	8.2

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 2020 were as follows.

Name	Purpose / Details	Number of participating companies
Roundtable discussion with suppliers	Explanation of forecast for orders in the following fiscal year and explanation of new initiatives and policies	70
Liquid transportation operation training session	Safety course regarding liquid transportation operations	11
Transportation safety and quality seminar	Safety lecture for transportation service providers	10
Safety events	Safety lectures, and explanation of revised safety rules	346
70th Anniversary Celebration	Expressed gratitude to business partners on the occasion of our 70th anniversary	154

Third-Party Opinion/Response to Third-Party Opinion

Evaluation

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

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

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

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

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

Mr. Kokubu is Professor 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 has been Vice President of Kobe University since 2019 and the director of V.School, Kobe University since 2020. Mr. Kokubu is Chairman of MFCA Forum Japan and Chair of ISO/TC207/WG8. He has published many books and articles including *Beyond Accountability toward Management Ethics* (Yuhikaku Publishing Co., Ltd.), and *Emergent-type Responsibility Management* (Nikkei Publishing, Inc.).

Katsuhiko Kokubu

Response to Third-Party Opinion

I would like to thank Professor Kokubu for sharing his valuable opinion.

Fiscal 2020, the second year of the MVP-22 medium-term management plan, was a year in which the Kurita Group moved forward with CSR-centered management. By reinforcing the CSV business initiatives that contribute significantly to the achievement of the targets and goals identified in SDGs agenda, we were able to meet some of our targets in our CSR Policy for fiscal 2023 ahead of schedule. In addition to setting higher targets, we also revised other targets, aiming for even greater effectiveness. Also, from the perspective of enhancing Group sustainability, we have newly ascertained Scope 3 emissions, which is a basis for tackling climate change issues, and have begun to consider value creation processes based on integrated thinking.

On the other hand, as Professor Kokubu pointed out, we have recognized the need to further enhance dialogue with stakeholders. The Kurita Group has positioned information obtained through stakeholder engagement as an important reference point for rethinking our CSR initiatives. In fiscal 2020, we revamped our customer satisfaction survey and conducted an employee happiness and well-being survey for the first time. Based on these initiatives, we will further deepen engagement with the customers who are our CSV partners, as well as employees who are the foundation of our value creation, with the aim of deepening and evolving our CSR initiatives.

The COVID-19 crisis reminded both officers and employees of the Kurita Group that the products, technologies, and services the Group provides to its customers are essential for them to continue their business, and that customers expect the Group to create even greater value. We will continue to expand the CSR initiatives that form the basis of our value creation, as we strive to realize our corporate philosophy.

Kiyoshi Itou
Executive Senior Managing
Director and Representative Director
Executive General Manager of Corporate
Planning and Control Division
Chairperson of the E&S Committee