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KURITA WATER INDUSTRIES LTD. Integrated Report 2023 Pioneering "new value for water"



Pioneering "new value for water"

KURITA WATER INDUSTRIES LTD.
Integrated Report 2023
Fiscal year ended March 31, 2023

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Editorial Policy

The Integrated Report features the Kurita Group's vision for the medium to long term, as well as its management strategies, business model, and management foundation for achieving this vision. The content is intended to increase the Company's corporate value by covering our dialogues with stakeholders, including shareholders and investors.

Organizations Covered

Kurita Group (Kurita Water Industries Ltd. and Consolidated Subsidiaries)

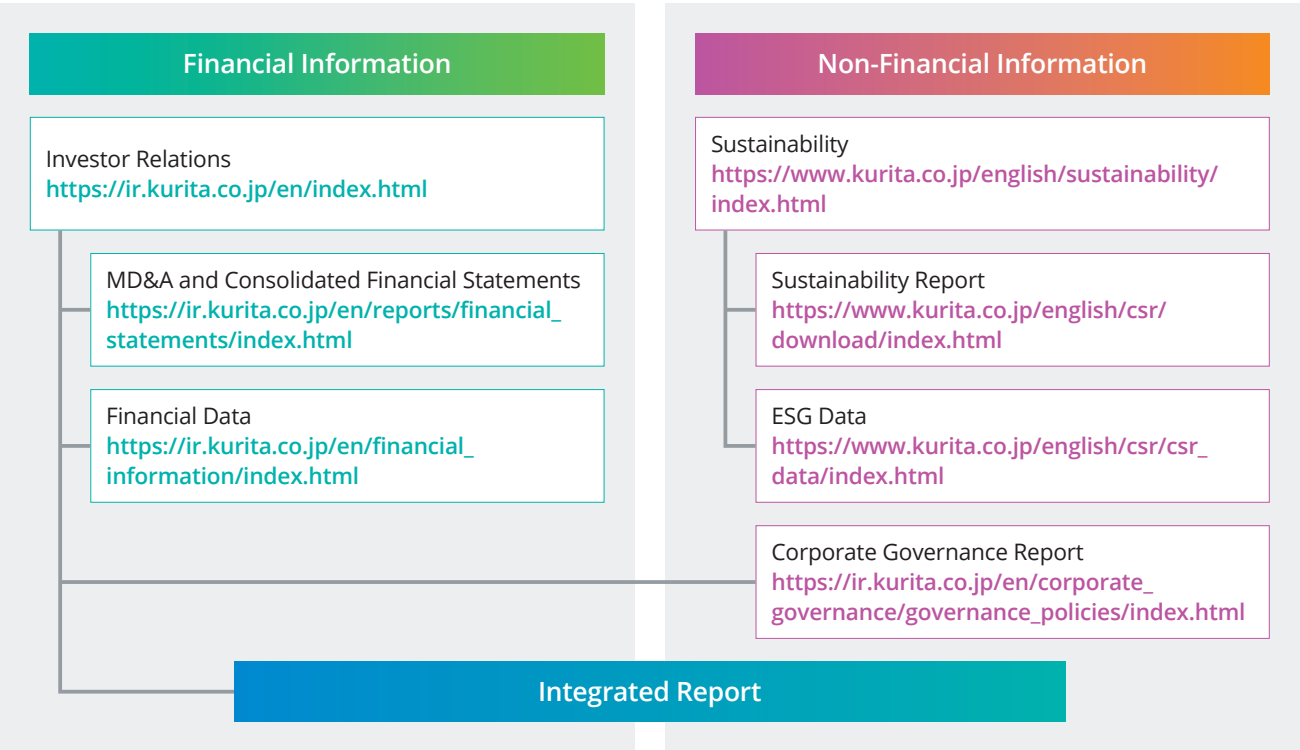
Period Covered

Fiscal 2023 (April 1, 2022 to March 31, 2023)
* Some content includes initiatives that fall outside of this period.

Supplementary Information

In accordance with GHG Protocol standards, figures for the fiscal year ended March 31, 2020-22 have been revised to include emissions from companies integrated through M&A in recent years in CO₂ emissions since the target base year, and to reflect revisions to the calculation method for Scope 3 emissions to adjust for price and currency fluctuations (relevant sections: P12 Energy Consumption, P66 Metrics and Targets).

Information Disclosure System on the Company's Website



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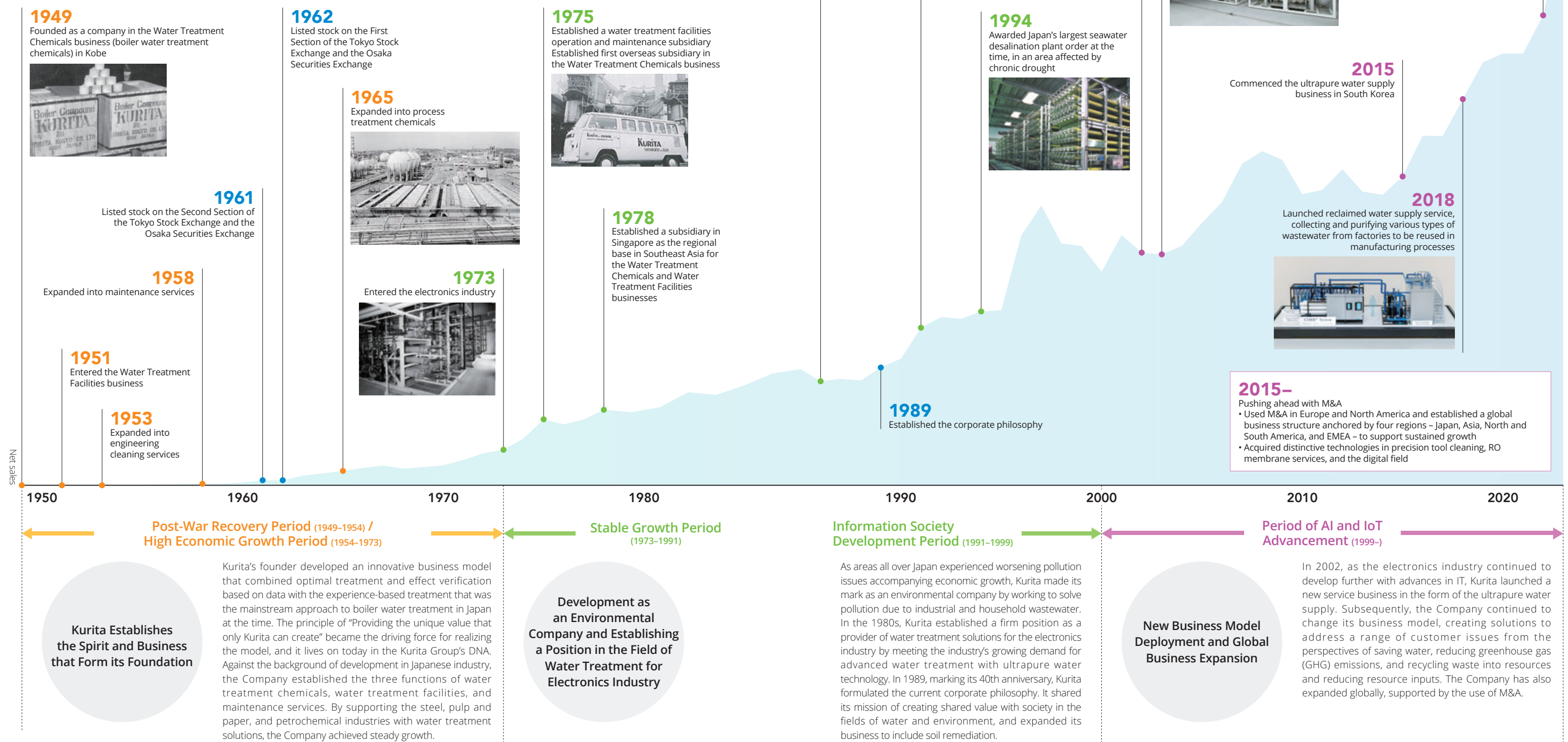
This report contains forward-looking statements from Kurita Water Industries Ltd. and its consolidated subsidiaries pertaining to plans and strategies. These forward-looking statements are based on currently available information, and actual results may vary significantly from the forward-looking statements contained in this report due to a range of variable factors.

Section 1:

Kurita Group Overview

History of Value Creation

Founded in 1949 to sell water treatment chemicals for boilers, the Kurita Group started out providing value to customers by supporting the safe and efficient operation of their facilities. Since then, the Group has steadfastly focused on providing this value to customers, contributing to the development of industry and society by solving issues related to water and the environment. The Group will continue to build on this progress by providing stakeholders with new value, aiming to realize its corporate philosophy, "Study the properties of water, master them, and we will create an environment in which nature and humanity are in harmony."



Kurita Group Philosophy System and Materiality

Kurita Group Philosophy System

The missions that the Kurita Group will fulfill in society into the future, its medium- and long-term visions, and its ways of thinking and values as the foothold for achieving them are stipulated as the Kurita Group Philosophy System.

Corporate Philosophy

Study the properties of water, master them, and we will create an environment in which nature and humanity are in harmony

1. Creating new functions and value for water through a deep and far-reaching exploration of the essential properties of water.
2. Winning the trust of our customers and society with unique solutions that capitalize on our diverse technologies.
3. Contributing to the realization of a sustainable society by leveraging our mastery of water to create shared value with society.

* The corporate philosophy was set out in 1989 to mark the 40th founding anniversary of the Company.

* The Kurita Group Philosophy System clearly states that all of the Group's activities are aimed at achieving the Corporate Philosophy.

Vision

Pioneering "new value for water" to contribute to the realization of a sustainable society.

1. In seeking to realize its corporate philosophy, Kurita Group creates shared value with society through its business, addressing water resource issues, contributing to a decarbonized society and building a circular economy.
2. Kurita Group creates new value by leveraging knowledge accumulated from a broad array of frontline sites (Gemba) to address social issues.
3. Kurita Group elevates and refines its technology and human resources to be an indispensable partner to our customers, swiftly providing unprecedented technology and services.

Values

Deepen understanding of frontline sites (Gemba)

Our solutions are rooted in a deep understanding of the frontline site (Gemba) issues and information. We maximize customer value while also seeking to further elevate our expertise in water.

Elevate and connect expertise

We strive to elevate our knowledge of water and the environment, which are precious. Innovation and the creation of new value are generated by connecting the diverse and ever more sophisticated knowledge accumulated by all.

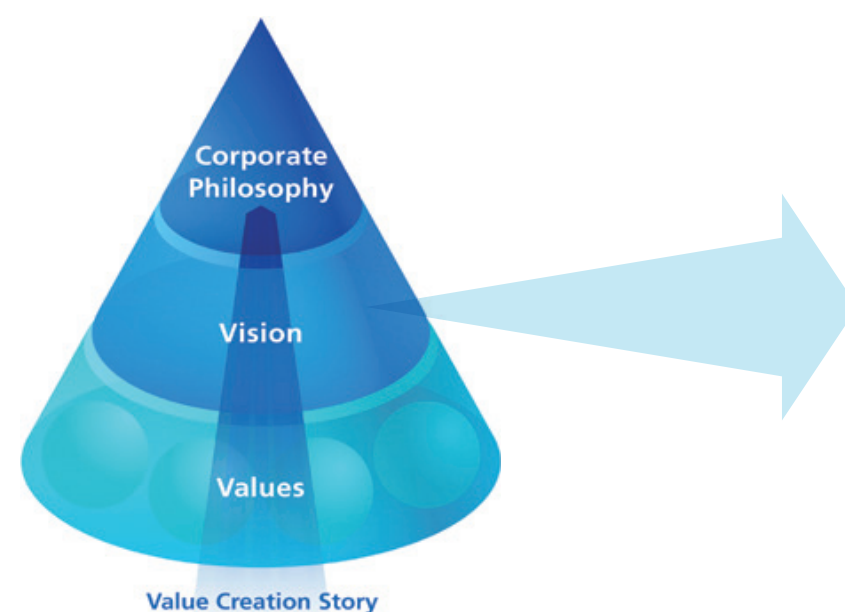
Exceed expectations

Our desire to challenge ourselves is driven by our aspiration to serve humanity. We always push ourselves to deliver results that exceed expectations. We build trust with our customers through serial success.

Maintain unwavering integrity

We engage sincerely with all of our stakeholders*. We fulfil our responsibilities to the future through our single-minded pursuit of solutions to social issues.

* Our customers, business partners, shareholders and investors, society at large and our colleagues



The Kurita Group's Materiality

To achieve its corporate vision, the Kurita Group identifies key issues for each medium-term management plan based on global challenges related to sustainability, defines them as the "Kurita Group's Materiality," and sets metrics and targets to address them.

Materiality Identification Process

Step 1 Identification of Sustainability Issues

Kurita comprehensively selects sustainability issues across 37 themes as materiality candidates, referencing international rules^{*1}, laws and regulations, disclosure standards^{*2}, and issues identified through stakeholder engagement^{*3}.

^{*1} International rules: SDGs, Ten Principles of the UN Global Compact, OECD Guidelines for Multinational Enterprises, World Economic Forum's Global Risks Report

^{*2} Laws, regulations and disclosure standards: GRI Standards, GHG Protocol, SASB Standards, EU Taxonomy, SFDR, CSRD, TCFD, TNFD, etc.

^{*3} Stakeholder engagement: Responses to CSR procurement surveys, results of supplier surveys, results of employee engagement surveys, information meetings for shareholders and investors, responses to ESG surveys, social contribution activities, etc.

Step 2 Creation of Materiality Matrix

E&S Committee^{*4} members, External Directors, Audit & Supervisory Board members, and the E&S Committee^{*4} Secretariat were surveyed to assess the degree of positive and negative impact (probability and scale of impact) from two perspectives:

- (1) Impact of sustainability issues on the Kurita Group's corporate value
 - (2) Social and environmental impact of the Kurita Group's initiatives in response to sustainability issues
- The results of the survey were organized in a matrix along two axes: (1) above on the X-axis/horizontal axis, and (2) above on the Y-axis/vertical axis. Themes with a significant impact in both the X and Y axes were selected as materiality candidates. The candidates were grouped into seven main themes and five sub-themes covering common issues in multiple areas of materiality.

^{*4} E&S Committee is the former name of the current Sustainability Committee.

Step 3 Confirmation of Adequacy and Selection of Materiality

Materiality candidates selected in Step 2 were submitted to the Executive Committee and then to the Board of Directors for input. The committee responsible for reviewing the medium-term management plan, which is mainly comprised of members of the Executive Committee, then confirmed the adequacy of the materiality candidates in parallel with the formulation of the medium-term management plan, finalized the Group's eight material issues and categorized them into two: "basic themes" that should serve as the foundation for management and business activities, and "shared value themes" that lead to the creation of shared value with society. These material issues were then approved by the Board of Directors as the "Kurita Group's Materiality," replacing the Group's existing "CSR Policy."

For more information, see the Sustainability section on our website.
<https://www.kurita.co.jp/english/sustainability/index.html>

Kurita Group's Materiality in the medium-term management plan, "Pioneering Shared Value 2027"

Shared value themes

- Solve issues related to water resources
- Contribute to the realization of a decarbonized society
- Contribute to building a circular economy society

Basic themes

- Develop and disseminate innovative products, technologies, and business models
- Strategic development and utilization of human resources
- Provide highly safe and quality products and services
- Conduct business activities respecting human rights
- Conduct fair business activities

Kurita Group Philosophy System https://www.kurita.co.jp/english/philosophy_vision/index.html

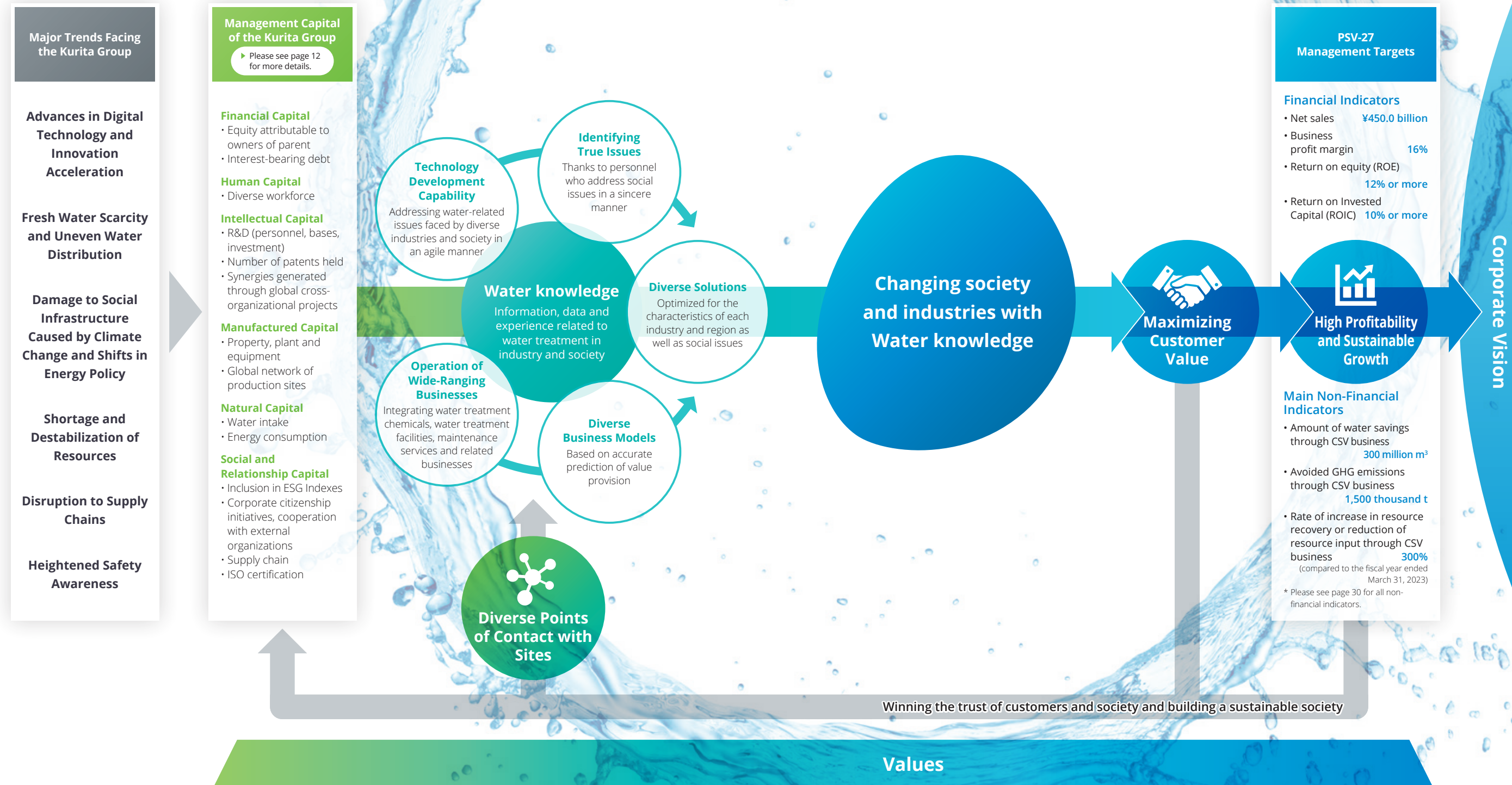
Kurita's Value Creation Story

At the Kurita Group, we provide solutions to constantly evolving water-related issues at sites around the world. We gather together these issues and the information we obtain from the sites, and accumulate them as our store of knowledge. By applying this knowledge, we can better understand the true issues that customers face and offer them optimal solutions, predicting the value that we can share with customers.

We then deliver this predicted value to create shared value (CSV) between customers and society, bringing positive change to industry and the world. In turn, we generate profits appropriate for the value we have created. With the trust we have earned from our customers and society, we will have the opportunity to work on even more sites and acquire new knowledge.

The Kurita Group's Materiality (Shared value themes, Basic themes)

Medium-Term Management Plan **Pioneering Shared Value 2027** (PSV-27)



Business Fields: Diverse Points of Contact with Sites

Kurita has a diverse customer base across different industries and regions, supporting the Group's business stability. The Group also accumulates "water knowledge" from these customers – one of its competitive advantages – which is shared efficiently within the Group to deliver optimal solutions that address customers' needs and issues.

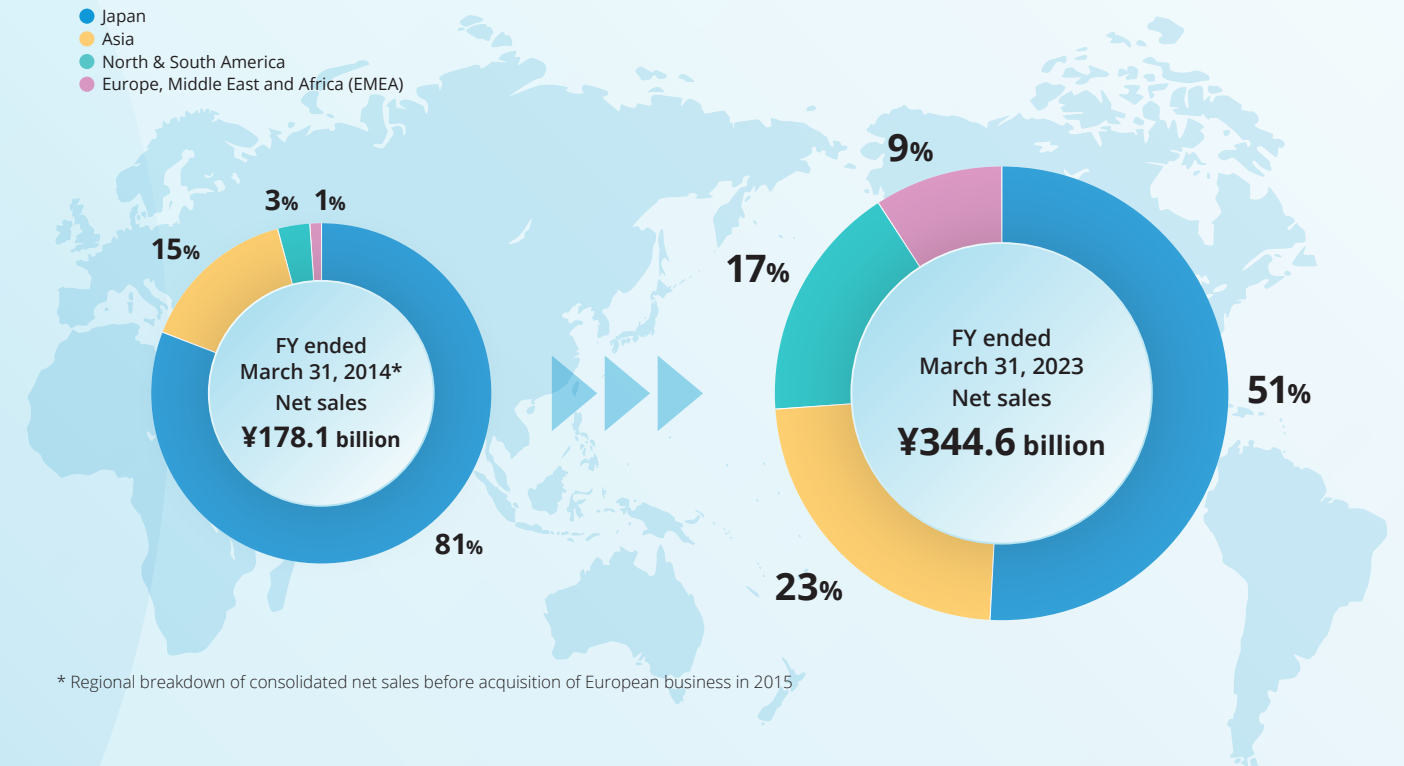
Contact points with diverse industries



Diverse Regions

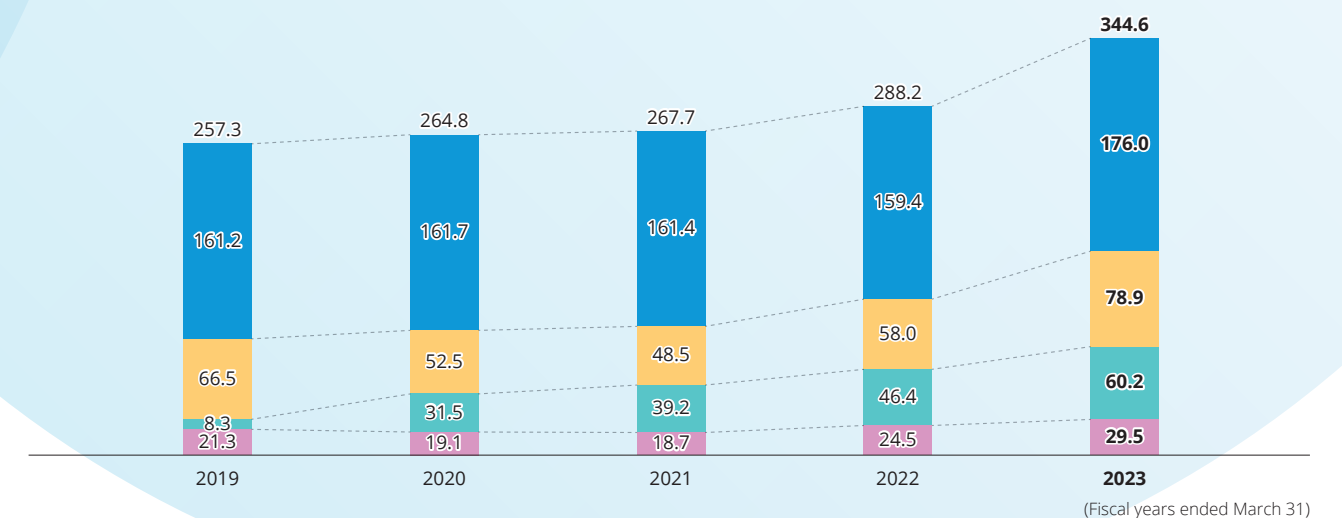
Net Sales by Region

- Japan
- Asia
- North & South America
- Europe, Middle East and Africa (EMEA)



* Regional breakdown of consolidated net sales before acquisition of European business in 2015

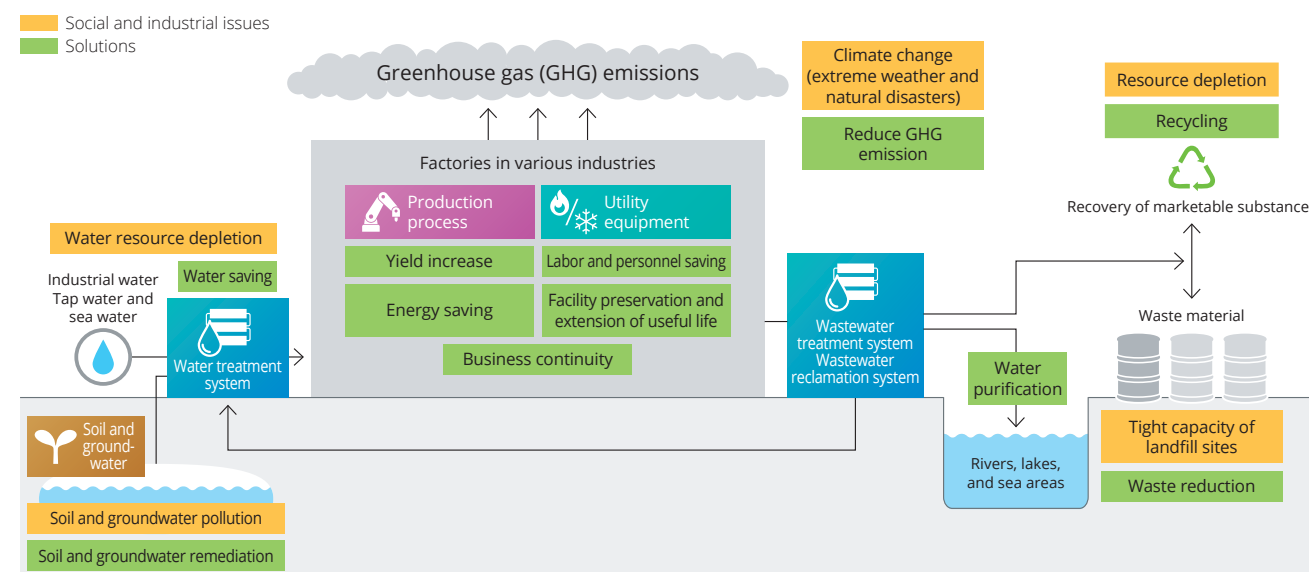
(Billions of Yen)



Kurita's Solutions and Business Models

Kurita uses a wide range of business models related to water and the environment to help customers solve issues across all areas of their operations, anywhere there is a need for water in their factories.

Social and Industrial Issues and Solutions

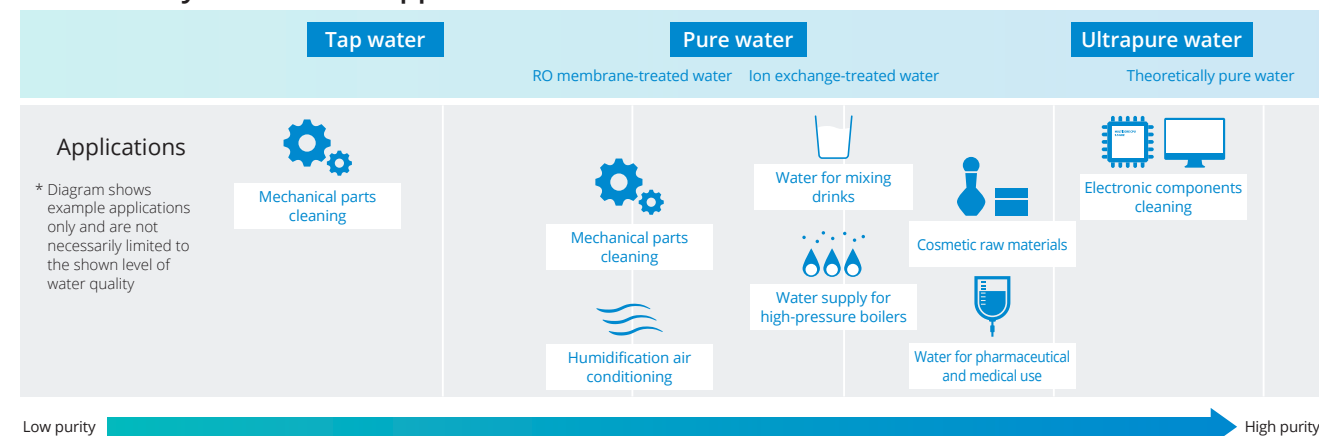


Water Treatment Facilities

We provide water treatment facilities that remove ions, microscopic particles, and bacteria to supply water needed for production activities, as well as wastewater treatment facilities that prevent various types of water discharges from impacting the environment. Our wastewater reclamation systems also help customers save resources and reduce costs by recovering and recycling wastewater.



Water Purity and Related Applications



Maintenance Services and Operation



We provide aftersales follow-up services for water treatment facilities to maintain and improve facility performance and prevent problems from occurring, contributing to stable operations at customer plants. We also manage the operation of water treatment facilities at customer sites, helping to ensure reliable supplies of water and stable operations, while prolonging the useful life of facilities.

Water Treatment Chemicals



Kurita's water treatment chemicals help customers improve productivity and prevent issues before they occur. The chemicals are used in a wide range of applications, including utility equipment such as boilers and cooling towers, water treatment facilities, and production processes in factories, as well as in air conditioning systems for office buildings and commercial facilities.

Engineering Cleaning



Kurita provides engineering cleaning services using chemicals, high-pressure water and other methods to clean accumulated deposits from boilers, heat exchangers and pipes, ensuring that large-scale plants such as industrial complexes and electric power plants continue to operate safely and efficiently.

Water Supply Services



Kurita constructs, operates and maintains proprietary water treatment systems at customer sites, ensuring stable long-term supplies of water. This approach reduces the burden of investment and system operation for customers and is available for ultrapure water supply business and a range of other services that can be tailored to their needs.

Precision Tool Cleaning



Tools and jigs used by customers to manufacture semiconductors and FPDs are sent to Kurita facilities, where they are analyzed and cleaned to remove deposits from the fabrication process. This tool cleaning service can also include tool upgrades, helping customers to maintain and improve productivity.

Soil Remediation



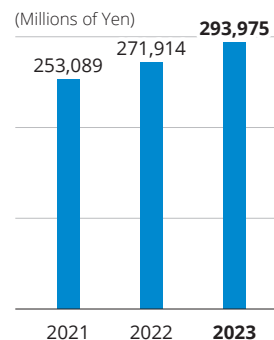
Kurita conducts pollution assessments and remediation of soil and groundwater polluted by harmful substances. Using various decontamination methods, Kurita helps customers to mitigate the risk of soil pollution.

Management Capitals

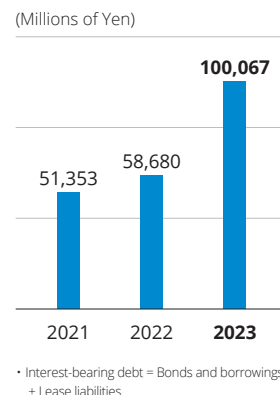
(Fiscal years ended March 31)

Financial Capital

Equity Attributable to Owners of Parent

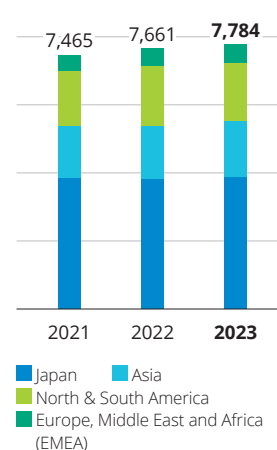


Interest-Bearing Debt

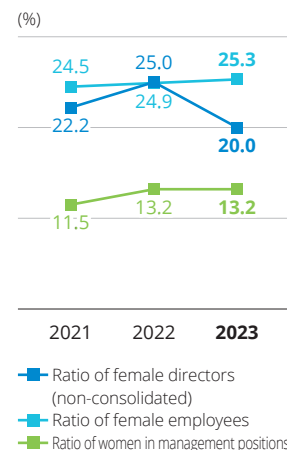


Human Capital

Number of Employees by Region

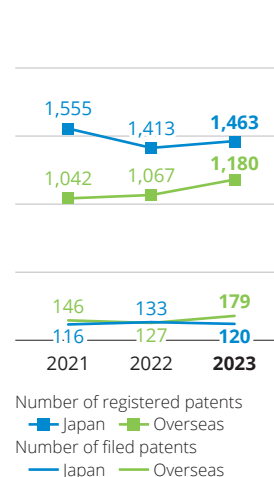


Ratio of Female Directors and Employees

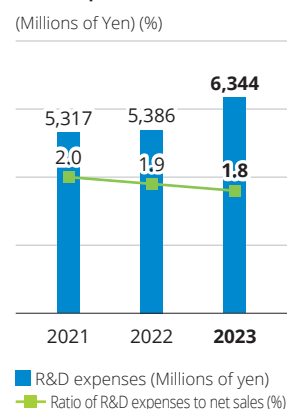


Intellectual Capital

Number of Patents

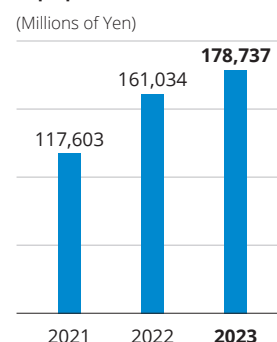


R&D Expenses and Ratio of R&D Expenses to Net Sales

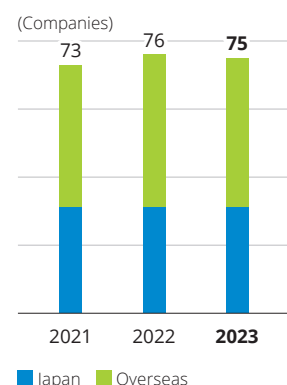


Manufactured Capital

Property, Plant and Equipment

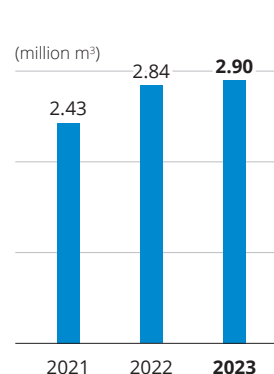


Group Network

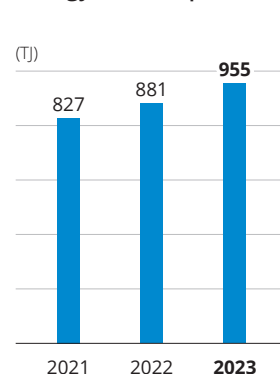


Natural Capital

Water Intake

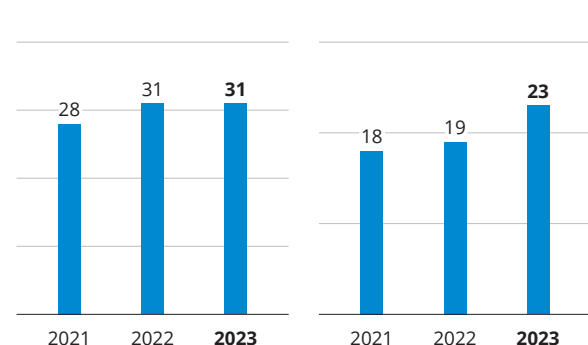


Energy Consumption



Social and Relationship Capital

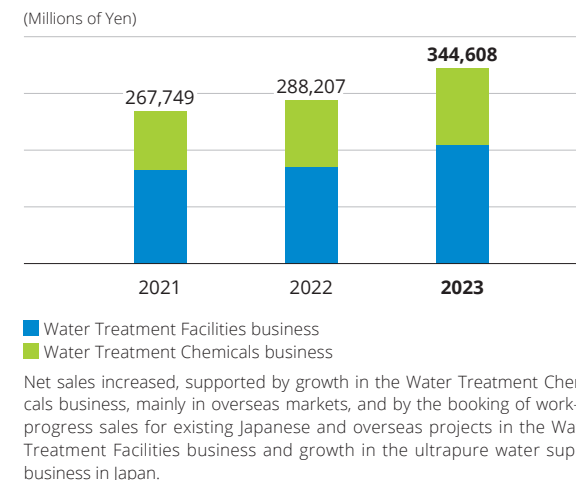
Number of Certified Companies



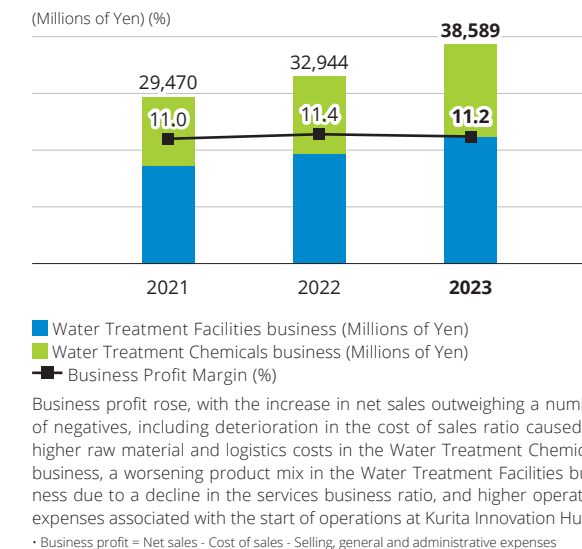
Performance

(Fiscal years ended March 31)

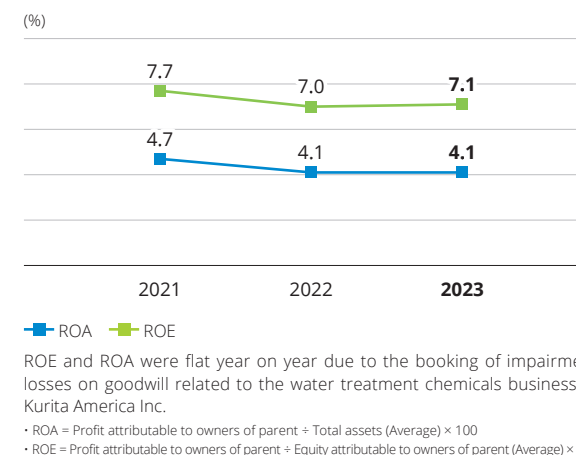
Net Sales



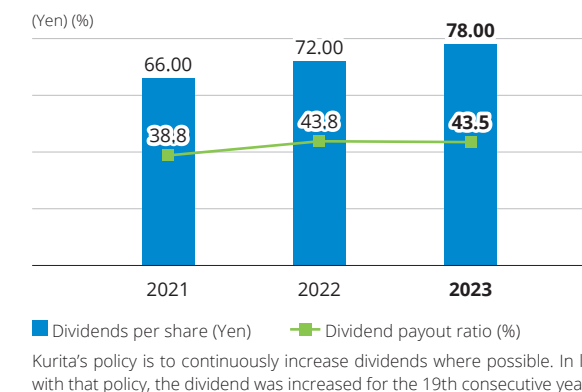
Business Profit and Business Profit Margin



Return on Assets (ROA) and Return on Equity (ROE)



Dividends per Share and Dividend Payout Ratio

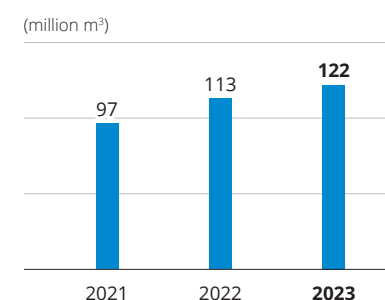


Kurita Group KPI: Customer Impact Reduction – Kurita Group Impact

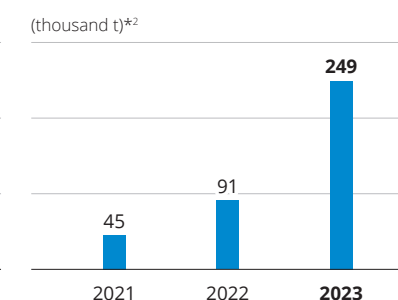
Under MVP-22, the Kurita Group aimed to support environmental impact reduction*1 in the operations of its customers to offset and even exceed the environmental impacts of its own business. To this end, we set numerical targets for the "amount of the reduction in environmental impact of customers – the amount of the Kurita Group's own environmental impact," with regard to water, CO₂, and waste.

*1 The reduction of environmental impact from customers' operations is calculated based on the results of adopting the CSV business. Further information about the CSV business can be found on pages 32-33.

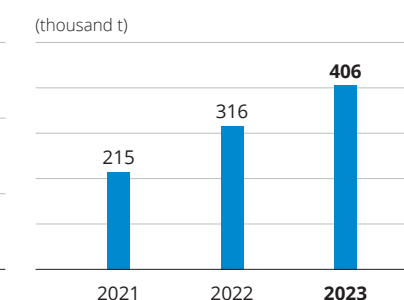
Water Savings at Customers – Amount of Water Intake Used in Our Business Activities



CO₂ Emissions Reduction at Customers – CO₂ Emissions from Our Business Activities



Waste Reduction at Customers – Waste Generated from Our Business Activities



*2 "CO₂ emissions from our business activities" include emissions generated from the ultrapure water supply business, which comes under Category 13 of Scope 3, as well as emissions in Scope 1 and 2 stipulated in GHG (Greenhouse Gas) protocol.

Section 2:

Kurita Group
Business Strategy

Interview with the President

Driving strong, solid growth for
the Kurita Group in response to
the expectations of society



I became president on April 1, 2023. The Kurita Group, which addresses issues related to water and the environment globally, is now at a major inflection point: translating the dramatic changes implemented as a company into results. I, as president, aim to realize our corporate philosophy, working not just with our customers but our employees and all other stakeholders as well. While we will maintain the advantageous practices that have served the group well, I intend to boldly implement change with a greater sense of speed.

Incorporating the increasingly global and diverse nature of our businesses, we chose to update the Kurita Group Philosophy System ahead of the launch in April of the new Medium-Term Management Plan “Pioneering Shared Value 2027,” to foster a greater sense of unity. Our corporate philosophy remains unchanged but we reaffirmed our vision and values, refashioning these into a message that more clearly reflects the unique qualities of Kurita. Our vision of ‘Pioneering “new value for water” to contribute to

the realization of a sustainable society,’ reflects our strong commitment to providing value to society and to becoming a highly profitable company capable of growth. We aim to expand and elevate the value we provide to our customers around the world and society. I believe this has contributed to the realization of a better world and, as a consequence, has allowed the Kurita Group to achieve sustainable growth thus far. Our objective is to ensure that this growth is sustainable over time.

Hirohiko Ejiri
President and
Representative Executive Officer

Q. What kind of a company is the Kurita Group? What do you think society expects from Kurita?

Since its founding in 1949, the Kurita Group has consistently focused on the treatment of industrial water over its 74-year history. Fundamentally, water treatment is a business that contributes significantly to society. However, reflecting the rising awareness of social issues, such as water resources and climate change, and the development of a circular economy, society's expectations for our businesses have clearly risen.

I believe that the image that many have of our group is of a company that cleans and purifies water. However, our businesses are not limited to just this: we provide a diverse range of value to society and industry, with water as the starting point. For example, water is widely used as an agent in processes where objects are heated or cooled. These processes are always accompanied by GHG (Green House Gas) emissions. Kurita proposes solutions which

address customers' needs and potential issues, focusing not solely on water itself but the applications and functions of water. The solutions not only improve the productivity of the customers' manufacturing plants but can also contribute to reducing water usage or GHG emissions volume. In addition, if we look at the substances that are eliminated from water, Kurita can also contribute to a circular economy through the recovery and reuse of resources which had previously been treated as waste. I believe that society expects the Kurita Group to create new value by leveraging its accumulated expertise and experience, cultivated through addressing issues for society and industry, to support the realization of a sustainable society and the wider development of industry.

Q. What does the Kurita Group aspire to become in the medium to long term?

Our aspiration is simply to realize the Kurita Group's philosophy: “Study the properties of water, master them, and we will create an environment in which nature and humanity are in harmony.”

At sites where water is required, regardless of the industry, Kurita has numerous points of contact in multiple locations within manufacturing plants. Depending on the customers' scale and the products being manufactured, required volume and quality of water and customer's challenges are different: the range of optimal solutions is very broad. Our competitive strength derives from our ‘water knowledge,’ the accumulation of expertise and experience born from responding to the needs of diverse sites.

To realize our corporate philosophy, I believe it is important to share and properly leverage the group's accumulated ‘water knowledge’ as explicit knowledge throughout the organization at a wide array of frontline sites as swiftly as possible. In seeking to achieve this, my mission is to clearly establish what we aim to become and ensure that we have alignment across the organization. By continuing to create value for customers and society at sites around the world, I believe the Kurita Group can achieve a virtuous cycle where sustainable growth and enhanced corporate value leads to new contact points which drives further sustainable growth.

Interview with the President

Q. How do you evaluate the previous Medium-Term Management Plan “Maximize Value Proposition 2022”?

Under “Maximize Value Proposition 2022 (MVP-22),” the company focused on transforming the business model and changing its business processes as a way of establishing a solid profit foundation. Prior to MVP-22, Kurita’s medium-term plans were 3-year plans. However, to ensure we could take a medium- to long-term perspective, we chose to make MVP-22 a 5-year plan. The management metrics set out in MVP-22 targeted profitability and capital efficiency. However, the business profit margin improved to only 11.2%. We fell short of our target metrics of a 15% business profit margin and a 10% ROE.

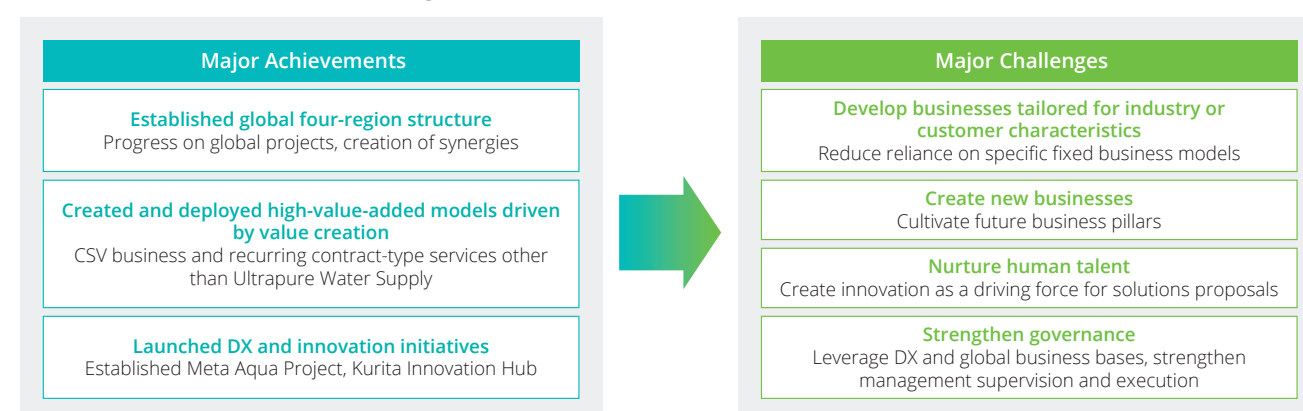
At the same time, there were also a number of positive achievements. First, we were able to establish a solid business foundation on a global basis. Through M&A and organic growth, the proportion of overseas net sales expanded to around 50%. We were also able to set up a business foundation with a global four-region structure: Japan, Asia, North and South America and EMEA. In addition, we also made progress in generating synergies within the group, with Project Acorn, which targeted the expansion of solutions in fields related to RO membranes, and the Global Supply Team project, designed to optimize group procurements and manufacturing. Next, Kurita created and developed a high-value-added business model, driven by the value we generate. As a result of our focus on developing the recurring contract-type service and CSV* (Creating Shared Value) businesses, we deepened our understanding of the challenges confronting our customers. This reaffirmed the

importance of products and services which enable the visualization of the value proposition to drive growth. We also promoted DX and innovation. Recognizing the importance of these areas in providing value, we established the foundation and framework needed to undertake full-blown initiatives going forward, through the Meta Aqua Project with Fracta Leap and the establishment of Kurita Innovation Hub. Another key achievement was the progress made in raising awareness of the need for change amongst our employees. In addition to integrating organizational structures, which had historically been split between water treatment chemicals and water treatment facilities, the pandemic was also a catalyst in accelerating a change in mindset, in prompting employees to be highly creative in responding to customer issues within the constraints of activity restrictions.

As a consequence of the above, Kurita was able to develop the foundation for improving profitability. I believe we have transitioned to a stage where the changes will begin delivering results. As the pandemic fades, I view the reopening of the global economies as an opportunity. That said, given rising geopolitical risk and climate change issues, the operating environment for the Kurita Group is increasingly uncertain, making it difficult to project the future. Under such conditions, enacting complex management decisions with speed requires further strengthening of the functions of management supervision and execution.

* Products, technologies, and business models that contribute to saving water, reducing GHG emissions, recycling waste into resources and reducing resource inputs more greatly than conventional ones.

► MVP-22: Achievements and Challenges



Q. What is the positioning of the new Medium-term Management Plan “Pioneering Shared Value 2027”?

The “Pioneering Shared Value 2027 (PSV-27)” plan further deepens and accelerates the value-driven business developments under MVP-22. Sustainability has been positioned at the core of our management strategy. We will strengthen our efforts to link the enhancement of value for society and our customers to an improvement in the Kurita Group’s economic value.

First, in implementing this plan, we have transitioned to an organizational structure with dedicated teams by customer industry. Our customers do not simply want products like water treatment chemicals or water treatment facilities from Kurita. Instead, they want the value generated by these products. To achieve this requires an organizational structure with the ability to provide value on a one-stop basis, based on a deep understanding of customers’ businesses.

The electronics industry, with semiconductors at the core, is expected to grow globally. Given the substantial impact the timing of production ramp-ups have on profitability, the ability to shorten the lead time from the initial consideration of capital expenditures to execution represents significant value. By consolidating all of our group’s functions which serve the electronics industry, from

sales to engineering and R&D, into a single organization, we have created a team that is dedicated to responding to the electronics industry. Our objective is to expand our customer base and the fields that we cover with a diverse lineup of service businesses and combinations thereof. For instance, by diversifying and further developing conventional water supply services into standardized services designed with a specific focus on pure water generation or wastewater reclamation, water supply services that utilize existing facilities or cost reduction proposals covering both water treatment and utilities, we can provide solutions that respond to the differing challenges or priorities of our customers. Furthermore, with countries now moving to expand semiconductor production capacity, securing business bases in Europe and the U.S. to capitalize on this opportunity is a major challenge. In North America, we are swiftly establishing a business framework, including chemical and maintenance services. In Europe, we acquired Arcade Engineering in July, securing a manufacturing base and supply chain for the electronics industry water treatment facilities business. The precision tool cleaning business is also a business where demand is expected to grow alongside growth in the electronics

Interview with the President

industry. However, as performance is closely linked to customer capacity utilization, it also tends to be impacted by the silicon cycle. We aim to grow this business into a stable profit pillar within the electronics industry business through a unified approach to managing Kuritec Service of Japan and Pentagon Technologies of the U.S., making investments in a timely manner in conjunction with our customers' capital expenditures, expanding and diversifying our customer base, and introducing new technologies and automation to improve production efficiency.

For our general industry customers, non-financial metrics are becoming increasingly important; many are now focused on environmental and social impacts, such as reducing GHG emissions volumes, in their operations. To respond quickly and appropriately with the value needed by our customers, while factoring in regional and market characteristics, we have set up an organization which brings together the management of the four regions and will focus on developing the CSV business. We are also aiming to create new businesses. We aim to nurture businesses that will develop into future growth pillars, by demonstrating the strength of the Kurita Group's know-how in water treatment technologies and contact points, including exploring potential collaborations with other companies with expertise and experience in new business fields.

To support these business strategies, I consider human capital and intellectual capital to be particularly important medium-term management resources. Human capital is

the driving force behind corporate activity. It is my belief that a deep understanding and embrace of our corporate philosophy and vision, which lays out what Kurita aspires to become, is indispensable for the development of strong and responsive human resources able to engage sincerely with our customers and maintain high levels of motivation. Our assumption in formulating PSV-27 was that there was a need to revise our philosophy system to further elevate Kurita's uniqueness in a way that would resonate with group employees. We updated our Corporate Vision and set out our Values. To ensure that each and every one of our employees around the world understand our philosophy and are 'Pioneering "new value for water" to contribute to the realization of a sustainable society' we are implementing organizational structures that facilitate the generation of innovation by diverse human resources across the group under an already established human resource strategy. As president, I feel that the Kurita Group's employees are very highly motivated to address social and customer issues every day. To create and set the direction for an environment that will further elevate motivation and maximize performance, I plan to create opportunities where I can proactively engage with employees directly. With regard to intellectual capital, I believe it is important to not only manage in-house intellectual property but also to proactively analyze information on patents held by customers and peers: to capitalize on intellectual capital as the starting point for

business. We will set out a clear direction for the development of technology based on the needs that emerge as a result of analysis and the understanding of the competitive environment, promoting innovation on a group-wide basis.

Also, at the Ordinary General Meeting of Shareholders in June 2023, Kurita transitioned from a company with an

Audit & Supervisory Board to a Company with a Nominating Committee, etc., clearly separating management supervision and execution. The board of directors will focus on management supervision, taking into account the viewpoints of diverse stakeholders, while the executive will leverage the expertise and the monitoring function of the board to make swift and bold decisions.

► Positioning of PSV-27



Through these initiatives, we aim to achieve net sales of 450.0 billion yen, a business profit margin of 16%, ROE of 12% or higher and ROIC of 10% or higher in the final year of PSV-27. By expanding business models that have value creation as their starting point, such as recurring contract-type services, precision tool cleaning and the CSV businesses, our plan is targeting topline growth and improved profitability as well as enhancing capital efficiency. The Kurita Group aspires to grow along with society. We have established non-financial metrics, including targets for

shared value such as contributions from water savings, GHG emissions reductions, recycling and reduction of resource inputs achieved at our customers through the CSV business. We have also set basic thematic targets, which are key metrics for management and business activity, such as human capital development, innovation, quality and safety, and compliance.

We ask for the continued understanding and support of our stakeholders for the Kurita Group's initiatives.



Review of Previous Medium-Term Management Plan

Maximize Value Proposition 2022 (MVP-22)

Basic Policy

Maximize customer intimacy by dismantling preconceived ideas and dramatically raising the quality and speed of our work

Under MVP-22, seeking to transform our business model and business processes so that they were anchored to the idea of our value proposition to customers and society, we worked to build a robust earnings base by shifting our businesses to a services model. Leveraging the Group's strong cash flow, we continued to make aggressive and rapid investments and pursue management attentive to capital efficiency. At the same time, we positioned CSR at the heart of management and aimed for sustainable growth by creating shared value with society. Although we did not reach some of our financial and management targets, we achieved record-high net sales and business profit, and built an earnings base that will lead to future growth.

Operating Environment

- Supply chain disruptions, soaring costs of raw materials and components triggered by COVID-19 pandemic and geopolitical risks
- Semiconductor industry rapidly becoming core aspect of social infrastructure
- Population decline, uneven distribution of working population
- Accelerating digitalization
- Mounting calls for decarbonization and the realization of a circular economy society

Priority Measures

Measures	Main Results
1. Development of CSV Business Expand earnings with highly unique technologies, products, or services that contribute to the natural environment, industry and people's lives.	<ul style="list-style-type: none"> Expanded product, service lineup and global development Pursued social value and customer corporate value and expanded business scale with a focus on general industrial customers
2. Enhancement of total solutions Rapidly develop total solutions for customers that make full use of Kurita's technologies, products and services in water treatment chemicals, water treatment facilities, and maintenance.	<ul style="list-style-type: none"> Through organizational structure fusing chemicals, facilities, and maintenance, fostered awareness and culture of embracing change Developed, deployed solution models capable of horizontal deployment, but failed to meet diverse market demand
3. Rebuilding of manufacturing system for water treatment facilities Rebuild the manufacturing system and processes to dramatically increase quality and speed.	<ul style="list-style-type: none"> Curbed cost overruns by introducing model to anticipate and prevent non-compliant work issues Boosted efficiency, saved costs through global procurement Launched design automation and digital transformation (DX) initiatives
4. Creation of new business and the promotion of innovation Expand and enhance existing business fields while creating new business fields that will become major new sources of earnings.	<ul style="list-style-type: none"> Developed AI optimal operation technology for water treatment facility Expanded joint project to develop RO membrane solutions with Avista Technologies, Inc.
5. Strengthening the foundation and promotion of research and development Build a strong foundation as a technology-oriented company and promote advanced research and development.	<ul style="list-style-type: none"> Established Kurita Innovation Hub, an R&D base connecting diverse stakeholders Made progress with developing technology from the standpoint of social issues
6. Establishment of the Group governance system Improve the effectiveness of internal controls in Group companies.	<ul style="list-style-type: none"> Reshaped Group Philosophy System Introduced management monitoring system Introduced head office nomination, successor training, and remuneration system at each Group company Strengthened internal controls (set up regional head office and consolidated sales subsidiary management functions)

Achievement Status of Financial Management Targets

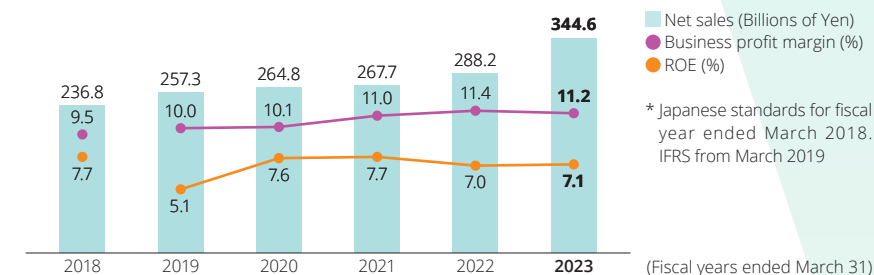
Net sales organic growth rate **Target: 3% or more ▶ Result: 3.7%**

Business profit margin **Target: 15% ▶ Result: 11.2%**

Return on equity (ROE) **Target: 10% or more ▶ Result: 7.1%**

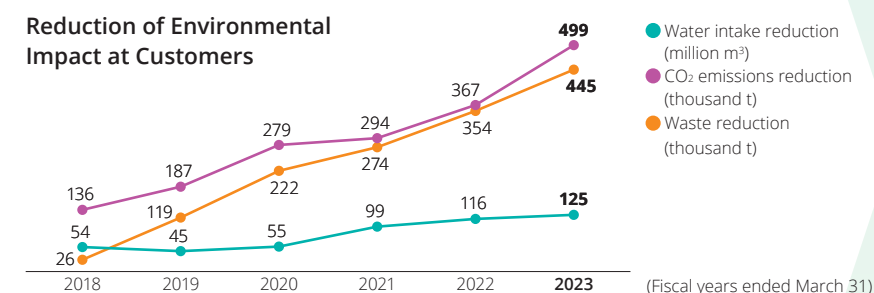
Adoption of business segment management using ROIC

Started business portfolio management using ROIC



Creating Social Value by Expanding CSV Businesses

Reduction of Environmental Impact at Customers



Priority Themes of CSR Policy: Targets and Results

Indicators	The fiscal year ended March 31, 2023		
	Target	Result	Evaluation
1. Provide highly safe services and products			
1) Rate of product safety evaluations for newly developed products	100%	100%	Achieved
2) Rate of front-line employee participation in regular safety training directly related to products and services	100%	100%	Achieved
2. Conduct fair business activities			
Rate of participation in compliance-related training among officers and employees	100%	100%	Achieved
3. Respect human rights			
1) Rate of training conducted in relation to human rights among officers and employees	100%	100%	Achieved
2) Rate of participation in safety training related to site operations	100%	100%	Achieved
4. Solve issues related to water resources			
Water savings at customers – Amount of water intake used in our business activities	240 million m³	122 million m³	Not achieved
5. Realize sustainable energy use			
CO2 emissions reduction at customers – CO2 emissions from our business activities	10 thousand t	249 thousand t	Achieved
6. Reduce waste			
Waste reduction at customers – Waste generated from our business activities	450 thousand t	406 thousand t	Not achieved
7. Advance industrial production technologies			
Proportion of themes falling into "Contribution to improvement of production process" to product development themes	35%	37%	Achieved

Main Results

Established a **global four-region structure**

Created and rolled out **value-driven high-value-added models**

Started **DX** and **promotion of innovation**

Main Challenges

Business development suited to **industry, customer characteristics**

Creation of **new businesses**

Human resource development

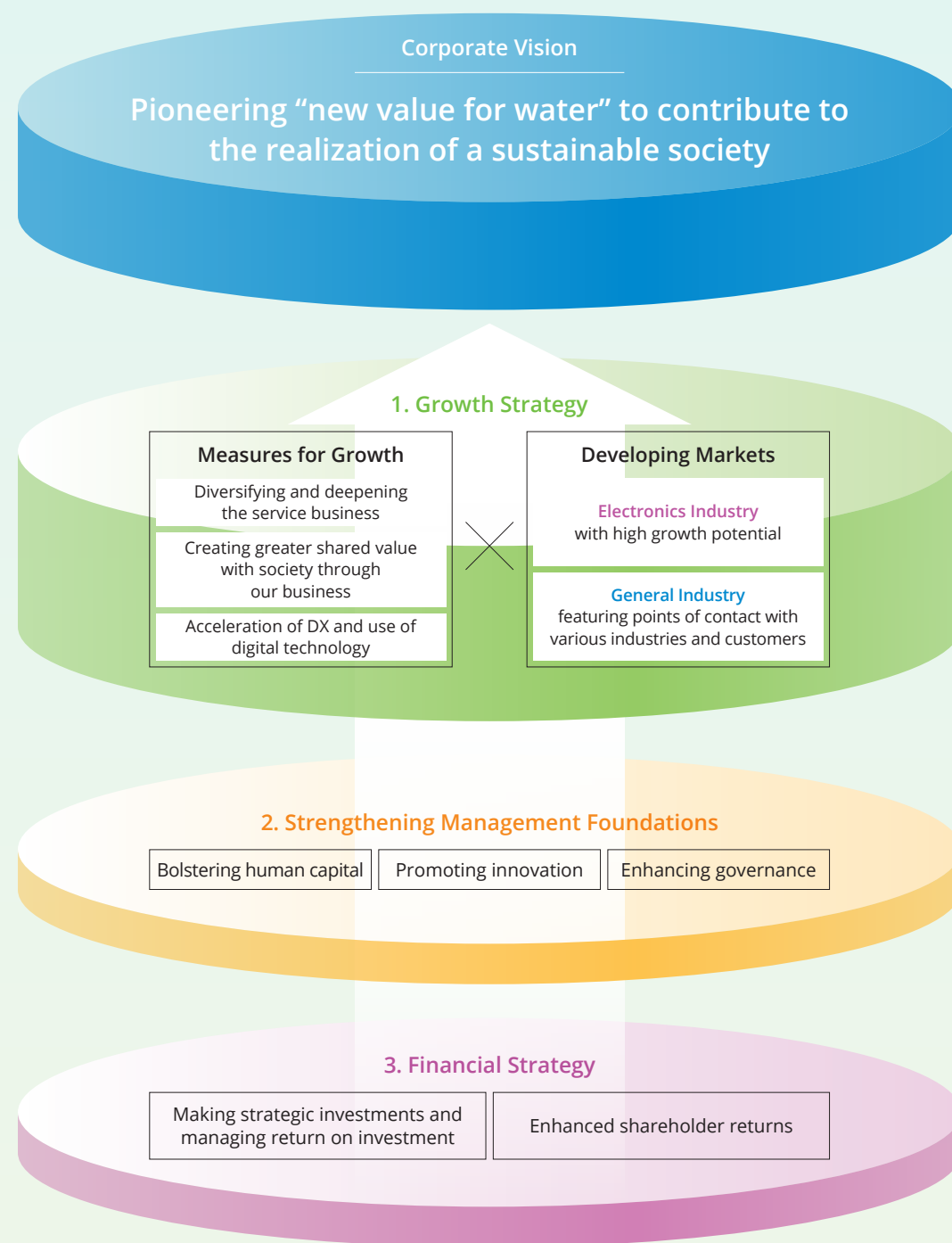
Reinforcing **governance**

Medium-Term Management Plan (fiscal year ending March 31, 2024 to fiscal year ending March 31, 2028)

Pioneering Shared Value 2027 (PSV-27)

Capitalizing fully on the results of MVP-22, we will move into the stage of accelerating profit growth globally

Our basic direction will continue to be transforming our business model and business processes so that they are anchored to our value. Building on the groundwork laid down by MVP-22, we aim to achieve sustainable growth by expanding high-value-added businesses, such as diverse service businesses and CSV businesses, tailored to specific market characteristics.



PSV-27 Financial Indicators

The growth strategy under PSV-27 centers on three measures: (1) diversifying and deepening the service business, (2) creating greater shared value with society through business, and (3) accelerating digital transformation (DX) and the use of digital technologies. Dedicated organizations serving two market segments with very different characteristics—the electronics industry and general industry—will spearhead our implementation of these measures in an optimal and prompt manner. In this way, we are aiming for net sales of ¥450.0 billion and a business profit margin of 16%.

Moreover, while actively making strategic investments in support of these growth strategies, we will pursue management that emphasizes return on investment. To this end, we have set a target for ROIC of 10% or more, and will pursue business activities across the Group with an awareness of investment efficiency. We will also work to increase ROE by boosting profitability and enhancing shareholder returns.

Financial Indicators (fiscal year ending March 31, 2028)

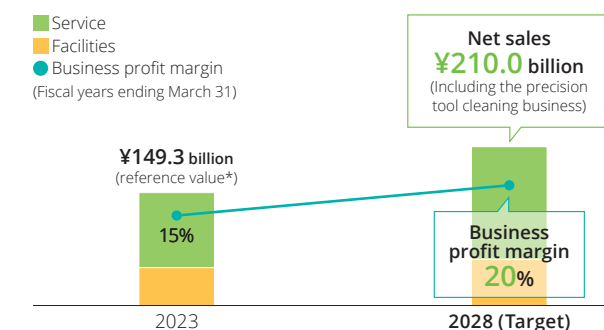
Net sales	¥450.0 billion
Business profit margin	16%
Return on equity (ROE)	12% or more
Return on invested capital (ROIC)	10% or more

Electronics Industry

Securing points of contact with a wide range of customers globally through various services and DX

As semiconductors and related industries become a core aspect of social infrastructure in regions worldwide, the electronics industry market not only holds tremendous growth potential but is also a hotbed for rapid technological innovation. To be an indispensable partner in the global electronics industry market, we will provide value to a wide range of customers by building a framework focused on the electronics industry market and diversifying and expanding the services we provide in response to this growing market.

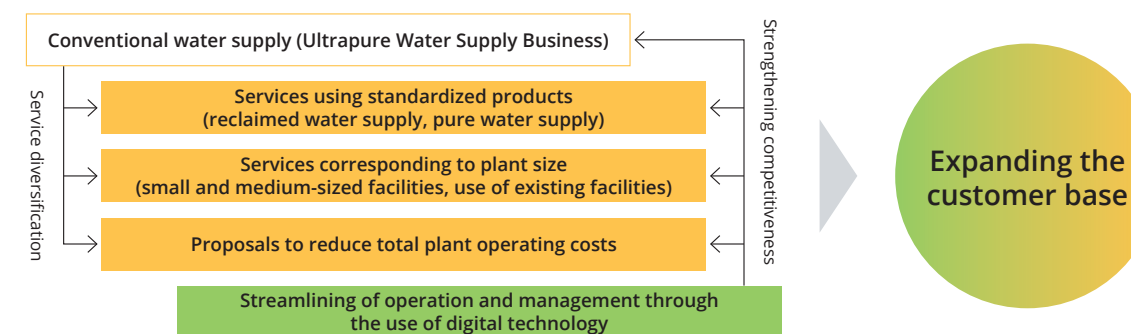
Please see Businesses Targeting the Electronics Industry Segment section on P.36-39 for details.



* Figures adjusted to new segment classifications were unaudited as of the publication date and are subject to change.

1 Evolution of Water Supply Services

Formerly, our ongoing service contracts for the electronics industry centered on the ultrapure water supply business, which packages everything from facilities to facility management, maintenance, and chemical treatment for new, large-scale plants. In recent years, however, customers are facing a variety of emerging issues, such as calls for water savings, greenhouse gas emissions reductions, and other social issues, the need for business continuity planning and the rapid start-up of operations. To help address these diverse issues in a flexible manner, we will work to develop and deploy new water supply business models and expand the customer base. At the same time, we will add more value by using digital technology to boost the efficiency of facility management.

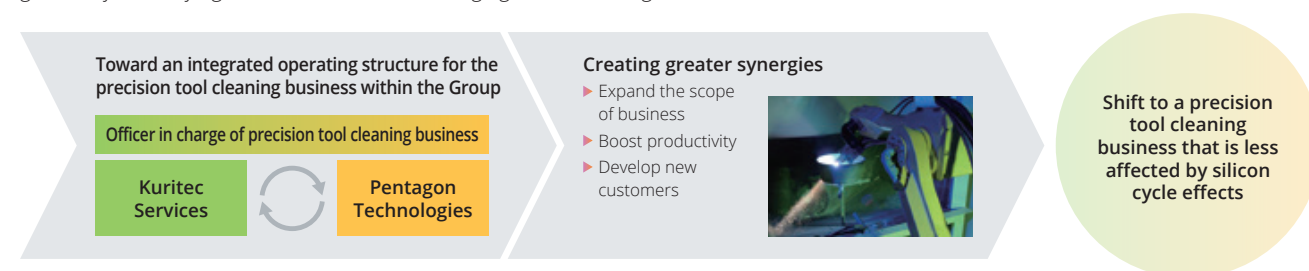


Medium-Term Management Plan (fiscal year ending March 31, 2024 to fiscal year ending March 31, 2028)

Pioneering Shared Value 2027 (PSV-27)

2 Strengthened Foundations of the Precision Tool Cleaning Business

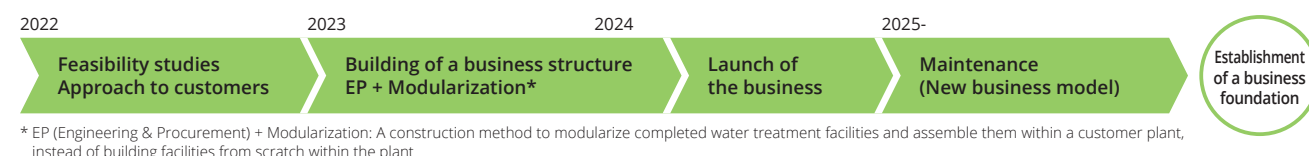
We formed a new organization to jointly oversee Japan-based subsidiary Kuritec Services and US-based Pentagon Technologies. We will work to expand the customer base through greater collaboration between these two companies. We will also make timely investments to capture market growth while rigorously controlling fixed costs. Another aim is to minimize the impact of the silicon cycle and achieve stable growth by diversifying our businesses and leveraging new technologies.



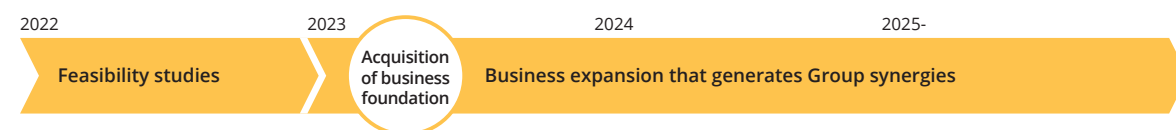
3 Building New Business Foundations in North America and Europe

Our businesses targeting the electronics industry have traditionally centered on East Asia. For Kurita to become a partner in the global electronics industry going forward, however, acquiring a solid business foundation in Europe and the US is a critical issue. Attentive to the characteristics of specific markets and customers and the Group's business base, we will draw on the resources of our local bases in North America to take on the challenge of acquiring a facilities business to serve manufacturers of leading-edge semiconductors. Meanwhile, in Europe, we will leverage the business base of Arcade Engineering Group, which we acquired in July 2023, as we pursue expansion while creating synergies with our water treatment chemicals subsidiary in Europe.

North America: Take on the challenge of establishing the facilities business for cutting-edge semiconductors by utilizing the resources of local site

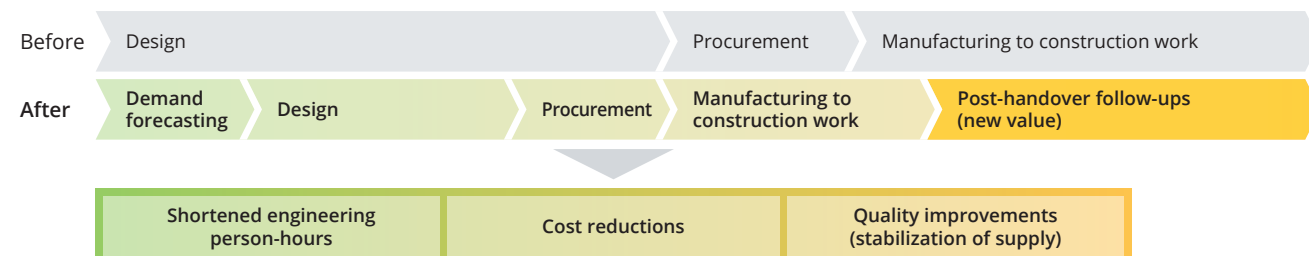


Europe: Acquire a local business base through M&A activities and generate synergies with the Kurita Group



4 Production Process Reform and Supply Chain Strengthening

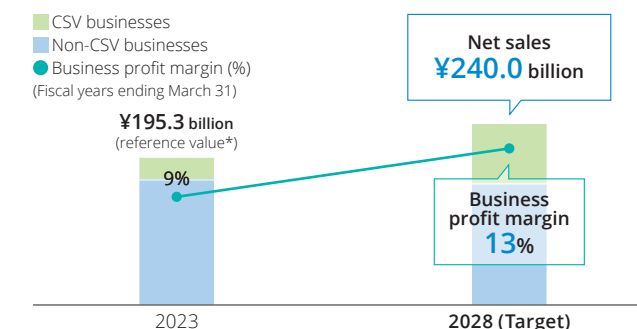
To effectively respond to demands for the rapid start-up of plant operations by customers in the semiconductor and electronics industry markets, under an organizational structure consolidating functions ranging from sales to engineering, we are moving ahead with collaboration and DX in the value chain, reforms to production processes, and reinforcements to the supply chain. We aim to mitigate procurement risks by making more accurate demand forecasts. We will also harness AI technology to automate design, optimize construction plans, and automate cost estimates, aiming to boost competitiveness by achieving shorter delivery times, lower costs, and higher quality.



General Industry Accelerate the rollout of high-value-added models through business expansion tailored to the characteristics of specific regions and markets

This market spans a wide range of customer industries and promises growth potential as we work to change our business models. To capture this growth, we will build a business structure tailored to regional and market characteristics, further expand our CSV businesses, which provide high value to society and customers, and use digital infrastructure to accelerate expansion. In addition, we will take on challenges for new businesses that help build a circular economy society.

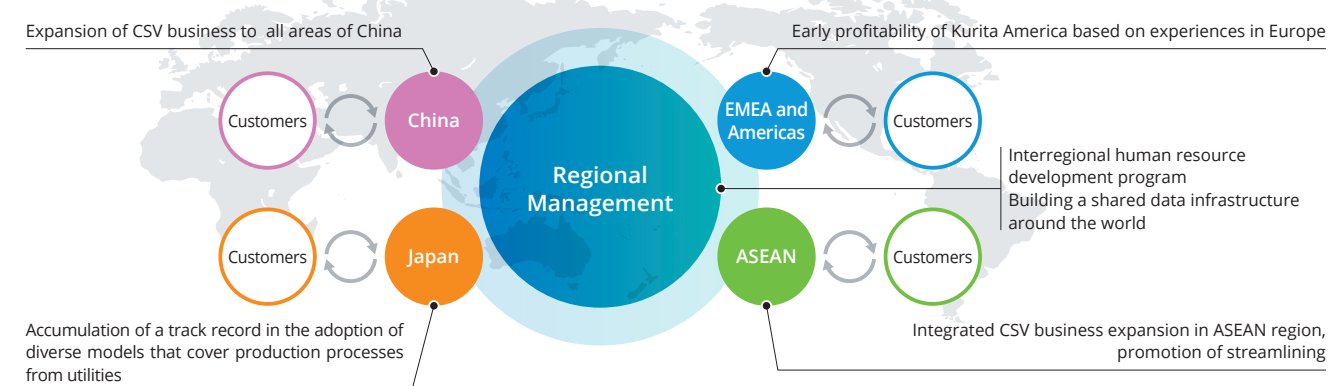
Please see General Industry Segment section on P.40-43 for details.



* Figures adjusted to new segment classifications were unaudited as of the publication date and are subject to change.

1 Building a Business Structure in Light of Regional Characteristics

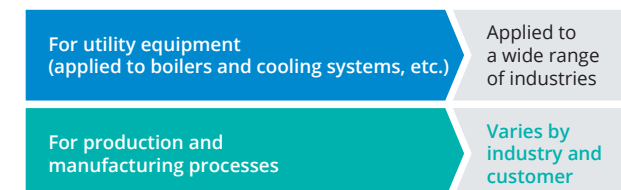
With a structure encompassing the four areas of Japan, China, ASEAN, and EMEA & the Americas, we aim to create shared value with customers and society in each region by providing optimal solutions centered on CSV businesses, in light of our customer base and industry characteristics. In addition, regional management will present global strategies and pursue inter-regional collaboration, sharing information globally such as on the fruits of implementation and the development of new models to strive for more efficient business development.



2 Business Development in Light of Industry Characteristics

For general industry such as petroleum, pulp and paper, and steel, which have large plants that use significant amounts of water, we will develop CSV businesses in particular that contribute to improving efficiency across an entire plant, including production and manufacturing processes, as an optimal model for these industries and customers.

Characteristics



3 Creating New Businesses that Help Build a Circular Economy Society

We will work to cultivate new businesses that will be future revenue pillars utilizing "water knowledge" cultivated through diverse contact points with customers. Currently, we are developing technologies to remove excess substances from water and working to commercialize a recycling system that converts removed substances into something of value.



Valuable resources = water, methane, electricity, fuel, NH₃, P, rare metals, plastics, fertilizer, feed, etc.

Financial and Capital Strategy

Interview with the Officer in Charge

Having established the business foundation and transformed our businesses, under PSV-27 we will accelerate initiatives that contribute to improving profitability and capital efficiency.

Shuji Shirode
Managing Executive Officer
Executive General Manager of Corporate Control
and Administration Division

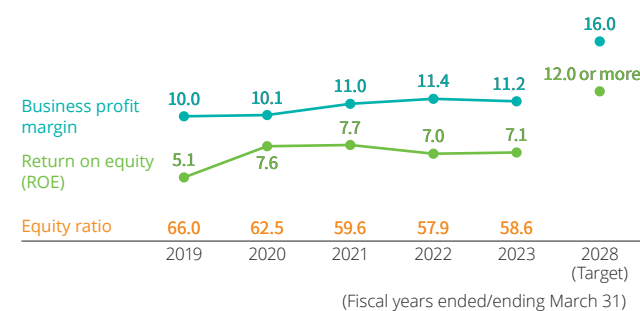


Q. Please tell us about the Kurita Group's financial and capital policies.

Regarding corporate value, we believe stock market capitalization is an indicator for comprehensively evaluating a company's financial and non-financial aspects. The Kurita Group aims to maximize corporate value by expanding the equity spread and steadily returning profits to shareholders. The Group's financial and capital policies focus on indicators of both financial soundness and profitability. Indicators of financial soundness stress the equity ratio, net debt-to-equity ratio, and net debt-to-EBITDA ratio. From the perspective of stable financial management, we stress maintaining good credit ratings, which is necessary for smooth financing. We use the business profit margin to gauge profitability, and use ROE and ROIC (which have also been set as management targets) to gauge capital efficiency. In PSV-27, our cash allocation policy prioritizes growth investments, including business investments and acquisitions, while ensuring disciplined investment decisions. An in-house Investment Committee screens growth investments based on indicators such as net present value and ROIC, and the Executive Committee or Board of Directors then decides whether to invest. As an investment standard, we set the hurdle rate at capital cost plus risk premium for each project, generally at around 8%. In addition to these criteria, we determine profitability based on the return

period and regional risks for each project. Regarding shareholder returns, we believe it is important to continue increasing dividends in a systematic fashion, aiming for a dividend payout ratio of 30-50% over five years. In carrying out these efforts, I believe my role is to offer financial data that aids management, and to develop human resources, IT, and internal controls to support such management across the Group. To realize our corporate philosophy, we will implement optimal cash allocation centered on growth investments while maintaining financial soundness, leading to enhanced corporate value.

► Indicators of Profitability, Asset Efficiency, and Financial Soundness (%)



Q. Kurita has been actively pursuing M&As to date. What has been your aim in doing so?

The Kurita Group has actively pursued M&A activities ever since we bought a water treatment chemicals business in Europe in 2015, for the sake of acquiring a business foundation to support sustainable growth. Investing a total of over ¥100 billion, we have now established a global business structure anchored by four regions: Japan, Asia, North & South America, and EMEA.

For acquisitions to date, we have targeted companies that can strengthen the business foundation and create synergies with the Group. We enter into negotiations with these companies after calculating an appropriate acquisition price. The Investment Committee plays a central role in screening candidates when we carry out such acquisitions. Even before a deal goes through, we work to arrange the matters needed for integration and to ensure a smooth post-merger integration in terms of business and governance.

We aggressively pursued acquisitions under MVP-22, chiefly in North America, investing around ¥80 billion. These included US Water Services (now Kurita America), which develops water treatment chemicals and facilities; Pentagon Technologies Group, a precision tool cleaning company; and Avista Technologies, which develops RO membrane solutions. We were able to strengthen the business foundation through these acquisitions. We also acquired companies in Canada and the Middle East to balance out our regional presence. As a result, in the fiscal year ended March 31, 2023, the final year of MVP-22, acquired companies contributed around ¥60 billion to total net sales. Moreover, we were able to make headway with Group-wide projects that capitalized on acquired technology and expertise.

► Overview of Main Kurita Group Acquisitions Since 2015

Synergies	Acquisition target	Date of acquisition*	Head office location	Business
Developing CSV businesses and other high-value-added products and services through acquired bases	Water treatment chemicals business of BK Giulini GmbH	2015	Germany	Water treatment chemicals
	Fremont Industries, LLC (now Kurita America, Inc.)	2017	US	Water treatment chemicals
	Hansu Co., Ltd.	2017	South Korea	Water treatment chemicals
	US Water Services, Inc. (now Kurita America, Inc.)	2019	US	Water treatment chemicals Water treatment facilities
	Keytech Water Management	2021	Canada	Water treatment chemicals
	Kurita AquaChemie Ltd.	2021	UAE	Water treatment chemicals
Creating synergies by leveraging technology, services, and customer bases in the precision tool cleaning field	Pentagon Technologies Group, Inc.	2019	US	Precision tool cleaning
Global expansion of RO membrane solutions	Avista Technologies, Inc.	2019	US	Water treatment chemicals, RO membrane services
Creating AI- and IoT-based solutions	Fracta, Inc.	2018	US	AI- and machine learning-based software service predicting water main degradations; design automation solutions for water treatment plants

*Date of initial investment

Q. Tell us your thoughts on the Group’s financial soundness in light of changes to the balance sheet under MVP-22.

During the period of MVP-22, the total amount of capital expenditures, growth investments including acquisitions, and shareholder returns was approximately ¥310 billion. In addition to operating cash flows, we covered these outlays through the effective use of assets, such as divestments of shares in other listed companies and property, plant and equipment, as well as utilizing debt. The composition of the balance sheet also changed significantly as a result. We also made aggressive capital expenditures, investing in the ultrapure water supply business for the electronics industry and Kurita Innovation Hub, a new R&D base. In terms of the use of interest-bearing debt, in addition to bank borrowing, we also issued unsecured bonds in December 2020 and May 2022, totaling ¥40 billion. As a result, net cash decreased from ¥59.0 billion at the end of March 2018 to negative ¥27.5 billion at the end of March 2023, while goodwill increased from around ¥20 billion to around ¥60 billion over the same period. Even with these factors, the equity

ratio at the end of March 2023 was close to 60% and the net debt-to-equity ratio was 0.1 times. So, I deem that we are maintaining a sound financial position.

Nevertheless, issues remain regarding profitability and capital efficiency, including for our acquisitions. The business profit margin in the final year of MVP-22 was 11.2% (versus a management target of 15%) and ROE was 7.1% (target of 10% or more). The business profit margin benefited from the expansion of ongoing service contracts, particularly in the ultrapure water supply business, and higher profitability in Europe and the ASEAN region. However, we were unable to reach our targets due in part to delays in our efforts to shift to a service-focused model for general industry businesses in Japan and in improving profitability at Kurita America. Another reason why ROE was below the target was the recording of an impairment loss on goodwill related to Kurita America in the fourth quarter of the fiscal year ended March 31, 2023.



Q. Tell us the key points of the financial and capital strategy under PSV-27.

The PSV-27 plan targets net sales of ¥450.0 billion for the fiscal year ending March 2028, the plan’s final year, representing a CAGR of around 5.5%. We see the electronics industry segment achieving a CAGR of about 7% and the general industries segment achieving a CAGR of about 4%—we thus expect limited contributions to sales growth from acquisitions. We are pursuing strategies specific to each market, and have set targets for profitability and capital efficiency: a business profit margin of 16%, ROE of 12% or more, and ROIC of 10% or more. In line with this focus, starting from the fiscal year ending March 2024, we will reclassify the Kurita Group’s segments from business sectors to industries. In the electronics industry segment, we are aiming to expand recurring contract-based services while emphasizing ROIC. In the general industry segment, since the scale of investment here is relatively small, we will focus on business profit margins.

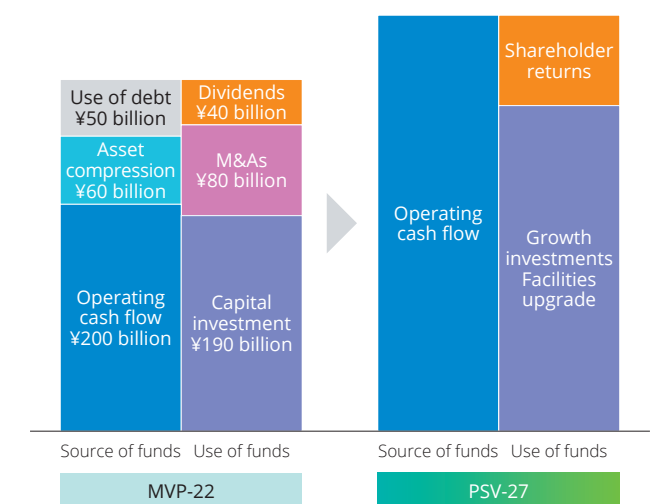
The main point of PSV-27’s cash allocation is using operating cash flow to fund growth investments and shareholder returns. We assume the balance of interest-bearing debt at the end of March 2028 will be roughly on par with the level at the end of March 2023. Given that our balance of shares in other listed companies is about ¥8 billion, the Group’s ability to generate funds other than operating cash flow is limited. Further improvements in profitability and capital efficiency are needed for ongoing growth investments going forward. We began initiatives to shorten the cash conversion cycle several years ago to improve asset efficiency. These initiatives are beginning to take hold among our employees.

In terms of the breakdown, we will channel about 80% of funds into growth investments and about 20% into upgrading facilities. We will allocate growth investment to recurring contract-based services, M&As, and digital investments. In terms of M&A, we have completed the acquisition of regional business foundations and will instead target companies that can strengthen the Group’s business foundation or that have unique technologies.

It has been four years since we started using ROIC to manage the business portfolio with the aim of improving capital efficiency. However, it is hard to say that an awareness of ROIC has taken root among all of our employees. This is an issue going forward. We pursue ROIC management using business-specific balance sheets. Since the elements to be addressed differ depending on the characteristics of the business, we are using decision tree analysis and other methods as we proceed with discussions carefully, but with a sense of urgency, to ensure that our initiatives are highly effective for each organization and can get buy-in.

Finally, I believe engaging with shareholders and investors is vital to enhancing corporate value. Going forward, I would like to strengthen engagement by having a wide range of directors and officers participate in dialogue. To enhance corporate value, we will discuss with capital markets the direction the Group should take over the medium and long term, then use the feedback to inform management decisions and business operations.

► Cash Allocation



Sustainability Strategy

The Kurita Group views sustainability as corporate activities within the context of the natural environment and social systems, and the pursuit of sustainable growth taking into account the impact of corporate activities on the environment and social systems, and vice versa. The PSV-27 positions sustainability at the core of business management. Priority issues for realizing the corporate vision are designated in the Kurita Group's Materiality, which identifies sustainability-related global issues and sets materiality metrics and targets as indicated in the table below.

Shared Value Themes (Fiscal year ending March 31, 2028)	
Solve issues related to water resources	
Total number of basins where collective actions are implemented and total population in the basins	5 basins, 600 million people
(Fiscal year ending March 31, 2031 target: 7 basins, 700 million people)	
Amount of water savings through CSV business	300 million m³
Rate of reduction of GHG emissions and amount of water saving through CSV business (compared to the fiscal year ended March 31, 2023)	50%
Rate of reduction of water intake intensity (compared to the fiscal year ended March 31, 2023, excluding the ultrapure water supply business)	20%
Number of individuals, organizations and groups we engage with to raise awareness on water resources	Continuous increase every year
Contribute to the realization of a decarbonized society	
Rate of reduction in Scope 1+2 emissions (compared to the fiscal year ended March 31, 2020)	73%
(Fiscal year ending March 31, 2031 target: 100%, fiscal year ending March 31, 2051 target: Net-Zero)	
Rate of reduction in Scope 3 emissions (compared to the fiscal year ended March 31, 2020)	22%
(Fiscal year ending March 31, 2031 target: 30%, fiscal year ending March 31, 2051 target: Net-Zero)	
Avoided GHG emissions through CSV business	1,500 thousand t
Contribute to building a circular economy society	
Rate of increase in resource recovery or reduction of resource input through CSV business (compared to the fiscal year ended March 31, 2023)	300%
In-house waste recycling rate	Continuous increase every year

Basic Themes (Fiscal year ending March 31, 2028)	
Develop and disseminate innovative products, technologies, and business models	
Investment rate in innovation areas	30%
Rate of the number of themes in innovation areas	30%
Number of stakeholder engagements related to innovation areas	Continuous increase every year
Strategic development and utilization of human resources	
Engagement Score (a. Rate of companies above the average of all industries, b. Score of each company surveyed)	a: 75% b: Continuous increase
Rate of women, foreigners, and experienced personnel among executives of Kurita Water Industries (KWI)	40%
Fill rate of human resources for development, digital, and intellectual property	80%
Provide highly safe and quality products and services	
Reduction rate in the recurrence rate of accidents that affect customers and society	20% reduction year on year
Conduct business activities respecting human rights	
Conducting human rights due diligence on suppliers	Continuous implementation
Accident Severity Rate (KWI, and group companies in Japan)	0.005 or less
Rate of participation in human rights-related training	100%
Establishment of a liaison for remedies from human rights violations (grievance mechanism)	Completed
Conduct fair business activities	
Rate of participation in whistle-blowing system related training	100%
Rate of participation in training related to laws and internal rules for anti-bribery and antitrust, etc.	100%
Number of violations of anti-bribery and antitrust laws	0

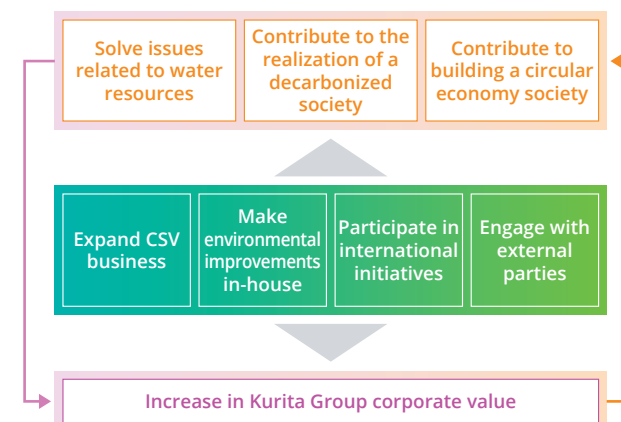
Promotion System and PDCA

The Kurita Group's policy is to designate the issues to be included in the Kurita Group's Materiality for each new medium-term management plan and to address them based on associated metrics and targets. The organization in charge of each metric leads activities aimed at meeting the targets and reports on the status of activities to the Sustainability Committee, which is chaired by the Executive General Manager of the Sustainability Division, a corporate officer of Kurita Water Industries. The committee monitors, coordinates, and promotes materiality initiatives and reports on their status, in principle twice a year, to the Executive Committee, which in turn reports to the Board of Directors. Meanwhile, the calculation of the short-term incentive remuneration, which is the performance-linked component of the incentive remuneration for executive and corporate officers and representatives of some Group companies, depends partly on an environmental contribution index that assesses the degree of attainment in certain materiality-related metrics and targets.



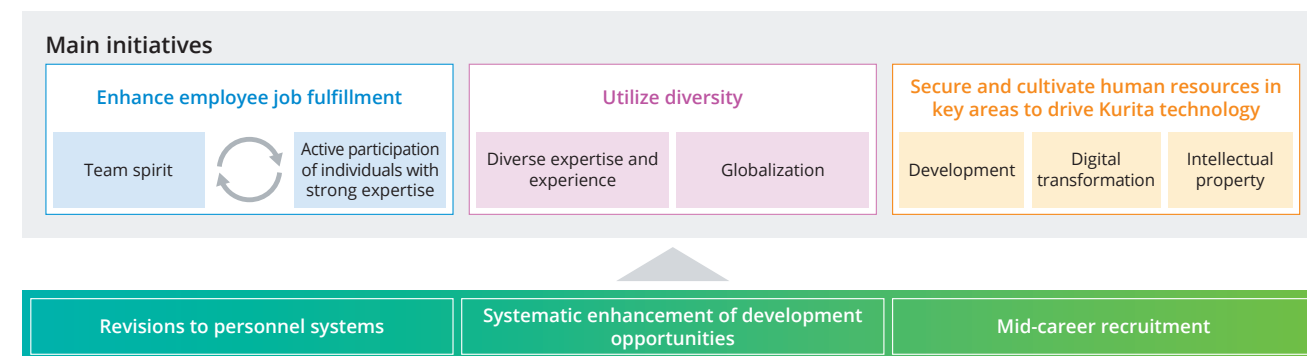
Creating Shared Value with Society Using the Unique Characteristics of Our Business

Since its foundation, the Kurita Group has consistently addressed the issues facing society and industry in areas related to water and the environment and created a wide range of products and services to resolve them. Our action on three of the issues in the Kurita Group's Materiality—solve issues related to water resources, contribute to the realization of a decarbonized society, and contribute to building a circular economy society—naturally includes reducing resource consumption and environmental impact in our own operations. However, we also contribute significantly to creating social value through supporting customers with CSV business and participating in external organizations, which also helps to increase the Kurita Group's corporate value. In addition to monitoring these social value targets, we are also tracking the net sales and profit contributions of the CSV business as a step toward fulfilment of the medium-term management plan.



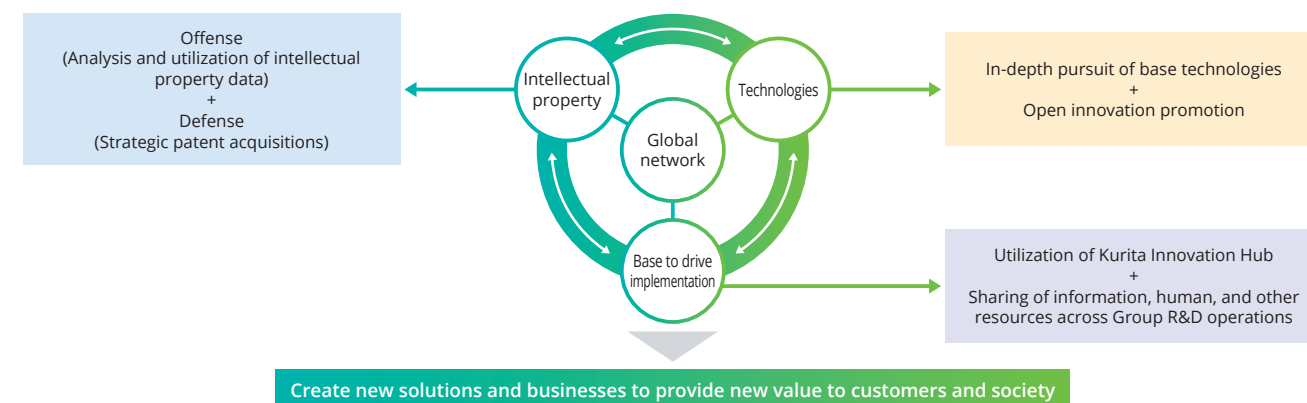
Strengthening Human Capital

If the Kurita Group is to continue generating new value through water treatment, the Group's human resources need to be able to act on initiative and not fear change. Human resource development to that end is one of our main priority issues. Guided by the human resources strategy set out in the previous medium-term management plan, we are coordinating efforts across the Group to put in place a corporate organization and foster a corporate culture that facilitates innovation by diverse human resources.



Strengthening Technological and Intellectual Capital

To respond to rapid social change by identifying emerging needs at an early stage and creating corresponding solutions, we will reinforce efforts to further develop base technologies, promote open innovation including startups, collaborate across Group research and development, and fully exploit intellectual property. This will be backed up by management initiatives to roll these efforts out at global level and carry out active investment to create solutions that deliver new value to customers and society and generate new businesses.

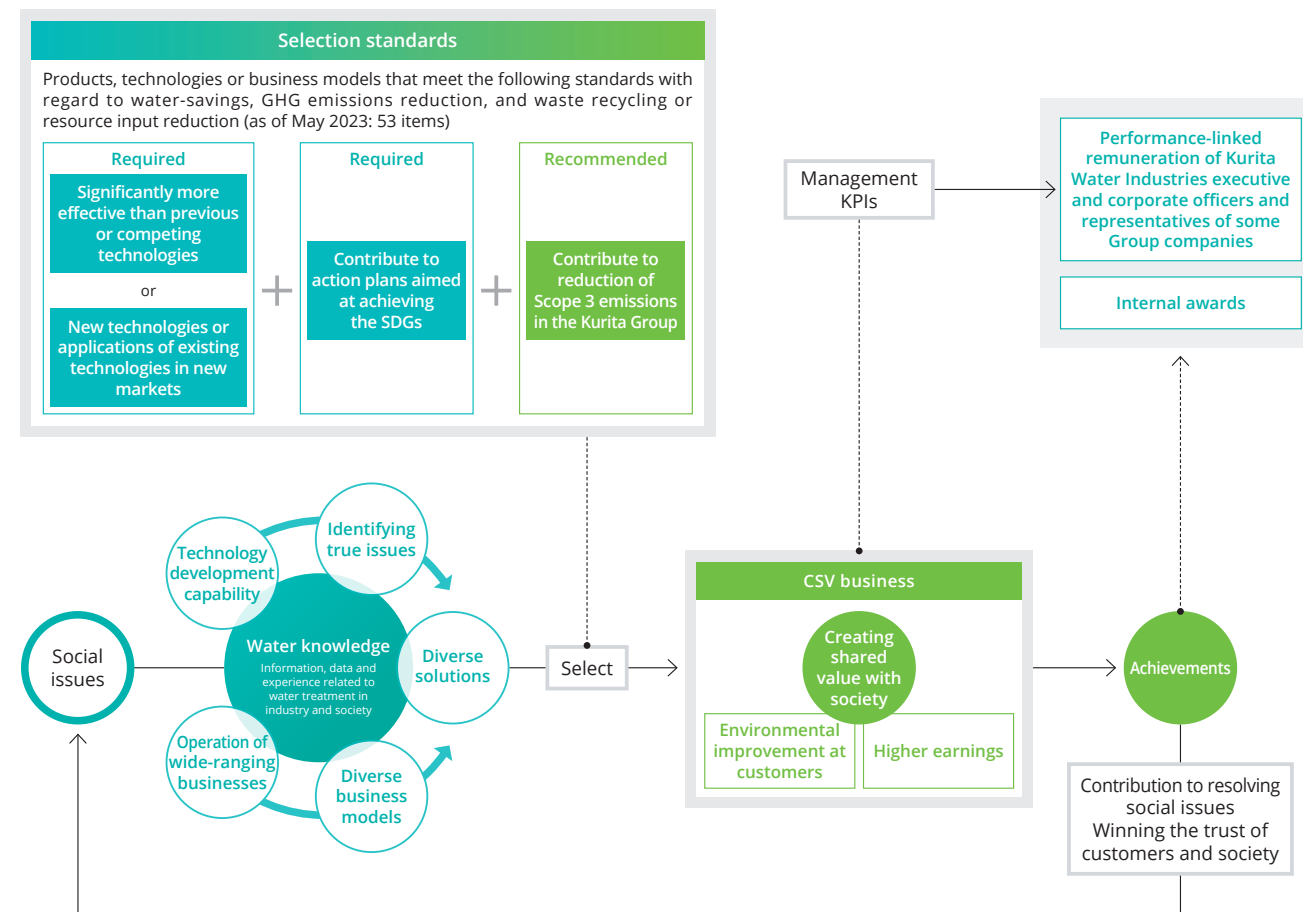


Sustainability Strategy

CSV Business

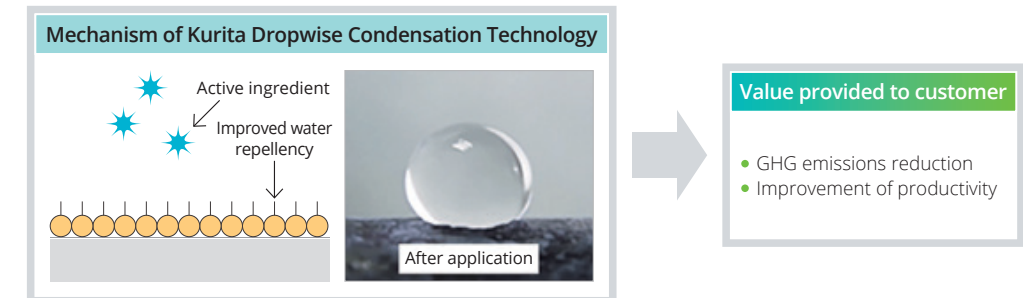
The Kurita Group has defined products, technologies, or business models that contribute significantly to water-saving, GHG emissions reduction and waste recycling or reduction of resource inputs compared to previous levels as the “CSV business,” and has expressed these advantages as respective coefficients. 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. The CSV business is an initiative that links the indicators for Shared Value Themes of the Kurita Group’s materiality—solve issues related to water resources, contribute to the realization of a decarbonized society, and contribute to building a circular economy society—with the financial targets for PSV-27. Meanwhile, metrics indicating the contribution of our CSV business to customer performance in water saving, GHG emissions avoid, resource recovery, and resource input reduction are used to evaluate the performance of personnel eligible for performance-linked remuneration, such as the executive and corporate officers of Kurita Water Industries and the representatives of some Group companies.

► CSV Business Promotion System



Kurita Dropwise Condensation Technology

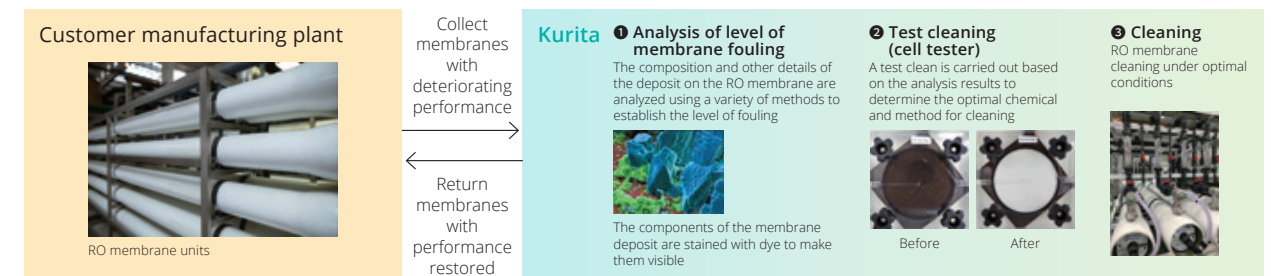
The production process at many manufacturing plants uses heat exchangers to heat substances with steam. The steam transfers its heat to the treated substance via the metal surface of an electrically heated plate and then condenses, forming a film of water on the metal surface, which is known to be a factor in blocking heat transfer. Kurita Dropwise Condensation Technology induces water-repellent properties in the heat transfer surface of the heat exchanger, thus preventing the formation of a water film and boosting heat transfer efficiency. This in turn improves productivity and reduces the volume of steam required, which contributes to energy-saving. As the technology works by simply adding water treatment chemicals to the steam, it allows manufacturers to reduce GHG emissions without needing to stop production equipment or make a large-scale investment.



Off-Site Cleaning and Restoration (OSCAR)

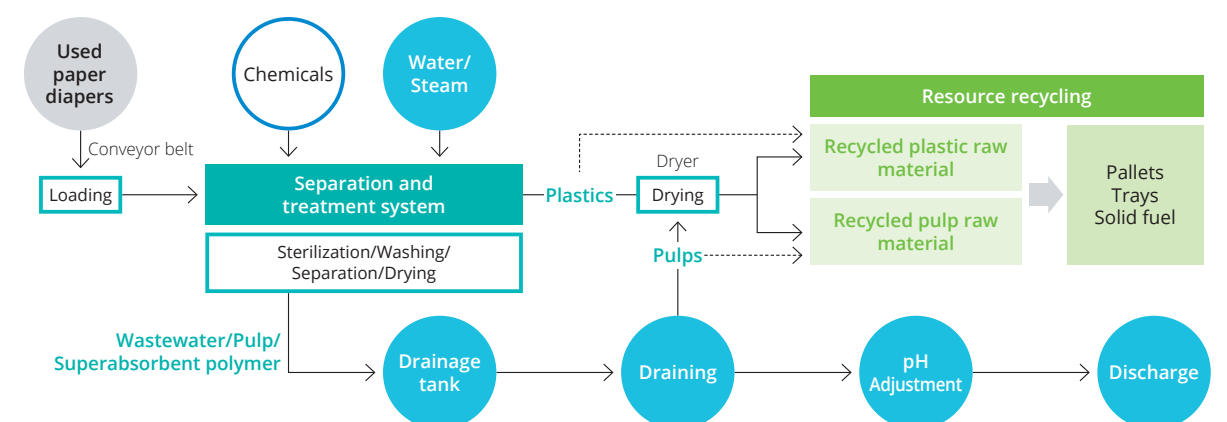
Reverse osmosis (RO) membranes have an important function in removing the impurities contained in water and have a wide range of applications, for instance in ultrapure water production and wastewater reclamation. With continued use, RO membranes become clogged with deposits, which lowers performance, and they therefore require periodic cleaning. Conventional cleaning processes were unable to restore high performance, but with OSCAR, performance after cleaning is almost as good as new. This technology is owned by Avista Technologies, Inc., which was acquired by M&A. By enabling RO membranes to be reused and restoring their performance, and thereby achieving reduction of the pump energy required, it contributes to resource recycling and GHG emissions reduction.

► OSCAR cleaning process



Used Diaper Separation and Treatment System

Used paper diapers in Japan are mainly disposed of as general waste by incineration facilities operated by waste disposal companies and local municipalities. As Japan becomes a super-aged society, the volume of waste is expected to increase. Kurita developed a system that washes and separates used diapers for recycling. By adding a bag-tearing function to the system, it is able to process used paper diapers that are sealed inside plastic bags, improving hygiene and operating efficiency. Used paper diapers are washed and disintegrated by the device, then plastics are separated out from the treatment water, which contains pulp. The separated components can be used for application such as solid fuel or recycling plastic.



Interview with Corporate Officer Responsible for Sustainability



We will help build a corporate group that delivers sustainable growth from an ESG perspective, leveraging the social value Kurita creates through water as a competitive advantage.

Hisashi Tanabe

Corporate Officer
Executive General Manager of Sustainability Division

Q. Kurita has put CSR at the core of management, but PSV-27 broadens this further to encompass sustainability. Why did you adjust your approach?

During the five years of MVP-22, members of management were keenly aware that they needed to rethink the Kurita Group's business from the perspective of not only customer value, but also social value. This process started by viewing the creation of shared value with society from the perspective of CSR, which led to initiatives that naturally expanded to include the concept of sustainability. This broader approach prompted us to review the Kurita Group's materiality for PSV-27. CSR activities were extended to cover sustainability because Kurita is essentially a group of people who are genuinely interested in contributing to society and improving the environment through the Group's core business of water. This interest

dovetailed perfectly with management's desire to transform its business based on customer and social value, epitomized by our CSV businesses helping to spread the concept of sustainability to all corners of the Group. I see this as one of the main achievements of MVP-22.

When we formulated PSV-27, we positioned the Kurita Group's Materiality as integral to realizing the Corporate Vision. The E&S Committee, now known as the Sustainability Committee, played a central role in identifying and defining the Group's materiality, drawing on the opinions of external directors. The contribution of the external directors raised the level of discussion, resulting in an ambitious set of materiality themes and related KPIs.

Q. What was the thinking behind your decision to establish the Sustainability Division?

Kurita transitioned to a Company with a Nominating Committee, etc., corporate governance structure after approval at the Ordinary General Meeting of Shareholders in June 2023. Ahead of the transition, internal organizations were realigned to support the implementation of PSV-27, which was launched in April 2023.

The new corporate governance structure clearly separates oversight and executive functions, allowing the Board of Directors to focus on setting the general direction of management strategy and increasing corporate value over the medium and long term. In line with this change, organizations supporting management were realigned into two divisions — the Corporate Control and Administration

Division, which will focus on improving the Group's financial value through the execution and supervision of management plans and financial strategies, and the Sustainability Division, which will work to create value over the medium to long term. We therefore decided to consolidate the Group's various functions for promoting ESG into the Sustainability Division to ensure strategies are developed and implemented in an integrated manner. To transform Kurita into a corporate group that increases both financial and non-financial value, the two divisions will work together to reinforce management from short-term and longer-term perspectives.

Q. What are the key factors for creating social value and driving the Group's growth?

The Kurita Group's products and services not only help to conserve water by solving water-related issues, they also contribute to the creation of a decarbonized society and a circular economy by cutting energy consumption and by reducing and reusing waste. Under MVP-22, we developed CSV businesses that are more effective than legacy

businesses. The value these new businesses provide is reflected in higher profit margins. In this way, the Group needs to pivot to businesses that provide high value to society, as well as customers, and expand business models that embody that approach. This is the Sustainability Division's mission.

Q. What is Kurita's stance on disclosing sustainability information, and what are the issues it faces in responding to the disclosure requirements of TCFD* and other international frameworks?

Our basic stance is to rigorously respond to ESG-related disclosure needs in accordance with international frameworks and standards. One of the issues we face is how to link financial information with expected future disclosure requirements for non-financial information. We will need to create a system that can simultaneously identify and capture the correlation between the two types of information. This will mean further raising awareness

within the Group of the necessity and importance of information disclosure. The members of the Sustainability Committee include the general managers of corporate and business divisions. The committee will therefore be an important forum for ensuring they lead initiatives on sustainability in line with the Group's unified approach.

* TCFD: Task Force on Climate-related Financial Disclosures

Q. How should human resource development and personnel systems be designed to improve Kurita's competitiveness?

The Kurita Group aims to provide customers and society with value unique to Kurita. To achieve this, our main objective for human resources and internal organizations is to foster a shared feeling of "caring about water and the environment" while balancing that with "diverse opinions, expertise and experience to drive innovation across various customer contact points," in line with our corporate vision. To bring together this shared thinking and diversity, and to enhance unity and strengthen cohesion, we have to ensure our people are more invested in the Kurita Group's common approach, starting with a Corporate Philosophy that is relevant to everyone. We also need to foster greater employee engagement by instilling our Values that are shared and highly regarded across the Group. We will also promote diversity and inclusion by increasing and utilizing personnel with diverse knowledge, expertise and experience to create diverse, welcoming workplaces. I think the Kurita Group can derive a competitive advantage by combining this unity and

diversity within each employee and organization and leveraging it to provide value for customers and society.

I believe the Kurita Group's sustainable growth is dependent on creating the conditions for realizing the Corporate Philosophy. In other words, we have to create a positive cycle where we continue to provide value to society through solutions based on water technologies drawn from various industries and customer sites, which in turn allows us to reinforce human resources, technologies and processes, further enhancing Kurita's unique value. That will mean driving the whole Group forward in line with the principles of ESG: setting the direction of our business from the standpoint of social value (E), enhancing and leveraging the capabilities of our people — the driving force of our business (S), and continuously and effectively reinforcing the Group's processes and systems (G).

Section 3:

The Kurita Group's
Businesses

Electronics Industry Segment

Electronics Industry Division

We will continue to drive the Kurita Group's earnings growth by combining our proposal capabilities with speed to be the indispensable partner for electronics companies expanding their operations worldwide.



Katsuya Amano

Executive Officer
Executive General Manager of Electronics Industry Division
Chief Business Officer for Electronics Industry

Our Role in the Kurita Group

The electronics industry business is the Group's main source of earnings, but it needs to keep fulfilling this role to allow the Group to continue its transformation while generating sustained growth. The Group's reorganization in April 2023 included the creation of the Electronics Industry Division, which brings together a range of functions — from marketing to engineering and development of water treatment facilities, water supply services, maintenance and water treatment

chemicals. Excluding precision tool cleaning, the division is now responsible for all the Group's operations in the electronics industry, including both Japanese and overseas Group companies. Our main objective is to expand the electronics industry business to further reinforce the Group's earnings base. We will do this by optimizing all areas of our global value chain to improve efficiency and by rapidly rolling out effective approaches to all corners of the electronics industry.

Achievements and Challenges under MVP-22

During MVP-22, semiconductor-related investment accelerated worldwide, partly due to advances in digitization triggered by the COVID-19 pandemic. This also drove strong growth in the Kurita Group's electronics industry business. In Japan, ultrapure water supply and other services for the electronics industry expanded, while in East Asia-ex Japan, improvements in the sales and technical capabilities of local Group companies helped drive business growth and reduce costs, leading to an improvement in profitability. Amid the Group's pivot to value-driven business models, we also developed new recurring contract-based services to complement our existing ultrapure water supply

business, and built up our track record in recycled water supply services and pure water supply services in Japan and China.

However, we also faced a number of emerging issues. Meeting customer demands for project delivery became more challenging. In addition to accelerated plant startups, customers are investing more in single projects in pursuit of greater productivity. Supply chain disruption amid rising geopolitical risk also impacted project delivery. Against this backdrop, the Group has limited prospects for continued growth unless it overhauls its entire value chain to remain competitive in an expanding market.

Risks and Opportunities

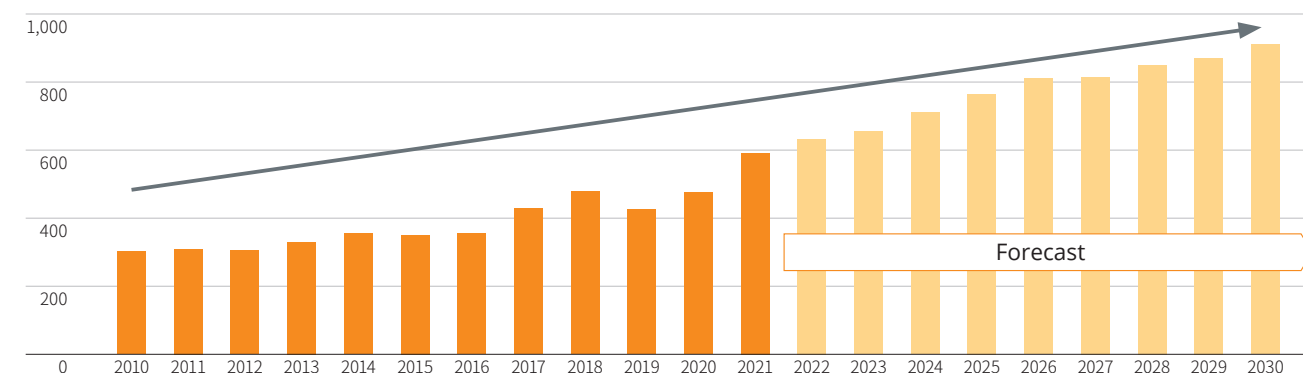
The semiconductor market is expected to weaken in the current fiscal year before regaining strength next fiscal year and subsequently expanding to record levels. In this context, the electronics industry faces the twin challenges of a shrinking

workforce and geopolitical risks. Staffing shortages are likely to be a major business opportunity for the Kurita Group, as customers increasingly outsource non-core water treatment management operations. However, along with partner

companies, we face the challenge of increased competition to attract and secure personnel for our own business. We therefore need to continue efforts launched under MVP-22 to develop digital technologies that expand the Group's engineering capacity. In terms of geopolitical risks, supply chain disruption such as parts and materials shortages are a risk for Group procurement activities, but the global reorganization of

semiconductor manufacturing sites will give us the opportunity to promote the Kurita Group's technological capabilities to customers in markets where we have not had a presence before. We also see growing needs for reduced environmental impact as a chance to demonstrate Kurita's competitive advantages in an area where we can effectively leverage know-how gained through our ultrapure water supply business.

Global Semiconductor Sales (billions of US dollars)



*Source: Kurita based on Omdia data (as of May 2023)

Our Goals for PSV-27

Under PSV-27, we will diversify and deepen our service menu and increase the speed of service provision to expand our customer base, aiming to establish a presence in growth markets while also pursuing greater business scale and earnings growth.

We will develop our water supply services, including ultrapure water supply, into a key source of earnings. Our customers in this area are facing a variety of different issues, such as staffing shortages, growing awareness of environmental issues, rising plant operation costs due to inflation, and the need for rapid plant ramp-up. We will seek to accurately identify the different needs and value priorities of each customer, and combine and adapt various types of services to expand our customer base and adapt our services for a broader range of applications. Specifically, we plan to provide value through three different models: (1) reclaimed water supply service and pure water supply service using standardized products, (2) the purchase and operation of customer facilities using new, efficient facility management approaches, and (3) reduction in total cost of plant operations. Using these new models, we are making progress in negotiations with customers who have not shown an interest in the Group's conventional services so far. In future, we also plan to roll out services that are compatible with local communities, including where our customers operate.

We will also transform engineering processes to improve our ability to respond to growing markets. Current processes are becoming increasingly complex due to ongoing changes and improvements, preventing us from responding properly to the accelerating pace and size of customers' capital investments. Over the next five years, we will make far-reaching changes to the division's structure, aiming to provide value in terms of speed, as well as quality. This will include adopting digital

technology in design and procurement processes to end our reliance on certain personnel, and improving the accuracy of demand forecasts and creating strategic inventories.

Europe and the US are becoming increasingly important markets as chipmakers reshore their operations. As a business focused on Japan and East Asia, that means we also need to move into the electronics industry markets in Europe and the US. We have already made some moves in Europe, acquiring Germany's Arcade Engineering in July this year. Europe is home to many plants that manufacture power semiconductors, a promising growth market. We aim to develop our service business for these potential customers by leveraging Arcade Engineering's existing business base in Europe, using our experience in Japan and combining the Group's wide range of products, technologies and business models. In the US, we have dispatched engineers from Japan to local Group company Kurita America to collaborate on raising skills levels. To expand our presence in the US, we first plan to acquire water treatment facility projects as a starting point for our business. We plan to use a modularized facility approach combined with engineering & procurement (E&P) principles to achieve rapid facility start-ups. Ultimately, we want these projects to lead to the development of our services business.

We believe the Kurita Group's strength lies in its ability to develop proposals and technologies that comprehensively optimize water and energy use from a plant-wide perspective, drawing on the capabilities cultivated in our ultrapure water supply business. By fully leveraging this strength to help customers address ever-evolving challenges in a rapidly changing market, we will contribute to the development of the electronics industry overall as an indispensable partner for customers.

Precision Cleaning Division

We will integrate the precision tool cleaning business globally to build a stable business foundation as a pillar of Group profit.



Shingo Yamaga
Corporate Officer
Executive General Manager of
Precision Cleaning Division

Vision for the Precision Cleaning Division

We established the Precision Cleaning Division in April 2023 as an independent organization to run the precision tool cleaning business, providing integrated management of two group companies that operate in Japan and the U.S. Building on this framework, we will generate further synergies between the two

companies and accelerate the pace of decision-making around business strategies. In this way, we aim to expand the presence of the Kurita Group in the field of precision tool cleaning, an indispensable aspect of the electronics industry, helping to drive business expansion and profit growth.

Our Goals for PSV-27

Under the MVP-22 plan, the precision tool cleaning business gained a much larger presence with the acquisition of U.S.-based Pentagon Technologies Group, Inc. Given the nature of the business, which involves cleaning the manufacturing equipment parts in use at customer plants or newly delivered, growth in the electronics market means an opportunity to expand earnings. When the market is in a downtrend, however, the burden of fixed costs becomes an issue in terms of the facilities and personnel needed for cleaning.

Under the PSV-27 plan, the precision tool cleaning business aims for ¥45 billion in net sales, roughly 1.5 times the level of the fiscal year ended March 31, 2023. To reach this goal requires that we create a structure that is resilient to market changes by expanding our business and customer base and reforming our cost structure, in addition to responding to the cleaning needs of customers appropriately in a way that taps into recovery and growth trends in the semiconductor market.

With a new organization to manage the precision tool cleaning business in an integrated manner, in terms of increasing diversity in the business and among our customers, we will work to share the customer base across the Group and roll out best practices horizontally, as well as expanding services aside from parts cleaning, such as setting up and managing clean rooms at customer plants. Moreover, to curb fixed costs, we have started to explore ways of automating the cleaning method and improving efficiency through an AI-based proposal process, seeking to harness digital technology to address labor-intensive operations.

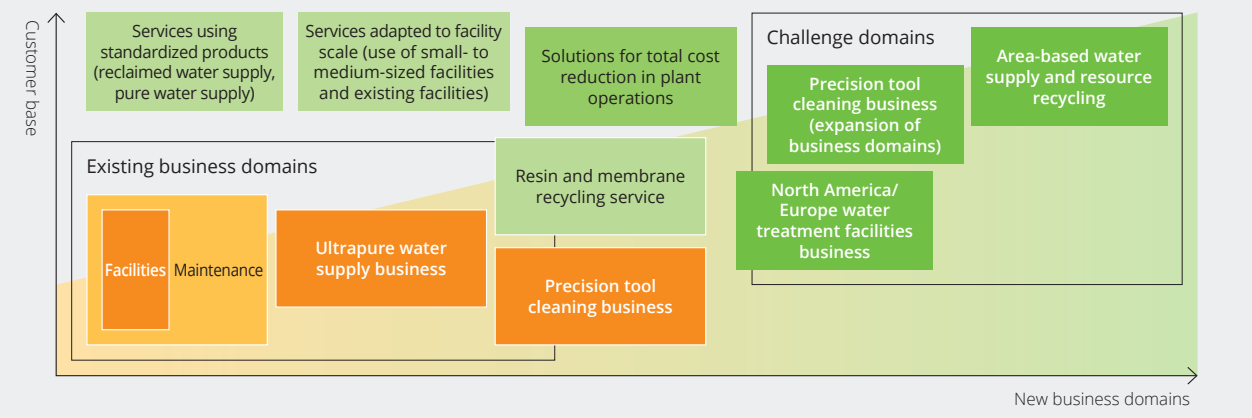
Starting in April this year, a joint team from Japan and the U.S. is holding weekly meetings to actively exchange opinions on various functions, including technology, engineering, and sales. My challenge is to drive organizational unity and motivation to make the Kurita Group a top player in precision tool cleaning, providing high-quality services on a global scale.

TOPICS

Rolling out a wide range of service businesses focused on value

Our provision of products and services for the electronics market, which started with water treatment facilities and related maintenance, has progressively expanded to include the ultrapure water supply business and the precision tool cleaning business. Under the PSV-27 plan, we will work to expand our customer base and the fields we cover by offering a diverse array of businesses with a

combination of services that can respond accurately to the different issues and value priorities of customers. We will also seek to expand the operation of the facilities business into new regions and to move into new business domains targeting local communities, for instance by implementing resource recycling systems that cover an industrial zone including customers' plants.



Acquisition of water treatment facility business foundation in Europe

In July 2023, we acquired shares in German water treatment facility manufacturer and distributor Arcade Engineering GmbH, making it and its group companies consolidated subsidiaries of Kurita. By doing so, we acquired the local manufacturing bases of water treatment facilities businesses serving the European electronics industry and the associated supply chains. Arcade Engineering has advanced technological capabilities, allowing it to independently design and install ultrapure water manufacturing facilities, and operates a business model based on a high level of customer intimacy, with engineering staff permanently stationed in the plants of semiconductor manufacturers and other customers to provide problem-solving consultancy. With the introduction of the European Chips Act and other factors driving increased demand for water treatment facilities to serve the electronics industry, our response

will be to leverage the business foundation we have now acquired to offer highly competitive solutions drawing on synergies between the Arcade Group's customer network and solution capabilities and Kurita Group products, technologies, and business models.

Established	1992
Bases	Germany, France, Switzerland, Singapore
Business activities	Design/engineering, installation management, and consultancy for ultrapure water manufacturing facilities and other water treatment facilities for the electronics industry
No. of employees	Approx. 150



General Industry Segment

Regional Management Division

We aim to become the world's leading water company—and a truly global company—by promoting internal competition and collaboration that goes “Beyond the Borders.”

Yasuo Suzuki

Senior Managing Executive Officer
Executive General Manager of
Regional Management Division and
Chief Business Officer for General Industries



Our Goals for PSV-27

During MVP-22, the Kurita Group actively used M&A to establish a global business structure anchored by four regions — Japan, Asia, North and South America, and EMEA. In 2014, overseas markets generated roughly 20% of the Group's net sales, but this had increased to around 50% by the fiscal year ended March 31, 2023. Under PSV-27, Kurita's priorities will shift from building a global business to implementing a truly global management approach.

We also worked closely with teams worldwide to overhaul our sales structure, giving us the framework to quickly deploy our services in the general industry business, which serves customers in many different industries worldwide. Four organizations – Japan, China, ASEAN, and EMEA & Americas – are responsible for rapidly supplying products and services tailored to the regional and market characteristics of their areas, while the Regional Management Division provides overall direction and promotes collaboration and information sharing between the four regions. To become a truly global company,

we need to be the leading company in each region and have products and services that can be deployed anywhere across the globe. Our employees also need to be strongly committed to both those goals. To achieve this, the Regional Management Division has established a policy of "Beyond the Borders," promoting internal competition between different regions to mutually strengthen their capabilities and internal collaboration to share customer feedback and sales information. Through these activities that go beyond international borders and are backed by our united global team, we will work to out-compete rivals to become the world's leading water company.

To embed this policy in our organization, we hold events around the world for international team members to meet face to face. These events give everyone the opportunity to take part in intense, passionate discussions about various topics, including CSV businesses, the Group's main growth driver. The Kurita Group is now embarking on a new phase of global management, underpinned by our "Beyond the Borders" policy.



"Beyond the Borders" events are designed to promote internal collaboration worldwide

Japan Region

Eiji Yonese

Corporate Officer
Head of Japan Region,
Regional Management Division



In Japan, the Kurita Group has 11 sales companies that provide water treatment solutions optimized to the regions and characteristics of a wide range of customers in general industry. For many years, we have supplied water treatment chemicals, maintenance services and water treatment facilities through our extensive contact points with domestic customers. Utilizing

this expertise and long track record allows us to address and solve their problems. Leveraging this strength, we aim to be an invaluable partner with detailed knowledge of the challenges customers face in their operations.

Like other markets, Japan is expected to see an accelerating shift to carbon neutrality and the circular economy, which presents opportunities to promote the value of our CSV businesses. To do this, we have to expand our customer contacts, not only with site personnel, but also with key people in management and sustainability departments, to accurately understand issues in their businesses and select the optimal solution from a wide range of options. By joining the Regional Management Division, we will be able to maximize all of the Group's accumulated information and experience, allowing us to actively draw on successful models from other regions without being limited to existing ideas and approaches in Japan. In this way, we aim to improve the quality, quantity and speed of our proposal activities, supporting the growth of customers and society as a whole by expanding our CSV businesses.

EMEA & Americas Region

Jordi VERDÉS Prieto

Executive Officer
Head of EMEA & Americas
Region, Regional
Management Division



I joined the Group after Kurita's first European acquisition in 2015. Since then, the Company has gone through a radical transformation with several M&A and organic growth. Now it is a great honor for me to become an Executive Officer of the Company and take responsibility for the EMEA & Americas region.

During MVP-22, we went through a process of integrating and revamping our activities in EMEA, and the region achieved genuine integration and alignment into Kurita's global strategy and profitability targets. We will now accelerate the same process in our activities in the US. We have defined priorities and focused on real added-value business, and we will realign the facility business to focus on the semiconductor industry and expand CSV businesses.

Going forward, we foresee some positive influences from external factors. Like the fact that there is a strong drive in the US and EU to reshore the semiconductor industry. Another important driver is GHG emission reduction, with all industries finally including this in their targets. These are of course opportunities for the Kurita Group, which is involved in businesses targeting the electronics industry. To realize the Group's future development and capture these business opportunities, we will focus on the attraction, retention, engagement, and development of human resources. There is a global fight for talent. In the EMEA & Americas region, it has become essential to work on employer branding and offer attractive and modern working conditions. Younger generations value flexibility and put greater emphasis on corporate purpose. Kurita is aligned with this thinking, so we are in a perfect position to attract new talent.

I am confident the EMEA & Americas region can leverage its diverse workforce and business models to contribute to the Group. We are also aiming to diversify our customer base and grow further by winning business from companies that are headquartered in the US or EU. My personal target is that at the end of PSV-27, this region will be one of the pillars of Kurita's talent pool, revenue, and profitability.

General Industry Segment

China Region

Yukihiro Iwata

Head of China Region,
Regional Management Division

In China, the Group has two subsidiaries serving general industry — Kurita Water Industries (Dalian) Co., Ltd., which has been developing its water treatment chemicals business in China for some time, and Kurita Water Industries (Taixing) Co., Ltd., which started operation in March 2023. Kurita Water Industries (Taixing) is a manufacturing base for water treatment chemicals, but has also constructed a proprietary polymerization facility that allows it to play a key role in the

supply of raw materials to Group companies in other regions. Also, by working with another local subsidiary, Kurita Water Industries (Suzhou) Ltd., which provides water treatment facilities and maintenance services primarily for the electronics industry, we are able to provide a range of optimal solutions that address customer needs.

For the past few years, our China business has faced very challenging conditions due to restrictions on mobility to control COVID-19 and changes in the operating environment. During PSV-27, we aim to expand and improve the profitability of the China business by putting it back on a growth trajectory, led by expansion in CSV businesses. Given China's wide range of industries and its good balance of local and overseas companies, we aim to expand our CSV businesses throughout China by actively rolling out successful models from China and other regions. We will also continue to enhance our operations in China and develop new models.

As the head of the China region, my mission is to reinforce Kurita's brand power in China through CSV business expansion and ensure Kurita is a satisfying and enjoyable place to work for local employees.

ASEAN Region

Ayato Onuma

Head of ASEAN Region,
Regional Management Division

Countries in the ASEAN region each have different core industries. Singapore and Malaysia are focused on electronics, while Thailand's main industry is automotive manufacturing and Indonesia's is energy and mining. Overall, however, ASEAN has a wide range of different industries. During PSV-27 we aim to develop our business in ASEAN by building a balanced and strong market base across the entire region while increasing Kurita's presence in core industries in each country.

Under this strategy, we have formed a working group comprising representatives from each of Kurita's five operating companies in the ASEAN region to implement working group (WG) activities. These WG activities integrate all the core functions of each company — sales, procurement and back office support — and deploy them throughout ASEAN. We are also using WG activities to accelerate the expansion of our CSV businesses. This structure has become one of the strengths of the ASEAN business and has already delivered solid results in terms of CSV business expansion, improved profitability and productivity gains compared with the rest of the Kurita Group. However, to ensure sustained growth, we also have to create new CSV businesses. That's why we will work with Kurita R&D Asia Pte. Ltd., our R&D base in Singapore, to launch newly created businesses and provide ASEAN-developed CSV businesses to other areas of the Group.

Through these initiatives, we want to contribute to the Group's overall growth by boosting profitability, while also focusing on creating social value by making employees more engaged and more invested in contributing to society.

Industrial & Social Infrastructure Division

Contributing to the Kurita Group's sustainable growth by creating new solutions in existing business fields and developing new businesses

Takehiro Nozue

Corporate Officer
Executive General Manager of Industrial &
Social Infrastructure Division

Our Goals for PSV-27

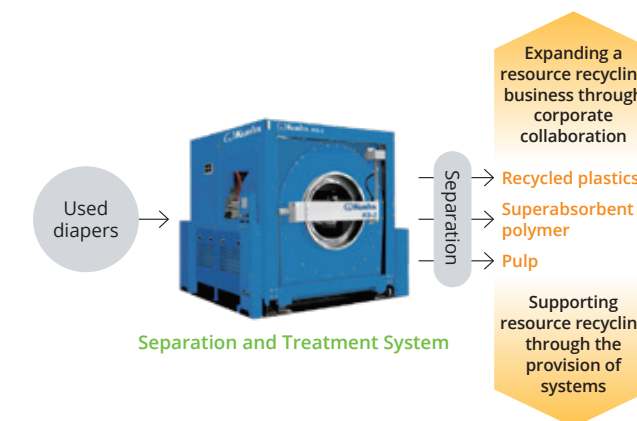
The two key themes for the Industrial & Social Infrastructure Division are "creating new solutions in existing business fields" and "developing new businesses."

We have developed close business relationships with customers in many industries by providing water treatment products and services, not only for utility equipment, but also for production processes. Our main customers are in the three key markets of petroleum, pulp & paper, and steel, but we also work with the electric power and public sectors. Our customers also need to solve significant social issues related to their operations, such as reducing environmental impact, due to the considerable scale of their business sites and the large volumes of materials and energy they use. To address this, we have developed new services that provide both customer value and social value. One example is our monitoring system for steel raw material yards at steelmakers. The system uses sensors and digital analysis technology to visualize risks caused by moisture and develops raw material management plans that prevent degradation in material quality. These solutions help to improve steelmaker productivity and avoid GHG emissions. In this way, we continue to create new value for customers backed by a deep understanding of their businesses and the use of digital technology.

In terms of new business development, we are working to establish new customer contact points with a focus on the circular economy, and build them into future key businesses for the Group. The Kurita Group has typically provided solutions that use technology to remove foreign materials from water, but by refining this technology, we can now recover these materials and convert them into valuable resources. One new project in this area is Used Diaper Separation and Treatment System, which separates and treats all materials in used

diapers. Used diapers are usually incinerated, but this system sterilizes and cleans the constituent materials and separates them into plastic and pulp for processing as raw materials or fuel. This helps to reduce waste volumes and energy used in incineration, contributing to lower GHG emissions.

► Used Diaper Separation and Treatment System



The Kurita Group has diverse contact points with customers in a wide range of industries, and with local governments and public agencies. Material considered as waste by some of these users is seen as resources by others, and our extensive network means we can connect these dots and play our part in building a circular economy society.

Engineering Strategy

In engineering processes anchored by safety, security and stability, we aim to build a global engineering system that offers new value to customers through DX and collaboration with partners inside and outside the Group.



Kunihiro Kuse

Executive Officer
Executive General Manager of Engineering Division

Achievements and Challenges under MVP-22

One of the outcomes of MVP-22 is that the Kurita Group's actions are now based on how best to deliver value to customers. Our customers are increasingly tackling diverse issues, such as environmental issues as well as business growth. In responding to these individual customer needs, the Engineering Division now proactively considers what kind of value the customer wants from various perspectives. I believe this approach, which is now embedded in our division, is one of the main achievements of MVP-22.

During the plan we also succeeded in maintaining and improving the quality of engineering work. This was achieved by adopting automated layout design processes in partnership with Fracta Leap Inc., and codifying and systemizing issues from past projects to anticipate and prevent any recurrence of non-compliant engineering work and workplace accidents. This information has been compiled in a detailed database that can be shared with other parts of the Group. Another key change during the plan was triggered by the COVID-19 pandemic, which made us realize that the work we previously thought could only be carried out onsite can now be done remotely with the help

of digital technology, and without any drop in quality. This is more than just a superficial change in working practices — we now share work tasks more widely within our organization instead of relying on the skills of certain individuals, helping to increase the speed, quality and volume of work.

We also put in place a global engineering system to coincide with the Group's shift to a global business structure anchored by four regions. In procurement, we used our Global Supply Team project, which optimizes Groupwide procurement and manufacturing activities, to secure stable supplies of raw materials for water treatment chemicals, which were affected by the pandemic and the war in Ukraine. We also expanded the scope of these procurement efforts to include facility parts and materials, creating a procurement framework that mitigates risk. However, we faced a number of challenges during MVP-22. Structural changes in supply chains due to geopolitical risks and changing societies led to shortages of raw materials and components, longer delivery times and higher prices, requiring a more flexible approach in engineering and construction, including from the standpoint of human resources.

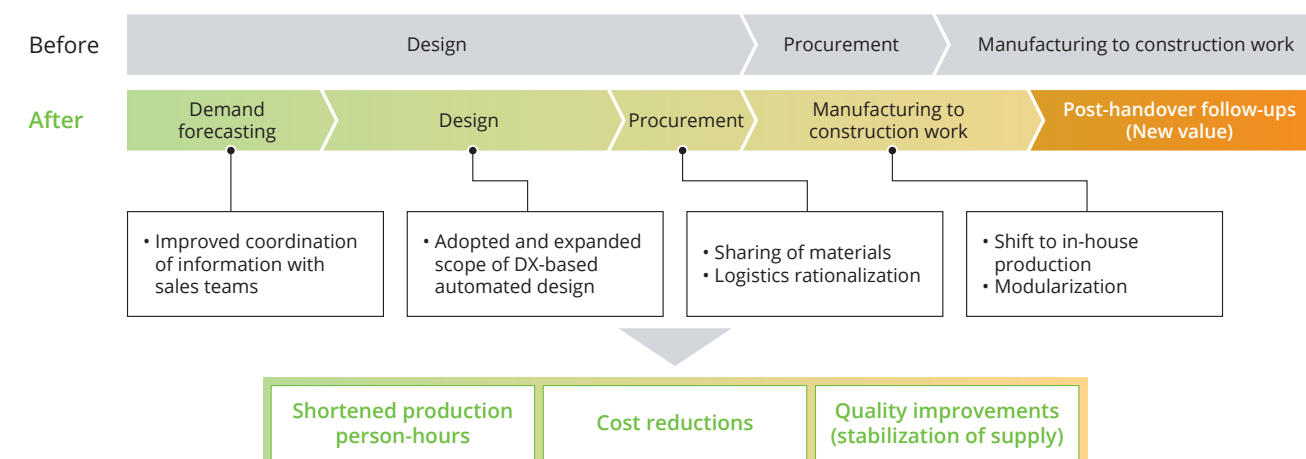
Our Goals for PSV-27

The value that customers want is becoming increasingly diverse, going beyond more than just cost and quality. The semiconductor manufacturing sector is a case in point. Companies continue to invest heavily and the rapid pace of project startup is unprecedented. Under PSV-27, to better respond to these needs, we will focus on transforming engineering processes and reinforcing supply chains.

Specifically, we are stepping up collaboration across our value chain — from sales through to engineering — and improving our proposal capabilities to offer more options to customers as their partner from the planning phase, rather than simply waiting for customers to give us their specifications. By being involved at an earlier stage of the project, we can

improve the accuracy of engineering plans and demand forecasts, mitigating risks in project delivery management and procurement. By continuing to drive DX, we will also extend the use of AI technology from design automation into other areas, such as optimizing construction plans and automating cost estimates, aiming to increase competitiveness by reducing delivery times, lowering costs and improving quality. In this way, we aim to increase value for customers by improving efficiency and speed in project areas where digital technology can be applied, while at the same time proactively allocating more human resources and time to key areas where people make the difference in value proposals.

► Production Process Reform and Supply Chain Strengthening



Taking these proactive steps is important, but the Engineering Division also needs to stay focused on defensive areas such as safety, security and stability. To ensure reliable supplies of water treatment chemicals and advanced functional materials to customer sites, we will continue to improve manufacturing processes to reduce costs, while also maintaining stable operations. In addition, to reinforce quality management, we will rigorously enforce safety models embedded during MVP-22 that accumulate and systemize information about non-compliant quality issues to anticipate and prevent any recurrence. Frontline business sites face the highest risks in terms of safety and quality. To simplify and reduce the time needed for onsite engineering processes, we will reduce the actual volume of onsite work using modularization, where facilities are fabricated offsite wherever possible and assembled onsite.

Another important issue we have to address is developing human resources who can drive the transformation of the Kurita Group's engineering activities. These activities require not only specialized knowledge related to water treatment, but also expertise in manufacturing, extensive onsite experience, and the ability to access and apply large amounts of data. Developing human resources with all these skills is not easy. We are making some progress in this area, but it requires a long-term commitment and repeated practice, where the employee themselves has to set their own objectives based on a clear vision for what they want to achieve and what their team expects. Our goal is to be less dependent on certain individuals by utilizing digital technology and systems, backed up by teamwork.

Engineering Strategy

Quality and Safety initiatives

Basic Concept

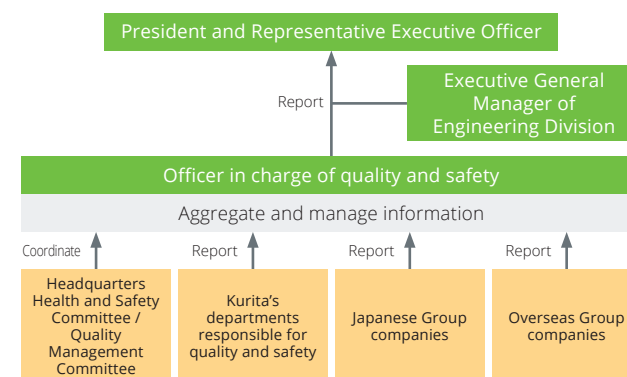
The Kurita Group's initiatives to improve quality and ensure safety at manufacturing and construction sites not only help us retain the trust of customers and society, but they also underpin all the Group's

engineering processes. That's why we have formulated the Kurita Group Product Quality Policy and the Kurita Group Occupational Health and Safety Policy and are working to embed them across the Group.

Promotion Framework

Led by the officer responsible for quality and safety, the Kurita Group is rolling out quality and safety assurance initiatives across the Group and monitoring awareness and implementation of related policies, even during the current restructuring of business sites and offices. For workplace accidents and products that are not compliant with quality criteria at business sites in Japan and overseas, we have created an integrated reporting procedure under the control of the officer in charge of quality and safety. This mechanism allows us to centrally collect information and communicate measures throughout the Group to prevent any reoccurrence.

► Quality and Safety Reporting System



Improving the Quality of Products and Services

The Kurita Group has established a Groupwide Quality Management Committee to improve the quality of products and services. The Quality Management Committee is composed of a committee that oversees all the Group's activities and subcommittees focused on each business.

In the fiscal year ended March 31, 2023, one of our initiatives to improve quality was "change point management," an approach that allows us to predict and anticipate changes that could impact quality. Using change point management, we work to prevent defects and other anomalies from occurring by accurately capturing and controlling any changes in our operations, which can be adjustments to a manufacturing process, for example, or slight changes arising from modifications in other areas of our business. In the fiscal year ending March 31, 2024, we will continue to optimize the Quality Management System (QMS) by enhancing change point management in response to developments in the operating environment. We will also establish autonomous and rapid SDCA* and PDCA cycles by improving internal audits.

* SDCA: Standardize → Do → Check → Act cycle

Kurita Group Product Quality Policy

Basic Policy

Kurita Group will speedily provide our customers with products and services that can meet their quality expectations, thereby winning unshakable trust.

In order to achieve the goal of the above basic policy, we will implement specific measures through the following approaches.

- 1) We will establish a quality management system suitable for the business environment and continue improvement activities to enhance customer satisfaction.
- 2) We will actively disclose appropriate information concerning products and services and provide safe and secure products and services.
- 3) 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.
- 4) We will promote the development and improvement of products and services considering environmental impact and contribute to environmental preservation.

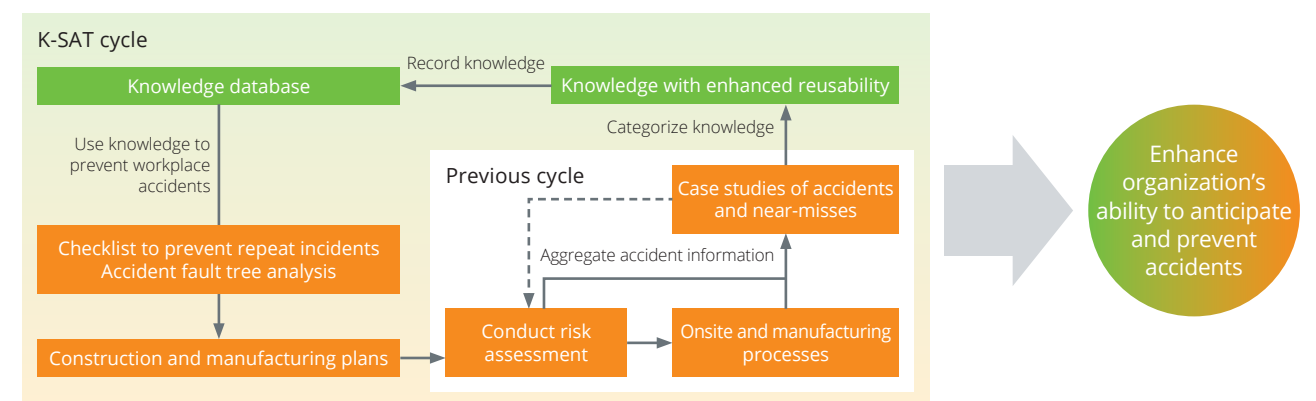
Occupational Health and Safety Initiatives

The Kurita Group positions occupational health and safety as the top priority in operating its businesses. To ensure the health and safety of its directors, officers and employees, and to create and maintain comfortable work environments, the Kurita Group continuously promotes health and safety initiatives based on a common policy for all Group companies. We also put integrity at the heart of our occupational health and safety initiatives in conjunction with integrity activities that encourage employees to follow their conscience in making ethical and honest decisions.

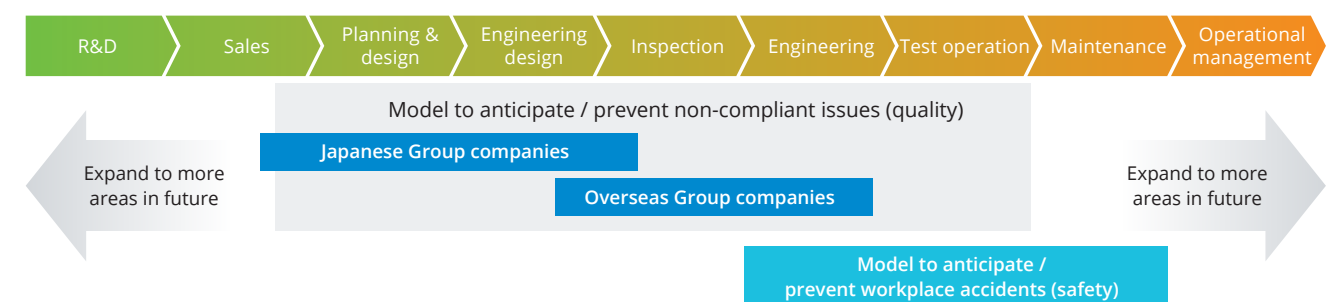
Kurita's Health and Safety Committee leads the Group's occupational health and safety initiatives. In the fiscal year ended March 31, 2023, we conducted safety education and training programs tailored to the characteristics of each business to improve

our ability to predict, identify and respond to potential accidents, based on historical workplace accidents and conditions at each site. In July 2022, we also officially launched the Kurita-Safety Approach Tool (K-SAT), which is designed to anticipate and prevent any recurrence of accidents. K-SAT stores knowledge from past workplace accidents in its system, which can be accessed and used by authorized parties when needed. By effectively using this type of tool, we can ensure that all knowledge from previous workplace accidents is included in risk assessments, supporting the implementation of comprehensive measures at worksites to prevent the repeat of past accidents. In the fiscal year ending March 31, 2024, we will work to embed these approaches and adopt more intuitive tools.

► System to Anticipate and Prevent Workplace Accidents (K-SAT)



► Deployment of Model to Anticipate and Prevent Non-Compliance Issues



Section 4:

The Platform for Value Creation

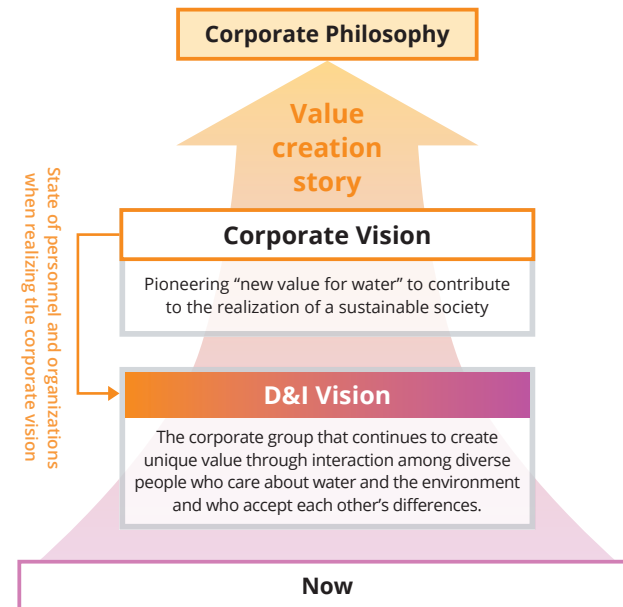
Human Resources Strategy

Basic Concept

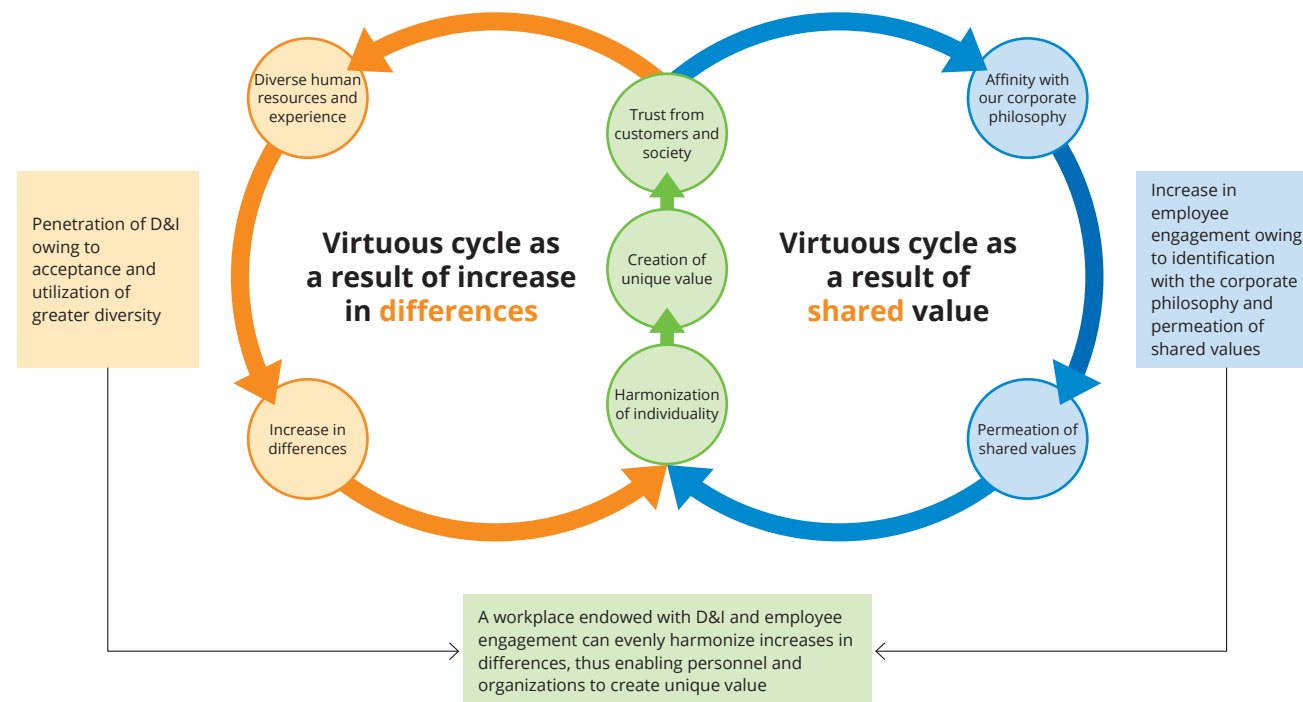
For the Kurita Group, which provides diverse solutions to society and industry with the aim of continuously creating “new value for water,” human resources are the driving force behind its sustainable growth. That is why we continue to implement organizational and personnel initiatives based on our Diversity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

D&I Vision

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



► Schematic Flywheel Representation of D&I Vision

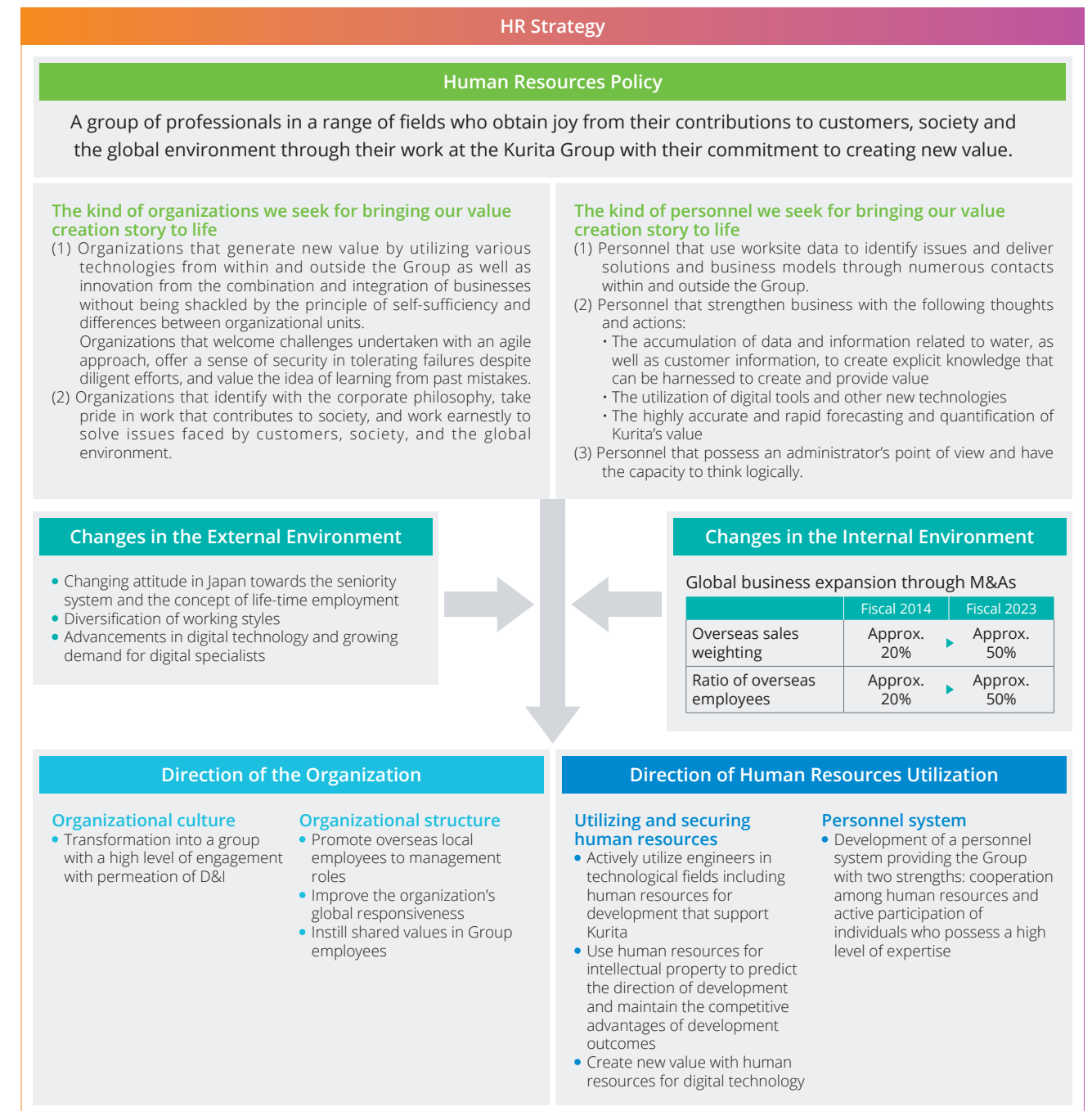


Overview of HR Strategy

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

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

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

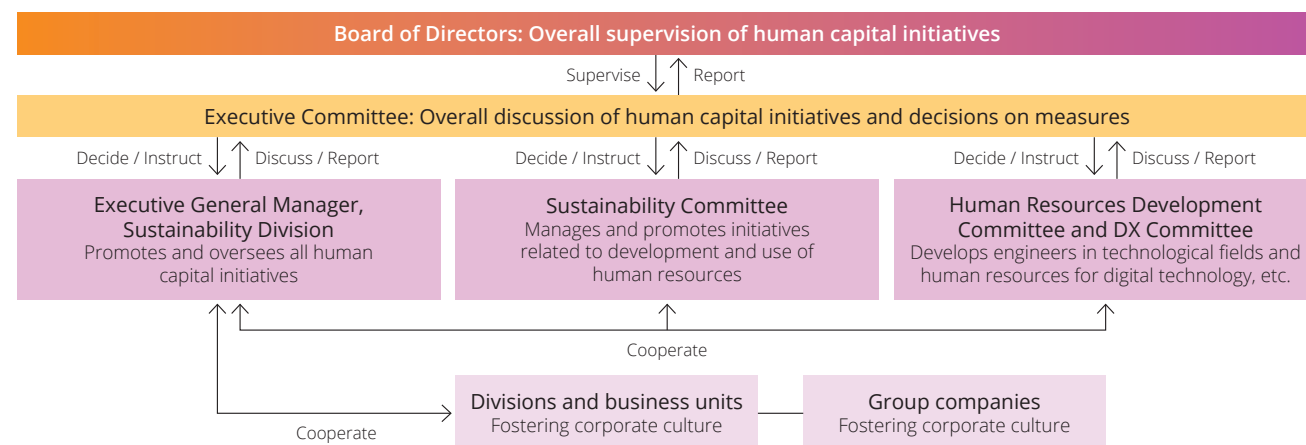


Human Resources Strategy

Promotion Framework

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

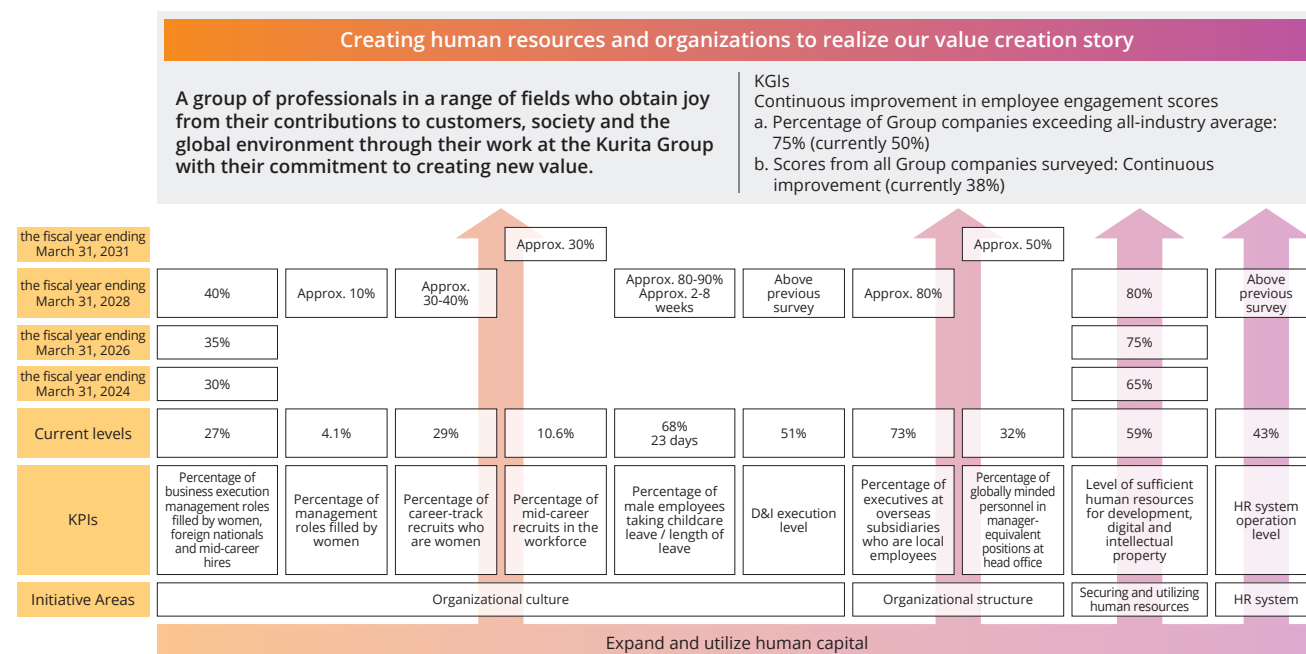
Sustainability Division, in collaboration with the Human Resources Development Committee and the DX Committee. Reports on the status of human capital initiatives are submitted to the Executive Committee, which discusses their content and makes decisions on necessary measures. The Executive Committee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



HR Strategy KPIs

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

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



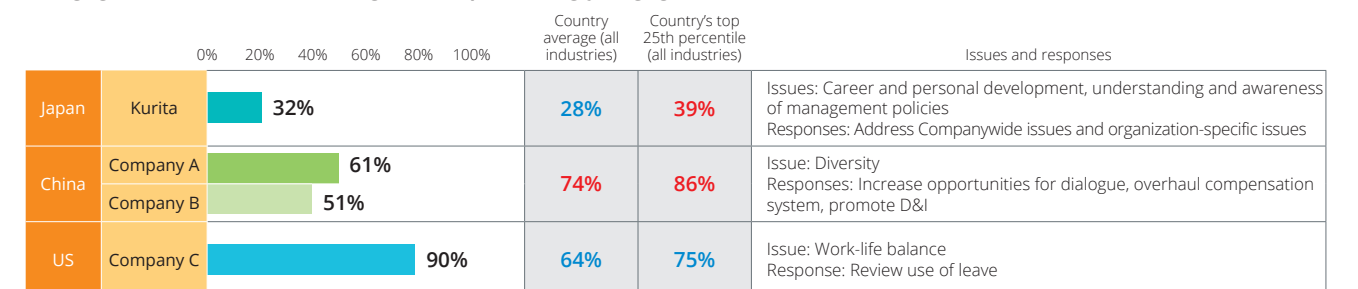
Understanding Employee Engagement

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

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

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

Engagement Scores (Percentage of People Strongly Engaged)



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

Fostering Corporate Culture

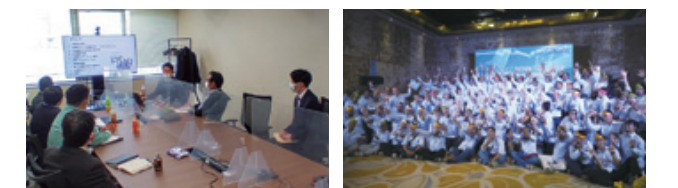
To transform Kurita into a highly engaged group with well entrenched D&I, we are promoting the following initiatives based on the situation in each division and Group company.

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

Nine Recommended Actions



Each Organization Implements Its Own Initiatives to Promote D&I



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

Employee networking event in Indonesia

Human Resources Strategy

Ensuring Diversity

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

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

Empowering Female Employees

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

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

(1) Workshops for female personnel interested in management roles

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

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

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

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



Workshop for team leader candidates

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

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

► Target and Current Percentage of Mid- Career Hires

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

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

Supporting Globally Minded Personnel

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

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

Creating a Comfortable Working Environment for a Diverse Workforce

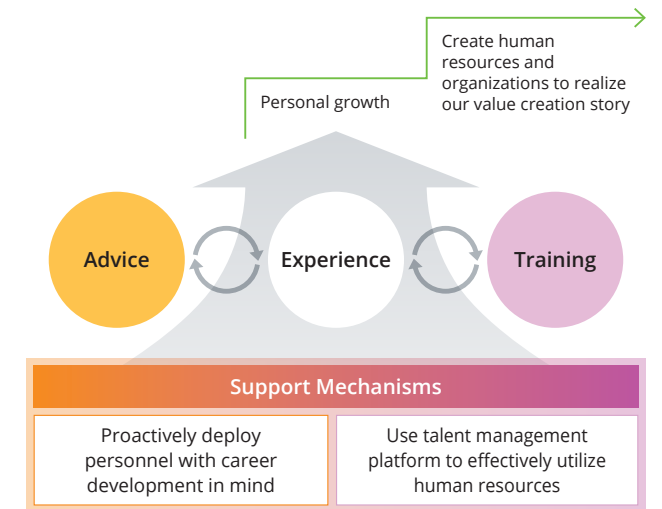
The Kurita Group is making every effort to create a workplace environment where each and every employee can work with peace of mind. We have systems in place that help employees balance their work with childcare, nursing care, and other life events, flexible working style arrangements for those wishing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

* Sexual orientation, gender identity, and gender expression

Utilizing and Securing Human Resources

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

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



Human Resources Strategy

► Human Resource Training System (Kurita Water Industries)

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

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

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

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

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



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

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

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

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

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

• Engineers in Technological Fields

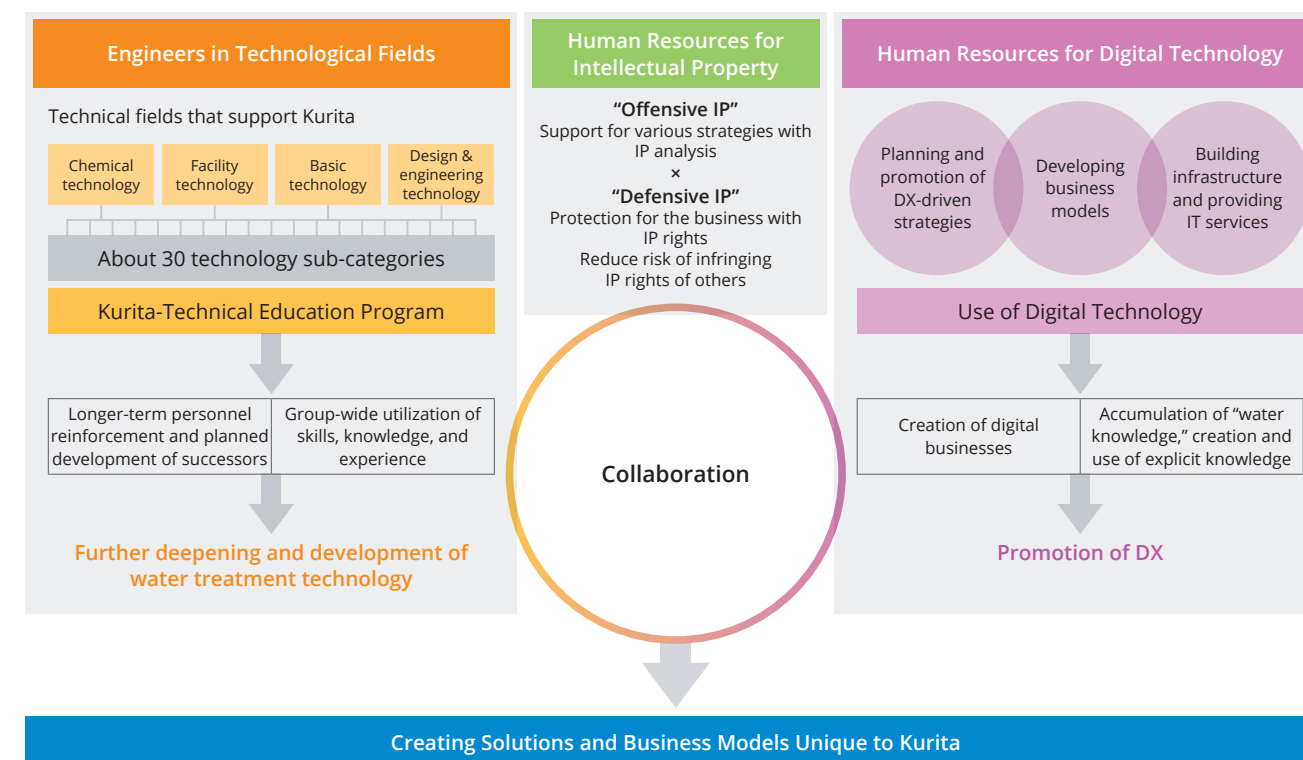
The technologies that underpin the Group can be broadly divided into four categories: chemical technology, facility technology, basic technology, and design & engineering technology. These groups can be further divided into around 30 subcategories. By mapping the human resources engaged in these fields,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

• Human Resources for Digital Technology

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

• Human Resources for Intellectual Property

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



Innovation Strategy

We will create innovation that helps address social issues, continuously heighten the competitiveness of existing businesses, and develop new businesses.



Hiroyuki Suzuki

Corporate Officer
Executive General Manager of Innovation Division

Achievements and Challenges under MVP-22

Since its founding, the Kurita Group has offered a variety of solutions to needs in society and industry, including the growing problem of pollution amid high economic growth and advanced water treatment required in the electronics industry. Helping to address such needs provided the Group with the opportunity to dramatically improve its technological capabilities. Today as well, calls to address global issues like climate change and the building of a circular economy society also provide an opportunity to step up the pace of innovation. Under the MVP-22 plan, in addition to an approach grounded in technology, we sought to create innovation through an

approach grounded in social value. New initiatives that emerged included recycling technologies, such as the recycling of used disposable diapers, and energy creation technologies, such as a microbial fuel cell wastewater treatment system that generates electricity directly from wastewater. However, we were unable to create businesses that could serve as earnings drivers, and continued to face issues. To develop new markets and business fields, I believe it is necessary not only to serve existing customers but also identify potential needs in society and across industry as a whole, pursuing initiatives from a perspective unbound by existing technologies and fields.

Our Goals for PSV-27

The PSV-27 plan sets out the Kurita Group's Materiality: solve issues related to water resources, contribute to the realization of a decarbonized society, contribute to building a circular economy society, and develop and disseminate innovative products, technologies, and business models. These themes are guiding our efforts to create innovation globally from a longer-term perspective. We have set a range of focus areas—seven areas in which we aim to provide new value and four areas in which we will strengthen our basic technologies—and will extend our efforts beyond existing fields into peripheral and innovation areas*.

Moving ahead with a diverse, longer-term perspective starts with problem setting and the search for seeds. Here, we will expand contacts with customers beyond personnel in frontline operations to include departments that promote sustainability and innovation, managers, and R&D institutions other than customers. At the same time, we will use IP landscaping to

analyze data on the Group's intellectual and non-intellectual property, customers, and industries, setting problems and searching for seeds based on forecasts about the future.

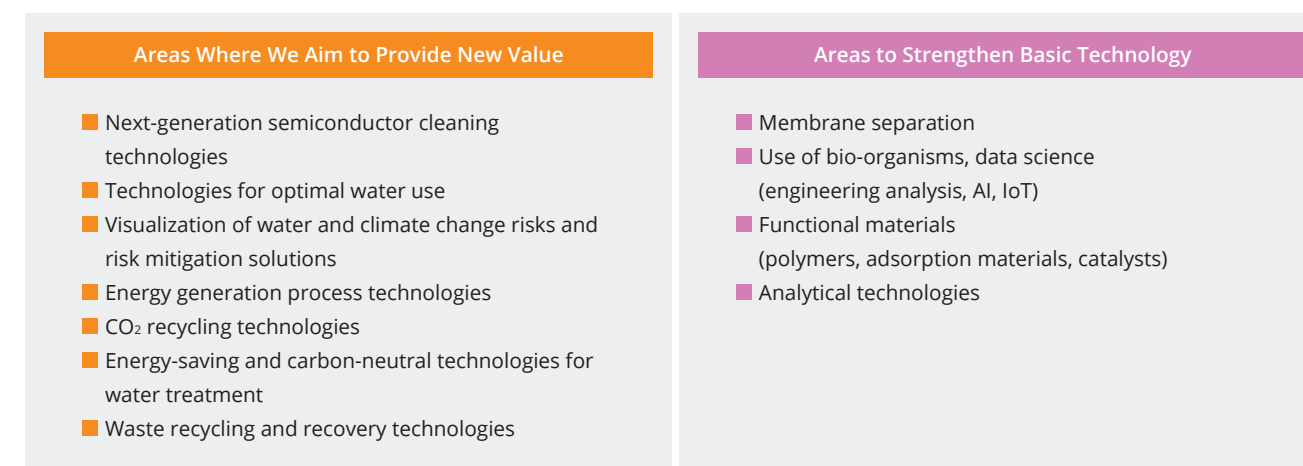
Also, our tasks do not end with simply bringing products to the market, as they have in the past. In collaboration with our business divisions, we will expand the scope of our explorations to include new forms of monetization such as modeling and commercialization. To implement these initiatives, we will promote open innovation and M&A activities, including collaboration with start-ups and companies in other industries to acquire all the necessary elements, rather than insisting on doing everything in-house.

Pursuing these initiatives calls for even greater cooperation within the Group. Issues requiring attention differ depending on the region. So, for example, the issue of water resources is more serious in Singapore, Europe, and North America than in Japan, where water resources are abundant. We will work

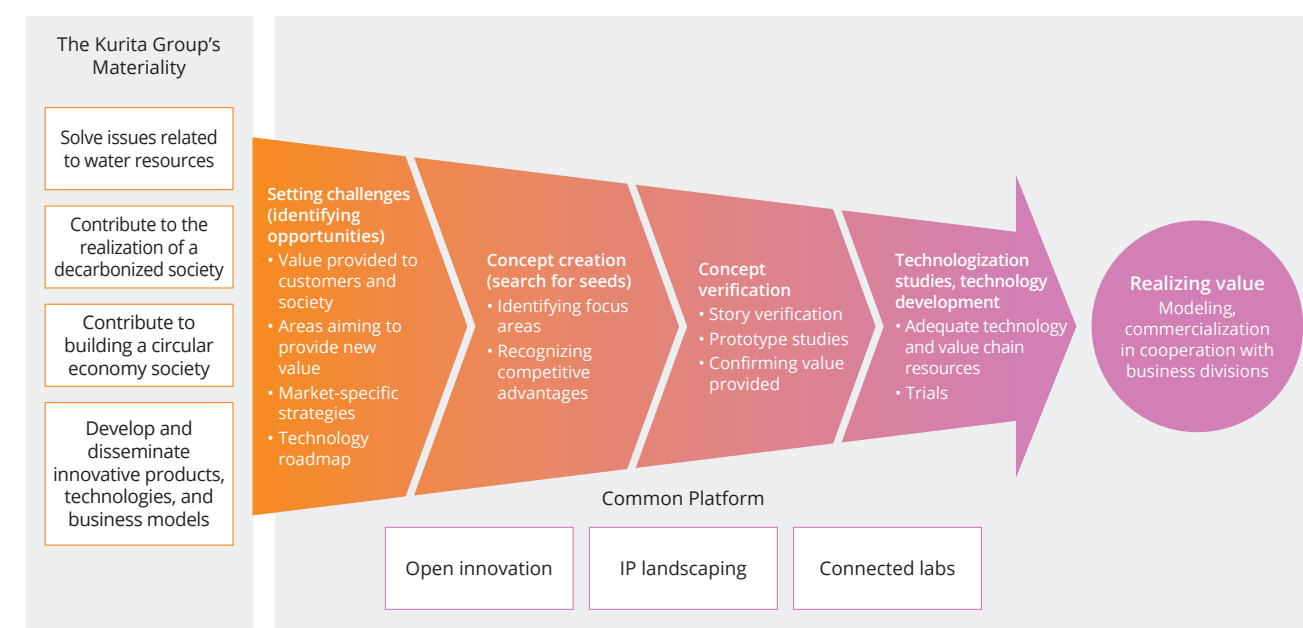
together across the entire Group to create innovation by taking advantage of connected labs that draw on and horizontally deploy the personnel, materials, and data of each R&D site. We have already established a number of cross-organizational

working groups and launched initiatives to share and address issues in society and in industry.

*Refers to innovation areas in Deloitte 7 cells



Approach to Creating Innovation



Human resources are the driving force behind our efforts. We will strengthen the mindset, skills, and actions required both of personnel who themselves take on the challenge of creating innovation and of personnel who support such challenges. Recognizing the difficulty of acquiring such skills through conventional education and on-the-job training alone, we will work to cultivate staff by building a training program that makes use of outside resources. We will also clarify points to be reinforced in the areas where we aim to provide new value and

in basic technology areas, working to acquire talent by tapping into our networks with universities, research institutes, and companies. It is also vital to provide opportunities for employees to embrace challenges in new areas and enhance the framework for evaluating the results of those challenges. In this way, we will pursue the creation of new value through collaboration and the embrace of challenges by people with diverse experience, knowledge, and skills, aiming to develop sustainably with society.

Innovation Strategy

Intellectual Property Strategy

Basic Concept

To grow its business and improve profitability by making maximum use of its intellectual property (IP) resources, the Kurita Group has formulated a basic policy on IP activities to promote the appropriate acquisition, protection and use of IP and to ensure that other IP rights are respected. Based on this policy, we will implement IP activities that contribute to management strategy from both defensive and offensive approaches.

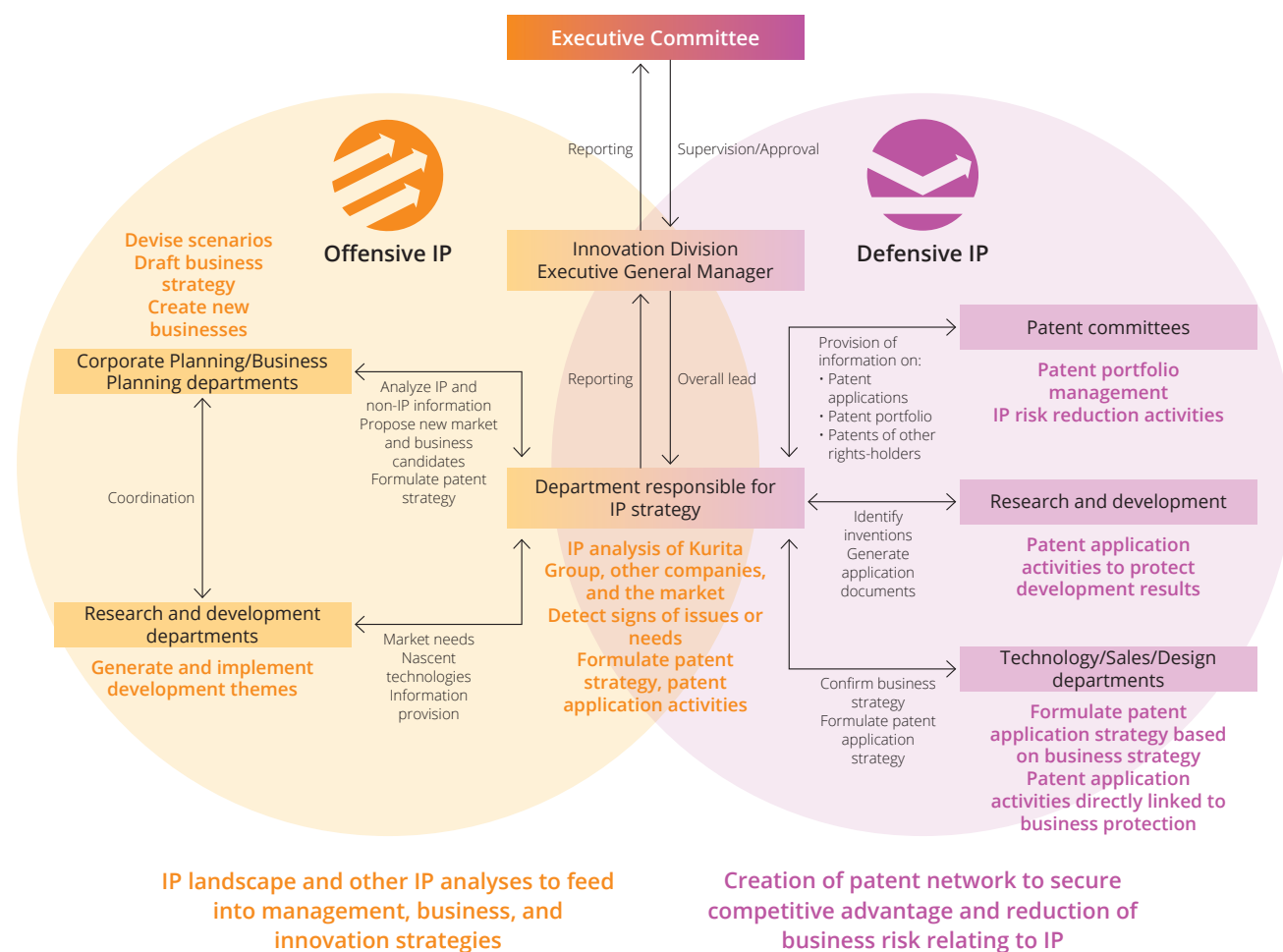
Objectives of IP activities

- To avoid infringing the rights of others
- To protect Kurita Group business
- To contribute to management, business, and innovation strategies

Promotion Framework

At the Kurita Group, IP activities are led by the division responsible for the IP strategy, which works with the various internal departments on initiatives to drive offensive and defensive IP activities. The division

reports regularly to senior management on the direction of IP activities and their implementation status.



Main Initiatives

Offensive and defensive IP activities



- Maintain and expand Kurita Group competitive advantage by acquiring IP rights
- Reduce business risk by preventing infringement of other IP rights

To raise profitability by making maximum use of the IP acquired by the Kurita Group, in addition to making patent applications based on development results, we are working on patent applications that will protect current or future businesses by erecting a barrier against competitors. We are also engaged in activities to ensure comprehensive and systematic identification of technologies and businesses in the Kurita Group value chain that require protection, leading to corresponding patent applications. Patent-related technology and business decisions are made by our patent committees — one for each market or technology field — which are

cross-departmental bodies led by operating divisions, with committee members drawn from the departments responsible for technology, development, design, sales, and IP strategy. The committees adopt a global perspective in reviewing the patent portfolio and conducting IP risk reduction activities. To protect trademarks, meanwhile we take action to prevent disadvantage to customers or society from inappropriate handling, unauthorized use, or other trademark violations. This means acquiring global rights, exercising existing rights, and taking other measures to prevent or reduce business risk.

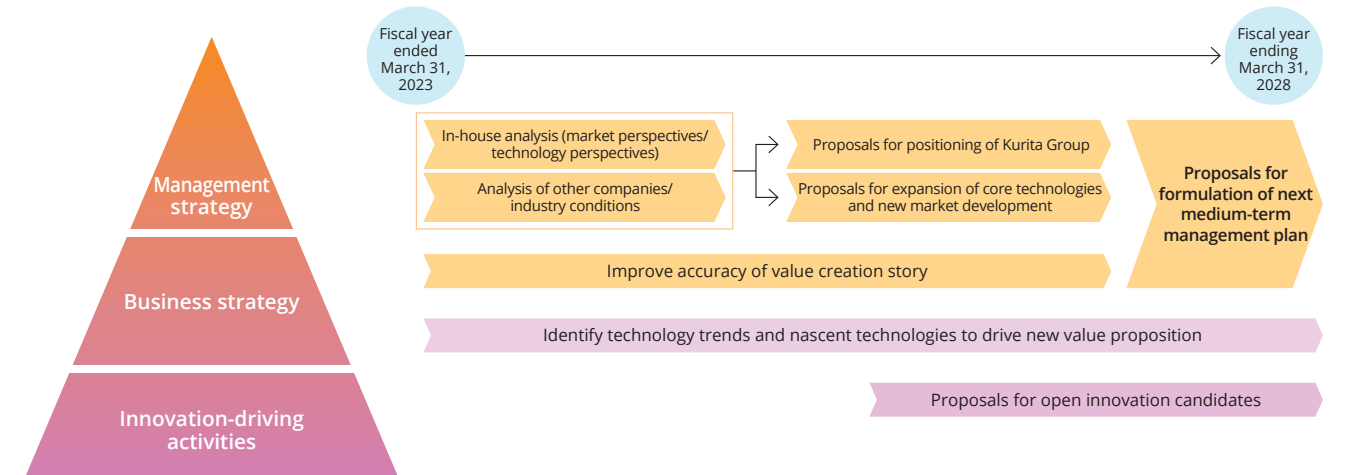


- Analyze information on IP and non-IP to feed into various corporate strategies
- Identify M&A candidates and make proposals for collaboration candidates and methods
- Survey and upgrade technological human resources and technological competitiveness

The Kurita Group engages in IP landscape activities, which means carrying out integrated analyses of its own and other companies' IP and market conditions. This information is fed back into management and business strategies as well as innovation-driving activities. The divisions in charge of research and development, business development, and IP strategy work together to synthesize and analyze IP and other information on customers, competitors, industry conditions, and other factors. The findings of this analysis are used not only to establish the Kurita Group's position, but also to support business strategy formulation, new business development, and a wide range of other activities. In this way, we seek to improve the accuracy of the scenarios and stories devised to support medium- to long-term

strategy formulation. In the fiscal year ended March 31, 2023, we undertook survey and analysis activities in a number of markets to identify co-creation candidates in possession of nascent or other promising technologies. We also tested our competitive advantage in the relevant businesses and the degree of importance of adjacent business domains as the basis for proposals for market entry in other fields. In preparation for its launch in April 2023, we formulated a 5-year roadmap for IP landscape activities through to the end of March 2028. This roadmap, whose rollout has begun, specifies concrete content for initiatives to contribute to management and business strategies and innovation-driving activities.

Roadmap of IP Landscape Activities



Digital Strategy

The role of our division is to promote reforms across the entire organization to support achieving the PSV-27 goals.

Makoto Mizuno

Corporate Officer
Executive General Manager of Digital Strategy Division



Our Approach to DX

In broad terms, the Kurita Group is approaching DX initiatives from two perspectives: an internally focused one we call Operational DX, and a customer-focused one we call Business DX. With Operational DX initiatives, our aim is to analyze and visualize a wide range of data, including performance and information relating to customer contacts and operations, so we can clearly identify the underlying issues relating to how we do business. Based on these insights, we seek to realize our goals using various working methods while keeping our employees highly motivated. With Business DX, our aim is to deliver unique value that exceeds customer expectations. To this end, we seek to contribute by adding value after first identifying the underlying issues based on data such as the operational status of facilities and water quality. It is important

that we not only seek to add digital elements to existing businesses, but also strive to create new businesses based on digital perspectives.

Whether we are focused on internal or external customers, adding value through DX necessarily entails answering the question of how to bring the underlying issues to the surface. For example, as well as just presenting the performance data as a result, we can improve internal business processes and make better proposals to customers if we manage to capture data on the different approaches employed in the preliminary stages and the various customer responses to our efforts. By creating a framework to make this happen, our mission in the Digital Strategy Division is to engineer reforms that go beyond how we solve issues now.

Review of MVP-22

Looking back, the MVP-22 plan marked a major turning point for the Group's digital strategy with the emergence of DX as a significant new trend. Recognizing the importance of information and data as a management resource, the Group embraced the related challenges of large-scale systems investment and business process reform. While we were testing the best way forward with these initiatives, senior management demonstrated strong resolve and a sense of urgency in promoting DX, and we have made steady progress.

In Operational DX, we focused on core systems development. First, having determined what types of information and data we believed were vital to collect and what kind of systems would be

needed to gather it, we began building the systems to "record" the information. Our introduction of a CRM (Customer Relationship Management) system alongside the ERP (Enterprise Resource Planning) system turned our sales activities into a reporting tool, allowing us to record a range of customer-sourced data in a structured format.

In Business DX, our collaboration with the start-up Fracta Leap Inc. has provided a major boost to progress because the way we think and approach business is completely different. The greater speed of decision-making has helped to overturn established ideas within the Group in a positive way. In the Meta-Aqua Project that we have been jointly developing, we

have created an application using an AI-based algorithm that automates design work and optimizes operations for water treatment plants. We have also managed to build the core systems needed to collect and record related information and data. However, there is also a sense of urgency with this

initiative given the ongoing high level of risk of sensor manufacturers or other firms specializing in data science entering the water treatment sector. We are aware that we could lose a business opportunity unless we can turn such data to our competitive advantage.

Our Goals for PSV-27

Under PSV-27, we plan to move onto the next step of analyzing and visualizing the data that we have recorded internally and externally using the core systems that we have already developed. By increasing the quality and quantity of value we deliver in the Group's business activities while accelerating the value-added process, we aim to contribute to the evolution and continuous growth of the Group's overall business.

In Operational DX, we will develop systems to analyze information and data we collect and record. By clarifying underlying issues that were not previously recognized within the Group and by integrating the entire value chain, we aim to establish a framework for action to facilitate reforms leading to outcomes such as higher product quality. We will also strive to reform the ways we work. Irrespective of how conditions change, we will apply digital technologies to create the environment and opportunities required for Kurita Group employees to continue working with peace of mind and high motivation levels.

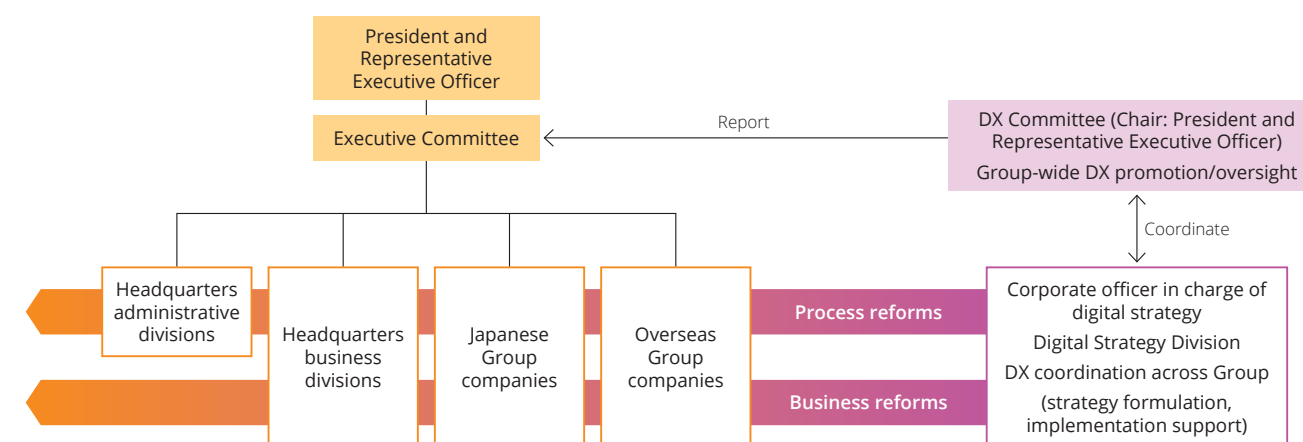
In Business DX, by analyzing data and information from a range of perspectives, we will build the infrastructure needed to tease out the underlying issues faced by customers while also creating the set-up necessary for back-casting so that we can design the proposals for addressing these issues. Compared

with the conventional method of listening to customers and then preparing a proposal, this approach enables us to propose products and services with more added value and within a significantly shortened time frame. Since fresh value perspectives and viewpoints from outside the company are essential to make any major reform happen, we are actively trying to develop collaborations with other companies, recruit people externally, and promote networking.

We are also focusing on developing the human resources for digital technology to realize the measures in the plan. While we have made some progress to date on enhancing digital skillsets within the Group's workforce, upgrading knowledge and skills to support cross-organizational DX promotion internally is a necessary yet difficult issue. To this end, we are looking at providing those divisional personnel who possess a certain level of digital skills with the opportunity to gain experience in project management or to work in business divisions.

The continuous growth of the Kurita Group demands that we embed the "process of reform." The insights that we gain from the analysis of information and data lead to opportunities for reform. The Digital Strategy Division will continue to create such opportunities.

Promotion Set-up for PSV-27



Digital Strategy

DX Initiatives

Creating Ways of Identifying Underlying Issues from Information We Source from Varied Sites

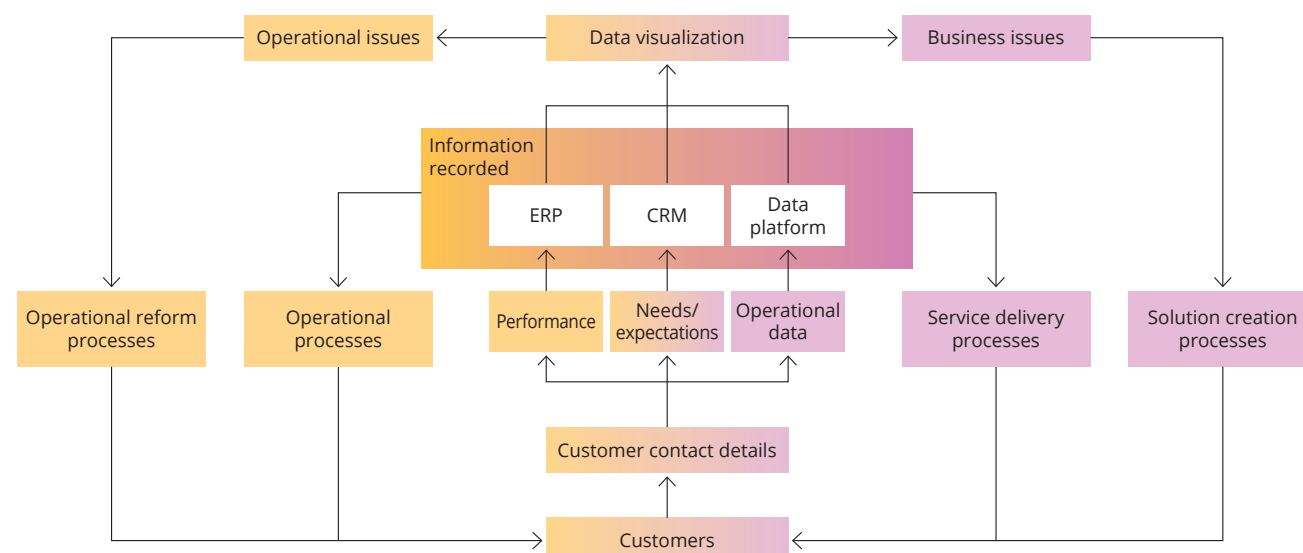
The twin aims of our DX initiatives are to create business models that generate economic value alongside social value, and to make the Group's business more resilient to changing business conditions by reforming our business processes in ways that improve customer intimacy.

Besides the ERP system we use to manage operations, the Kurita Group information platform at the core of our data-harvesting efforts includes a CRM system for collating the data and information that we gain from the customer frontline. It also incorporates the data platform we use to integrate information on water quality, operational data and facilities.

First, in terms of customer information, the ERP system accumulates financial information from our transactions with customers. On the other hand, the CRM system is used for information that deepens our understanding of the customer, such

as basic information about our corporate clients, including their scale of operations, what they manufacture, the size of their operating sites (including factories), and where their efforts are currently focused. Previously, it would be the job of our salesperson to gather and collate this information personally, but now we store it in a comprehensive and structured fashion. Separately, we accumulate online and offline operational data from water treatment facilities for storage in the data platform.

Analyzing the data and information recorded on the Kurita Group's proprietary platform gains us multifaceted insights that help deepen our understanding of customers' operations and allow us to capture the underlying issues, both at their end and internally. This leads in turn to a continuous stream of unique business model creation and the promotion of business reforms. Our aim is to promote a virtuous cycle where we continually establish higher levels of quality.



Reforming Processes in the Value Chain

In business process management, we used the CRM system to establish a mechanism to record and store customer feedback and information about progress with activities at customer sites, and to share this information with internal stakeholders. This information is shared not only with sales teams that deal directly with customers, but also with teams responsible for developing new solutions, and with our back-office functions that support

everyday sales activities. In areas such as procurement and design, this has given us a step up in terms of purchasing materials and proposing design solutions, based on our assessment of customer needs and sales trends. We are also starting to see practical outcomes such as new business models and to share related success stories. Our goal is to continually optimize all the Group's business processes from the customer's perspective.

Meta-Aqua Project

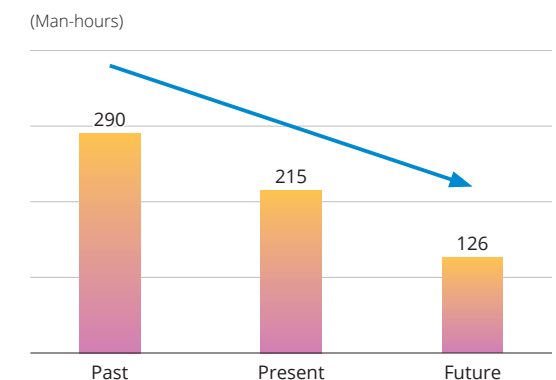
In the Meta-Aqua Project that we are developing jointly with Fracta Leap, the aim is to create solutions that utilize data science in terms of (1) automating and accelerating facility design and engineering planning processes; (2) optimizing facility management and control; and (3) applying material informatics techniques to help identify more functionally advanced materials in areas such as water treatment chemicals.

In the field of design, we have traditionally faced challenges with the transfer of the technical skills and know-how of experienced facility designers and in recruiting designers as the business expands. The costs arising due to human error are another issue, as is the need to establish operational production site facilities with short lead times to satisfy the needs of customers in industries such as electronics. To help address such issues, we are developing an application using an AI-driven algorithm to make design blueprints for water treatment facilities quickly and automatically. In November 2022, we launched the beta version of an automated application for plant layout design, and in March 2023 we released the beta versions of the design applications for facility configuration and engineering planning. Since these applications enable the creation of multiple proposed designs, they also enable the customer to compare the pros and cons of varied possibilities. This is helping us to upgrade our design proposal capabilities.

In the field of facility management, we are leveraging the technology and data we have acquired over many years to develop and deploy an AI-based solution for optimizing facility management. This kind of solution reduces operating costs while also addressing

social issues by cutting greenhouse gas emissions through reductions in power consumption. The technology has been well received in Japan and overseas and is already being used in proposals for water treatment facilities following a pilot demonstration sponsored by the Ministry of the Environment prior to commercialization of innovative infection control technology that helps to reduce CO₂ emissions.

Projected Man-Hours for Large-Project Customer Proposals



Training Initiatives for Human Resources for Digital Technology

We are focusing efforts on training digital specialists to help promote DX projects such as the development of unique solutions that apply AI, IoT and other digital technologies.

We believe an effective training strategy is for employees who already use a problem-solving approach in their daily work (people with clear ideas about what issues need to be solved) to acquire basic digital skills and learn how to use them to realize DX by tackling issues in their own area of responsibility. To address this, we are rolling out digital skills training for all our employees. We are also conducting hands-on training in practical data analysis for those employees who volunteer or are recommended by their section. This training aims to provide people with a general understanding of data analysis and to help build data-related skills such as visualization, pre-processing and forecasting. We also plan to adapt this program as a global training measure targeting overseas Group companies from the fiscal year ending March 31, 2024.

Flow of Development of Human Resources for Digital Technology

Target group	Objective	Initiatives
Newly hired graduates	Train to become "digital natives"	<ul style="list-style-type: none"> Acquire basic knowledge of digital technology DX literacy lectures
All employees	Acquire basic DX knowledge	<ul style="list-style-type: none"> Basic DX course Learn basic skills in digital tools Acquire core knowledge for data utilization Exhaustive training in digital governance
Human resources for digital technology	Acquire minimum practical methods to realize DX	<ul style="list-style-type: none"> External online learning (basics of DX, AI/ machine learning and data analysis)
	Generate outputs using learned methods	<ul style="list-style-type: none"> Hands-on training given by outside lecturers plus one-on-one instruction in skills development, leading to practical data analysis contest

Environmental Improvement Activities

Basic Concept

The Kurita Group's Environmental Improvement Activities include initiatives to reduce internal water and energy use and waste. 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.

In recent years, initiatives to address environmental issues are becoming an increasingly important factor in corporate management amid growing calls from shareholders and investors for ESG management. The Kurita Group promotes business models that help reduce water usage and GHG emissions. The Group therefore sees these trends as an opportunity to grow its business. By expanding our CSV business, we aim both to create value for society while also driving the Group's growth. In parallel, to fulfill our corporate responsibility, we will reduce the environmental impact of the Group's business activities by addressing the issue of climate change based on the TCFD Recommendations, disclose environmental information

in line with international standards, and conduct initiatives to achieve our medium- to long-term targets.

Definition of the Kurita Group's Environmental Improvement Activities

- 1) Activities to comply with the environment-related laws and regulations of each country and region that apply to the Group's business activities
- 2) Initiatives to solve international issues related to the sustainability of water and the environment through business activities
- 3) Disclosure of information related to 1) and 2), and engagement with customers, business partners, employees, shareholders and investors and local communities about the activities

Please click on the link below for more information.

 Kurita Group Environmental Policy <https://www.kurita.co.jp/english/csr/management/policy/environment/index.html>

Click on the links below for more information about Kurita's Environmental Improvement Activities.

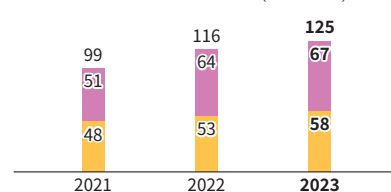
 Solve Issues Related to Water Resources https://www.kurita.co.jp/english/csr/csr_activity_growth/water_savings/water.html

Realize Sustainable Energy Use https://www.kurita.co.jp/english/csr/csr_activity_growth/climate_change/co2.html

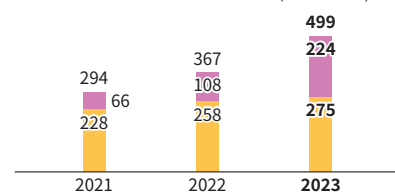
Reduce Waste https://www.kurita.co.jp/english/csr/csr_activity_growth/waste_reduction/waste.html

Reduction of Environmental Impact at Customers (Fiscal years ended March 31) Japan Overseas

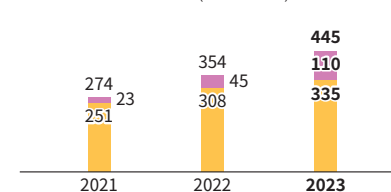
Water intake reduction (million m³)



CO₂ emissions reduction (thousand t)

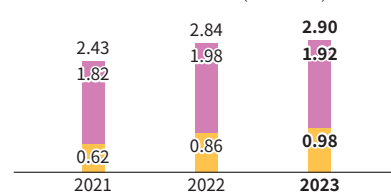


Waste reduction (thousand t)

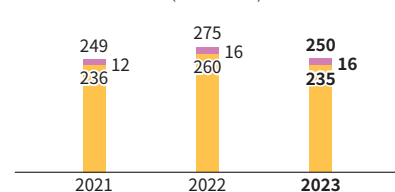


Internal Promotion of Environmental Improvements (Fiscal years ended March 31) Japan Overseas

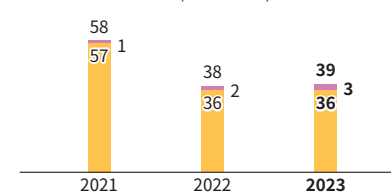
Water intake amount (million m³)



CO₂ emissions (thousand t)*

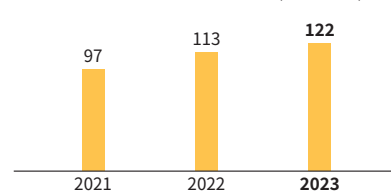


Waste amount (thousand t)

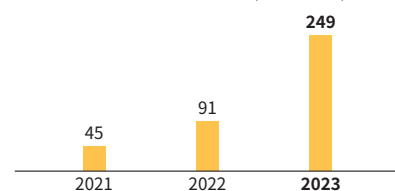


Kurita Group KPI: Customer Impact Reduction – Kurita Group Impact (Fiscal years ended March 31) Japan Overseas

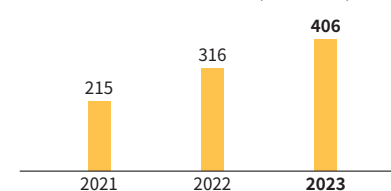
Water savings at customers – Amount of water intake used in our business activities (million m³)



CO₂ emissions reduction at customers – CO₂ emissions from our business activities (thousand t)*



Waste reduction at customers – Waste generated from our business activities (thousand t)



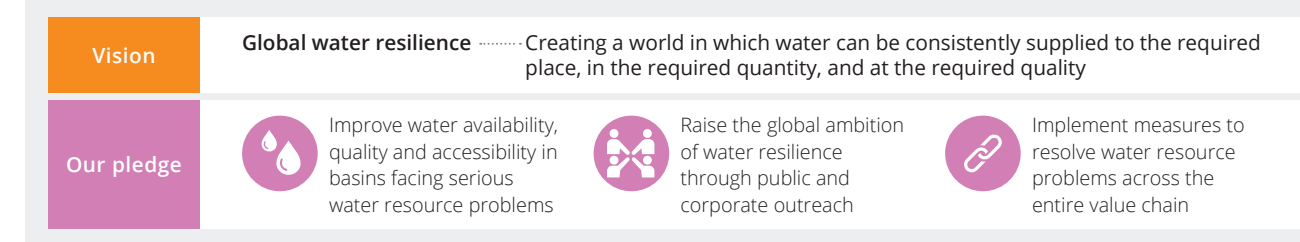
* "CO₂ emissions from our business activities" include emissions generated from the ultrapure water supply business, which comes under Category 13 of Scope 3, as well as emissions in Scope 1 and 2 stipulated in GHG (Greenhouse Gas) protocol.

Participation in Water Resilience Coalition

The Company participated in the Water Resilience Coalition (WRC) as a Leadership Committee member. The WRC is a new organization established under the CEO Water Mandate, a United Nations Global Compact initiative. It is implementing industry-driven initiatives for the preservation and restoration of water resources in water-stressed basins all over the world. Through its participation in the WRC, the Kurita Group works with other companies and organizations to preserve and restore the world's water resources with the aim of achieving the Sustainable Development Goals (SDGs) and realizing its corporate philosophy. The Company has also participated in the UN Global Compact and has endorsed the CEO Water Mandate.



Water Resilience Coalition

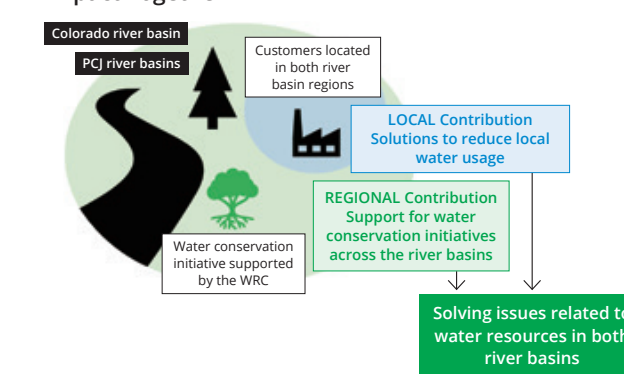


Water Conservation Initiative in the US and Brazil

The Kurita Group launched a campaign for solving issues related to water resources, called "Impact Together," in the Colorado river basin in the US and PCJ river basins* in Brazil. During the campaign, which aims to solve both river basins' water challenges including water scarcity, Avista Technologies, Inc. and Kurita do Brasil LTDA., which are overseas subsidiaries, contributed to the reduction of water usage by providing a superior water savings solution to customers located in the basin regions. In addition, Kurita Water Industries made a monetary contribution to a water conservation project based on the estimated water saved by the solution.

*Piracicaba, Capivari and Jundiaí river basins in São Paulo state

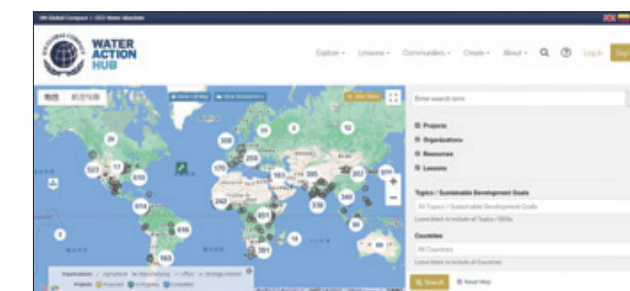
Impact Together



Initiative for the development and socialization of the online platform related to water conservation

The Kurita Group contributes to the development and socialization of the free online platform the Water Action Hub, which supports water conservation initiatives of companies and organizations. The Water Action Hub is managed by The CEO Water Mandate, which is the upper organization of the WRC, and it has several functions to include connecting partnerships with implementers who are taking actions for solving water challenges, as well as searching and sharing valuable information for water conservation initiatives. In addition, its functions are continually developed for making it a comprehensive platform which aggregates any information and tools related to water challenges.

The Kurita Group contributes to the development by testing and providing early feedback on new features and through monetary support, as well as the socialization through advocating the value of Water Action Hub in international conferences such as World Water Week.



Source: "Water Action Hub", The CEO Water Mandate, <https://wateractionhub.org/>

Environmental Improvement Activities

Initiatives to Address Climate Change

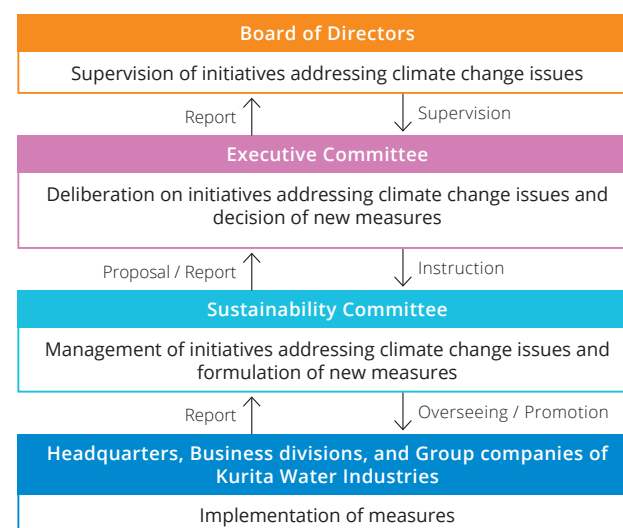
Basic Concept

The Kurita Group views climate change as an urgent issue that needs to be addressed globally, and based on the TCFD Recommendations, we will continuously reduce GHG generated

by our business activities and contribute to reducing greenhouse gas emissions for our customers through our business.

Promotion System

The Kurita Group sets the Sustainability Committee, chaired by the Executive General Manager of Sustainability Division and Corporate Officer of Kurita Water Industries, which oversees and promotes initiatives addressing climate change. The Board of Directors supervises the initiatives and receives reports from the Executive Committee twice a year in principle. The Executive Committee receives reports from the Sustainability Committee on the status of efforts to address climate change issues, deliberates on the details, and determines necessary measures.

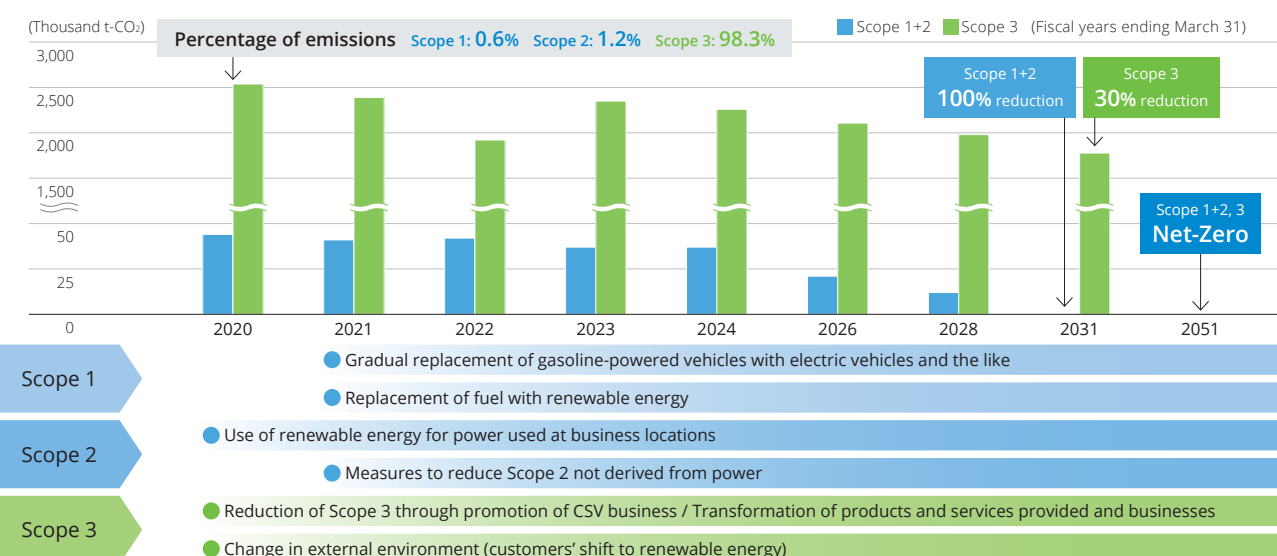


Metrics and Targets

To promote sustainability initiatives, the Kurita Group has identified eight new themes to intensively work on from the fiscal year ending March 31, 2024 as the "Kurita Group's Materiality." In an initiative to tackle climate change issue "Contribute to the realization of a decarbonized society," in order to make efforts in line with the Paris Agreement, we have set new long-term targets aligned with "Net-Zero target" 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. In addition, we have set a new medium-term target for the amount of avoided GHG emissions through CSV business and we will realize a decarbonized society throughout the entire supply chain by developing and providing low-carbon solutions that contribute to the reduction of GHG emissions in industry and society.

* An initiative that encourages companies to set reduction targets consistent with scientific knowledge, with the goal of limiting the increase in global average temperature caused by climate change to well below 1.5°C above pre-industrial levels.



Measures Based on Opportunities and Risks

Based on the two scenarios (1.5°C and 4°C)*¹ described in IPCC SR1.5 and IPCC RCP8.5, etc., the Kurita Group has evaluated the risks and opportunities by two axes of "probability" and "impact" for short-term,

medium-term and long-term*², and has formulated the measures of the Kurita Group as well as evaluating the financial impacts on our business for some of them.

Type	Risks and Opportunities	Time horizon	Financial Impact/Measures
Policy and Legal	Risk: Introduction or increase of carbon tax	Medium to long term	Financial Impact (As of March 2051) <ul style="list-style-type: none"> 1.5°C : ¥2.2 billion*³ 4°C : None Measures <ul style="list-style-type: none"> Scope 1 + 2: By the fiscal year ending March 31, 2031, an estimated cost of approximately ¥1.1 billion will be invested, and 100% reduction will be achieved through the introduction of electric vehicles and the adoption of renewable energy Scope 3: Reduce emissions by 30% compared to the base year by the fiscal year ending March 31, 2031 by promoting the CSV business and procuring low-carbon raw materials
	Risk: Regulations for products and services with high GHG emissions	Medium to long term	Measures <ul style="list-style-type: none"> Low carbonization of products and services by utilizing digital technology and reviewing design, etc. Reduction of Scope 1 and 2 emissions by switching to alternative fuels and renewable energies Development and expansion of CSV businesses that contribute to GHG reduction, such as biomass power generation, energy recovery, resource recovery, exhaust gas treatment, CO₂ recovery, and battery-related businesses
	Opportunity: Dissemination of supportive policy incentives to the conversion to energy with low GHG emissions	Medium to long term	
Technology	Risk / Opportunity: Substitution of existing products and services with lower emissions options	Short to long term	
Market	Risk: Decreased demand from fossil fuel-related sector	Medium to long term	Measures <ul style="list-style-type: none"> Low carbonization of products and services by utilizing digital technology and reviewing design, etc. Reduction of Scope 1 and 2 emissions by switching to alternative fuels and renewable energies Development and expansion of CSV businesses that contribute to GHG reduction, such as biomass power generation, energy recovery, resource recovery, exhaust gas treatment, CO₂ recovery, and battery-related businesses
	Risk: Soaring costs of material and energy	Medium to long term	
	Opportunity: Increased demand in the electronic industry due to the acceleration of DX	Medium to long term	
Physical Risks	Risk: Increased factory shutdowns and construction delays due to extreme weather events such as cyclones and floods	Short to long term	Financial Impact (After the fiscal year ended March 31, 2021) <ul style="list-style-type: none"> 1.5°C and 4°C : About ¥15.7 billion/year at Japanese production bases where risks are identified Measures <ul style="list-style-type: none"> About ¥14 million has been invested to install waterstops at one site Continuous strengthening of business continuity in preparation for natural disasters such as flood control
	Opportunity: Increased operating rate of cooling equipment	Short to long term	
Resource Efficiency	Opportunity: Dissemination of efficient production and distribution processes	Short to long term	Measures <ul style="list-style-type: none"> Low carbonization of products and services by utilizing digital technology and reviewing design, etc. Development and expansion of CSV businesses that contribute to GHG reduction, such as biomass power generation, energy recovery, resource recovery, exhaust gas treatment, CO₂ recovery, and battery-related businesses
	Opportunity: Reduction of water usage	Short to long term	
Energy Source	Opportunity: Dissemination of energy with low GHG emissions	Short to long term	Financial Impact (After the fiscal year ending March 31, 2028) <ul style="list-style-type: none"> 1.5°C : About ¥350 billion/year*⁴ 4°C : None Measures <ul style="list-style-type: none"> Low carbonization of products and services by utilizing digital technology and reviewing design, etc. Reduction of Scope 1 and 2 emissions by switching to alternative fuels and renewable energies Development and expansion of CSV businesses that contribute to GHG reduction, such as biomass power generation, energy recovery, resource recovery, exhaust gas treatment, CO₂ recovery, and battery-related businesses
	Opportunity: Conversion to distributed energy resources	Short to long term	
Products and Services	Opportunity: Increased demand for products and services with low GHG emissions	Short to long term	Measures <ul style="list-style-type: none"> Low carbonization of products and services by utilizing digital technology and reviewing design, etc. Reduction of Scope 1 and 2 emissions by switching to alternative fuels and renewable energies Development and expansion of CSV businesses that contribute to GHG reduction, such as biomass power generation, energy recovery, resource recovery, exhaust gas treatment, CO₂ recovery, and battery-related businesses
	Opportunity: Increasing diverse technical needs for reducing GHG emissions	Short to long term	
Resilience	Risk / Opportunity: Substitution and diversification of fuel and water resources	Short to long term	Measures <ul style="list-style-type: none"> Low carbonization of products and services by utilizing digital technology and reviewing design, etc. Reduction of Scope 1 and 2 emissions by switching to alternative fuels and renewable energies Development and expansion of CSV businesses that contribute to GHG reduction, such as biomass power generation, energy recovery, resource recovery, exhaust gas treatment, CO₂ recovery, and battery-related businesses

*1 The scenario in which the temperature rise from the pre-industrial level is 1.5°C and the scenario with the highest temperature rise predicted by the Intergovernmental Panel on Climate Change.

*2 Short-term (1-3 years), medium-term (3-5 years) and long-term (5-20 years).

*3 (Scope 1 and 2 + Scope 3 category 1 in the business operation area) x (Carbon price in the business operation area) estimated based on the FY2051 forecast.

*4 Trial calculation of SAM (Serviceable Available Market) for new CSV business that contributes to GHG reduction.

Compliance

Basic Concept

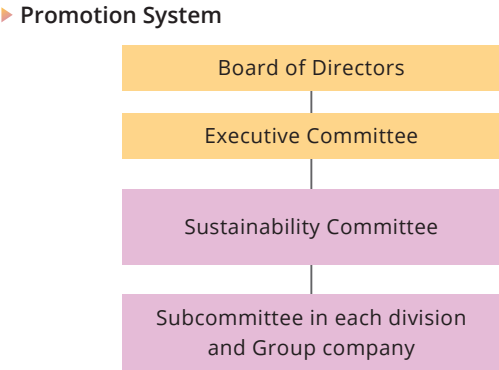
Taking care to observe laws and regulations and uphold ethical standards in its business activities is part of the Kurita Group's compliance activities aimed at ensuring that all employees can take pride in their work and that the Group enjoys public trust. In the year ending March 2024, we will be further developing our compliance program under the banner of integrity activities. The Kurita Group defines this as an initiative to promote an autonomous approach to their duties by Kurita Group officers and employees based on the idea of 'doing good by doing the right thing by one's conscience, while wishing to be honorable.' In a rapidly changing society, our aim is for Kurita Group directors, officers and employees to be able to make appropriate judgments from a positive and independent approach. Through these integrity activities, the Kurita Group will share its "Values" across the Group.



Our Values See P4 'The Kurita Group's Philosophy System'
Kurita Group Code of Conduct
https://www.kurita.co.jp/english/philosophy_vision/pdf/philosophy_vision_01.pdf

Promotion System

The Kurita Group has established a Sustainability Committee as an organization to oversee compliance activities. Chaired by the Executive General Manager of the Sustainability Division, who is a corporate officer, the committee is tasked with deciding policies and key measures related to integrity activities, which are conveyed to all employees through subcommittees in each division and Group company.



Main Initiatives

Promoting Fair Business Practices
As part of our commitment to fair business practices throughout our organization, we have formulated the Kurita Group Anti-Bribery Policy and the Kurita Group Antitrust Policy. We have also introduced the Group Guideline on Anti-Bribery and the Group Guideline on Antitrust, which set out specific rules to eliminate the risk of legal infringement occurring in relationships with public officials and representatives of competitor companies. Over the last two years, we have conducted training on observing competition law for all officers and employees of our Group companies in Japan and overseas.

Achievements in the Fiscal Year Ended March 31, 2023

Antitrust compliance	Antitrust compliance training was held for those officers and employees at the Group's overseas companies who may come into contact with competitors. (100% participation rate)
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Compliance Behavior Survey and Preventive Compliance Measures

The Kurita Group conducts an annual Compliance Behavior Survey of all Group employees and temporary staff to evaluate the outcomes of compliance activities and identify any potential compliance risks. The results of the survey are used by the Company divisions and Group companies to plan and improve compliance activities. In the fiscal year ended March 31, 2023, 7,630 employees and temporary staff took the survey, equating to a response rate of 98.5%.

The findings of the Compliance Behavior Survey are used to evaluate risk and to update the Non-Compliance Risk Map, which gives an overview of legal and regulatory infringement risks. Based on this, we designate key areas for action and take other measures to prevent compliance issues from emerging.

Whistle-Blowing and Consultation Desk
To ensure everybody who works in the Kurita Group feels comfortable in the workplace, the Kurita Group has established a consultation desk in the Group and at outside organizations to provide advice about questions or concerns related to the Kurita Group Code of Conduct and other internal regulations and to handle reports about behavior that infringes the Code, laws and regulations or the Group's internal rules. The consultation desk is also available for Kurita Group business partners to receive advice or report legal violations or misconduct by the Kurita Group. Anybody using the consultation desk to receive advice or report a violation is protected from unfavorable treatment. Kurita uses the consultation desk to rapidly identify and rectify misconduct. The third-party consultation desk, which covers our operations in Japan, is operated by attorneys and qualified counselors with a view to increasing the ease of consultation. There were 26 consultation and whistleblowing cases at the Group's internal and third-party consultation desks in the fiscal year ended March 31, 2023. We have conducted training on how to use the consultation and whistleblowing desks with a 100% participation rate including our Group companies in Japan. We will continue working to promote knowledge of them internally.

Promoting Equitable Relationships with Business Partners
The Company and its domestic Group companies conduct annual business transaction compliance surveys of small and medium-size suppliers as part of efforts to promote equitable business relationships. If necessary, Kurita instructs the relevant department to investigate the situation or make improvements, which are confirmed later through follow-up contact.

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Total number of questionnaire surveys	1,562	1,454
Number of respondent companies	1,085	940
Scope of survey	Business partners of the Company and its domestic Group companies	
Survey method	Written and electronic responses	

Risk Management

Basic Concept

The Kurita Group defines risk as any event that makes its sustainable growth and enhancement of the Group's corporate value uncertain. To ensure that opportunities for business growth are not missed due to decision-making that favors risk avoidance, we work to clarify which

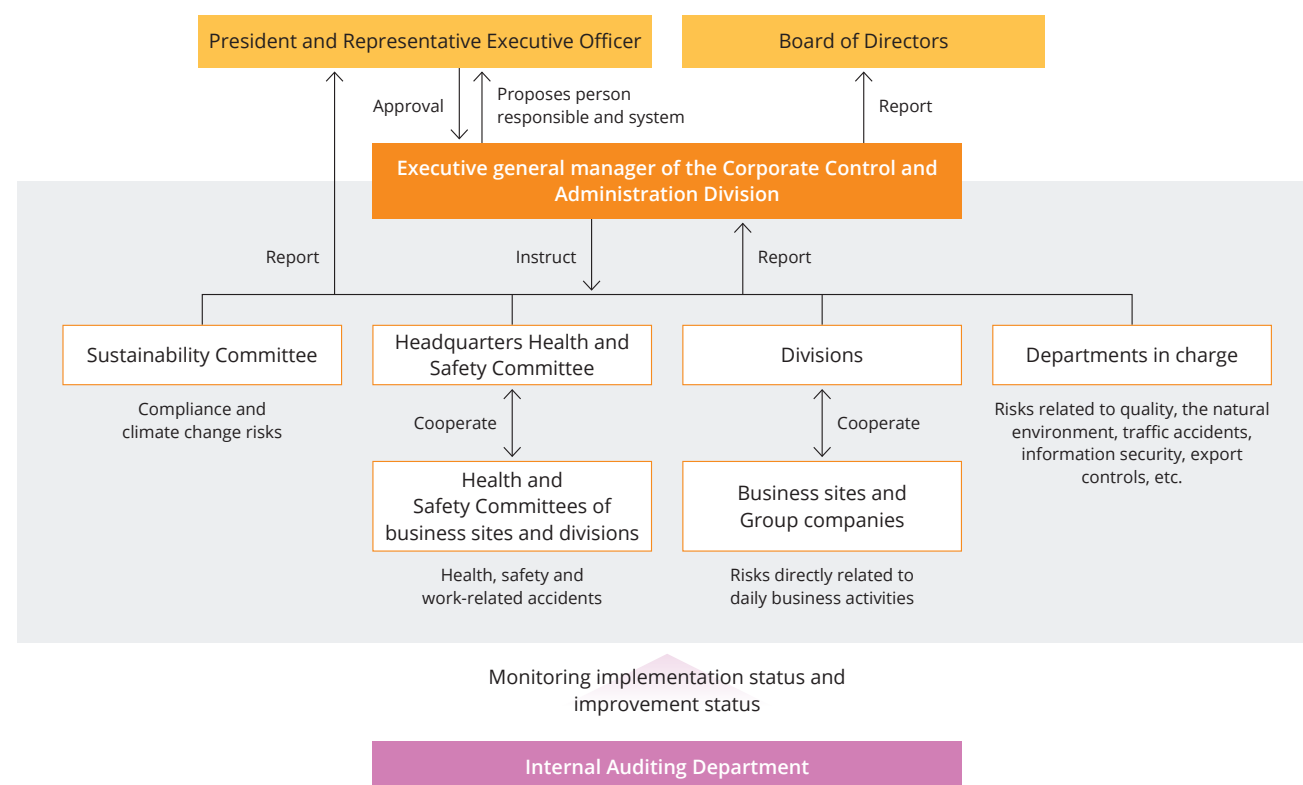
risks should be accepted for the sake of sustainable growth and corporate value increase while implementing appropriate measures to reduce losses.

Risk Management System

The executive general manager of the Corporate Control and Administration Division is responsible for monitoring risks and implementing risk management in the Kurita Group. The executive general manager regularly analyzes and evaluates the Group's risks and conducts ongoing monitoring based on the Group-wide risk map, and also takes steps to prevent risks from occurring. In the event of a risk materializing that could have a serious impact on Kurita's business, the executive general manager formulates systems with those responsible for responding to the risk, obtains approval from the president and representative executive officer, and immediately issues instructions. Those responsible for responding to the risk promptly take action and report to the president and representative executive officer and the executive general manager of the Corporate Control and Administration Division, as well as the Board of Directors or the Audit Committee, regarding the impact of the risk, progress with mitigation and measures to prevent reoccurrence. The chairperson of the Sustainability Committee is responsible for tackling material risks related to compliance and climate change, while the

chairperson of the Headquarters Health and Safety Committee is responsible for material risks related to health, safety and work-related accidents. The executive general manager of each division is responsible for responding to risks directly associated with day-to-day business operations, and each division identifies and evaluates risks related to the operations and Group companies it is in charge of. Also, responding to risks relating to quality, the natural environment, traffic accidents, information security, export controls, and so on are handled by the respective departments responsible. The executive general manager of the Corporate Control and Administration Division, the chairperson of each committee and the executive general manager of each division report periodically to the Board of Directors on the status of risk management implementation, and report as necessary to the Board of Directors on the occurrence and impact of material risks. Furthermore, the Internal Auditing Department monitors the execution status and improvement status of risk management measures.

► Risk Management System



Identifying Risks and Formulating Response Measures

The Kurita Group uses a Group-wide risk map to identify potential risks in its business activities and assess risks against monitoring benchmarks. The Kurita Group also determines material risks for the Group based on the expected impact of those risks and the likelihood of them occurring. Material risks are mapped for each division, and divisions devise response measures, incorporate them into business plans and manage progress, including at Group companies. Progress is regularly reported to the Board of Directors, which discusses and formulates material risk and response measures for the next fiscal year, including responses to emerging risks caused by changes in the operating environment. For the fiscal year ending March 31, 2024, we have decided to designate as additional risks those that require close monitoring, namely, the risks associated with continuing or withdrawing from business operations in conflict regions and the risk of decrease in productivity and loss of business opportunities due to decline in employee engagement, and to strengthen related response measures.

► Risk Management PDCA Cycle



► Groupwide Risk Map

Risk category	Main risks	Report section/information related to response measures
Operating environment risk	<ul style="list-style-type: none"> Contraction in existing markets due to customers reducing factory operating rates and reining in capital investment Decline in prices for products and services due to intensifying competition Decline in profitability and slowdown in business growth due to spikes in prices for raw materials and energy costs as well as supply chain disruptions Decline in yen translation amounts due to changes in exchange rates and other factors Decline in profits following the introduction and increase of carbon tax on CO₂ emitted by the Kurita Group's facilities and products, etc. 	<ul style="list-style-type: none"> Kurita Group Business Strategy P.14-35 The Kurita Group's Businesses P.36-47 Climate Change P.66-67
Country risk	<ul style="list-style-type: none"> Risk of loss of business opportunities and inability to recover investments due to changes in regulatory frameworks and abrupt political and economic changes in Kurita's markets Increase in human rights infringements and reputational damage resulting from business continuation or withdrawal in conflict regions 	<ul style="list-style-type: none"> The Kurita Group's Businesses P.36-47
Disaster risk	<ul style="list-style-type: none"> Human losses and loss of business opportunities caused by pandemics Human losses and loss of business opportunities caused by natural disasters including those caused by climate change 	<ul style="list-style-type: none"> BCM P.72-73 Climate Change P.66-67
Strategic risk	<ul style="list-style-type: none"> Failure to attain goals in medium-term management plan due to delays with organizational reforms, business restructuring Slow pace of business expansion caused by delays with launching new businesses, executing growth strategy Delays with developing businesses matched to customer needs and characteristics of each country/region Failure to remain competitive in water treatment market due to delays with introducing IT and building digital businesses 	<ul style="list-style-type: none"> Kurita Group Business Strategy P.14-35 The Kurita Group's Businesses P.36-47
Business risk	<ul style="list-style-type: none"> Failure to provide competitive products, services or business models in a timely manner Claims for damages and additional costs due to defects or deficiencies in products or services Loss of competitiveness due to outflow of technical expertise Slowdown or lack of progress with improving the profitability of overseas businesses driving the Kurita Group's growth Accidents/injuries in the Group's businesses 	<ul style="list-style-type: none"> The Kurita Group's Businesses P.36-47 Information Security Management P.73
Financial risk	<ul style="list-style-type: none"> Loss of public trust caused by inadequate internal controls related to financial reporting Deterioration in profitability or cash flow due to poor management of Group companies Write-down of goodwill caused by weak earnings at acquired companies 	<ul style="list-style-type: none"> Financial and Capital Strategy P.26-29 Basic Policies for Constructing an Internal Control System —
Personnel/labor risk	<ul style="list-style-type: none"> Health issues caused by long working hours Decline in ability to adapt to changes in operating environment due to insufficient diversity initiatives Decrease in productivity and loss of business opportunities due to decline in employee engagement 	<ul style="list-style-type: none"> Human Resources Strategy P.48-55
Legal and compliance risk	<ul style="list-style-type: none"> Loss of public trust due to legal or compliance violations and information breaches Infringement of intellectual property rights 	<ul style="list-style-type: none"> Compliance P.68-69 Intellectual Property Strategy P.58-59

• The above table is not an exhaustive list of the Kurita Group's risks.

• Please click on the link below for more details about risk factors related to the Group's business conditions, financial accounts and other items in the Annual Securities Report that could have a material impact on investor decisions.

Business Risks and Other Risk Factors https://ir.kurita.co.jp/en/corporate_governance/risk_factors/index.html

Risk Management

Business Continuity Management (BCM)

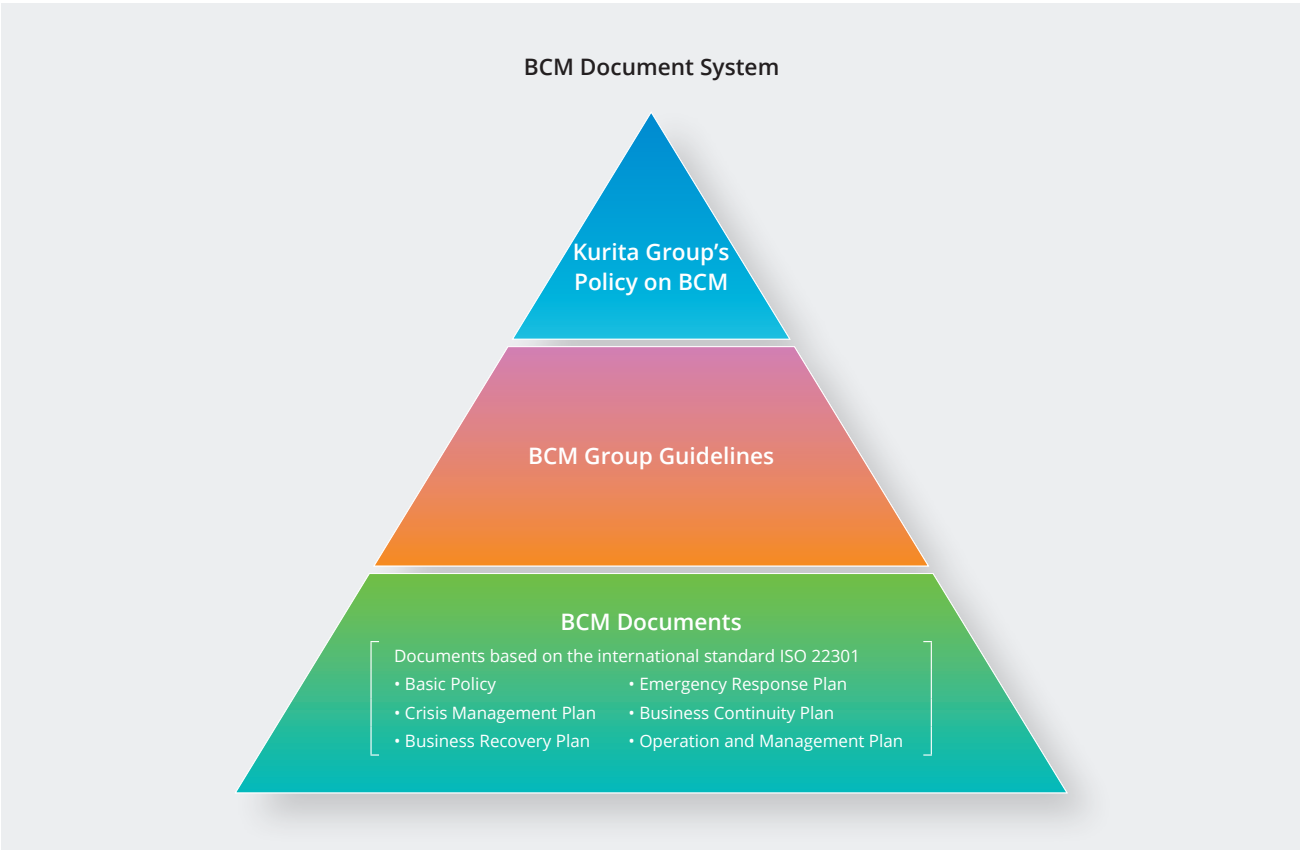
Approach and System for BCM Activities

The Kurita Group has taken steps to prepare for sudden unexpected events such as a major earthquake or natural disaster, a pandemic or geopolitical risks, with the focus on ensuring both employee safety and business continuity. This includes establishing an order of operational priorities and criteria for decision making and action for when such an event occurs, and putting in place response policies, procedures, systems, and other measures. During normal times, meanwhile, we engage in management activities such as formulating, maintaining, and updating emergency plans, securing budgets and resources, implementing countermeasures, conducting education and training, and carrying out inspections.

In the Kurita Group's Policy on BCM, formulated in 2018, the basic policy is to give first priority in an emergency to ensuring employee safety, and only then to direct efforts to speedy recovery of business operations and assistance for local communities. To support officers and employees to take appropriate decisions and action in such a situation, the Company has also prepared a system of documentation comprising the Kurita Group's Policy on BCM, the BCM Group Guidelines, which complements the policy, and BCM Documents based on the framework of the international standard for BCM, ISO 22301. The Company started implementing the system in the fiscal year ended March 31, 2023.

► BCM Basic Policy

Highest Priority on Ensuring Human Safety	Rapid Recovery of Business Operations	Community Support
We will place the highest priority on ensuring the peace of mind and safety of officers, employees and their family members.	We will endeavor to quickly restore operations at the company's own facilities, completed projects, construction projects, etc. This will facilitate stable delivery of products and services and allow us to support customers' recovery efforts.	At the same time as working to prevent secondary disaster damage at our own sites, we will support reconstruction in the local community.



BCM Promotion System

We have established an organization that integrates the Kurita Group's business continuity functions within the Corporate Control and Administrative Division, whose executive general manager has been appointed as officer in charge of BCM. The new organization will roll out BCM activities based on an ISO22301-compliant management system to Group companies in Japan and overseas, progressively strengthening initiatives designed to ensure both employee safety and business continuity.

Initiatives to Strengthen BCM Activities

The Group's BCM activities to date have mainly focused on initiatives for ensuring employee safety and disaster countermeasures at manufacturing sites. However, we have also been working to restructure and strengthen our BCM functions based on the international standard ISO 22301 framework and have established a new approach to the order of priorities for business continuity and associated action items.

We have additionally taken steps to increase the quality and speed of communication in our initial response to an incident by redefining what information on disaster impact status needs to be gathered to support the establishment of a Disaster Response Headquarters and by reorganizing the associated reporting structure.

To ensure employee safety and to strengthen initial response capabilities, we carried out a disaster response drill based on the scenario of an incident occurring while employees are working from home, which was rolled out to all employees through online

streaming. As well as working to raise the level of disaster knowledge and awareness among individual employees, we regularly conduct exercises where we practice confirming the safety of each employee in the event of a major earthquake or storm, or flood damage to drill employees in rapid initial response procedures.

To support business continuity, we surveyed customers involved with social infrastructure and customers to whom we supply ultrapure water to identify their expectations regarding the restoration of Kurita Group operations after an event, and expanded the provision of an "event response model" for each customer, which specifies a vertically integrated response procedure for sales, engineering, Group companies, and partner companies and the necessary resources.

Going forward, we will work to embed the utilization of the BCM Documents and increase their effectiveness by promoting internal awareness of the documents and conducting education and training by staff grade and job type. We will also expand initiatives by defining the deployment scope of the event response model for each customer. Furthermore, to improve business continuity functions throughout the supply chain, we will strengthen initiatives for rapid recovery of our own manufacturing sites and coordination with partner companies.

Overseas, we shared BCM Documents formulated in Japan with our Group companies and formulated BCM Documents to address the inherent risks and business characteristics of each country and region by conducting local surveys. Going forward, we will work to respond to the increasingly diverse range of global risks and to put in place a global reporting system for use in an emergency.

Information Security Management

The increasing trend in information security incidents has heightened the importance of countermeasures for business operators. The Kurita Group is responding through a globally based security approach with measures including review of security levels, introduction of security tools, and reinforcement of its security response team.

The Kurita Group Digital Management Policy has been upgraded from the previous policy covering system development, maintenance and operation to an information security management policy that also takes account digital related activities required to drive reform of corporate business activities. In the fiscal year ending March 31, 2024, with the aim of putting in place a management structure for our IT system that is resilient to risks from natural disasters and cyber-attacks, we formulated a dedicated business continuity plan for the IT system.

We will continue to roll out a range of measures, undertaking regular assessment of IT risk, implementing organizational upgrades

in response to security issues, securing budgets, putting in place information systems for the event of an incident, and introducing security tools. In parallel, we will provide regular information security training to Kurita Group employees. In the fiscal year ending March 31, 2024, we will additionally set up a security monitoring system that operates 24 hours a day 365 days a year on a global and multilingual platform, establish a computer security incident response Team (CSIRT) to respond to incidents occurring in Japan, and also reinforce the security environment of the operational technology (OT) which is used to monitor and control not only IT systems but also water treatment facilities and other installations.

Going forward, with the increase in the incidence and sophistication of cyber-attacks expected to continue, we are working to put in place an information security system that will allow us to continue with uninterrupted value delivery to customers.

Respect Human Rights

Basic Concept

The Kurita Group's businesses are dependent on relationships with many stakeholders, making respect for human rights an important factor in business management. As a member of society, Kurita has formulated the Kurita Group Human Rights Policy to fulfill its responsibility to stakeholders on human rights and to contribute to the sustainable development of society.

Starting from the fiscal year ending March 31, 2024, "conduct business activities respecting human rights" has been declared as one of the Kurita Group's materiality themes. We aim to show respect for the human rights of all people in line with international human rights standards. This human-focused initiative fits within the framework of our corporate philosophy's commitment to creating an environment in which nature and humanity are in harmony.

Human Rights Awareness Training

The Kurita Group provides ongoing "Human Rights Training Programs" to raise employees' awareness of human rights. We also provide training for the management of the Company and Group companies in Japan to increase management awareness of themes of increasing importance in corporate management and to promote initiatives in unison with employees. In the fiscal year ended March 31, 2023, training was provided to employees of the Company and Group companies in Japan on the subject of human rights infringements relating to the use of social media. Training was also held on the subject of business and human rights for the management of the Company and Group companies in Japan. The rate of participation in these training programs was 100% of those eligible.

Establishment of a Grievance Mechanism

The Kurita Group operates a whistleblowing desk which employees, directors and officers of the Group and its business partners can consult or make reports to regarding legal and regulatory infringements or misconduct by the Kurita Group. We have also begun preliminary investigations for the setting up of a grievance mechanism to provide appropriate response in the case of a human rights issue in the value chain.

Human Rights Due Diligence

The Kurita Group implements human rights due diligence, checking for human rights risk or negative impacts on human rights in its business activities, analyzing and assessing any risk identified, and formulating and implementing appropriate countermeasures. The Company works with its suppliers to promote respect for human rights throughout the value chain by encouraging them to respect human rights through the prohibition of forced labor and child labor and the elimination of discrimination. The Group also confirms the status of compliance through regular monitoring surveys. In the fiscal year ended March 31, 2023, we submitted our supply chain to an inspection carried out by an independent specialist auditor. The auditor identified long working hours and health and safety issues at some of our supplier companies, which we supported them to correct. It was also identified in connection with the technical intern training program for overseas workers promoted by the Japanese government that there was a risk of interns being required to pay a commission above the regulatory level by agencies handling local intern postings. To take advance preventive action against potential human rights infringements in the case of a supplier hosting overseas labor of this kind, the Company has adopted a policy of seeking to actively influence suppliers through briefing meetings and other means. Going forward, we will continue to strengthen measures by expanding the scope of our assessments and working to identify risk.

Human Rights Due Diligence Process



Corporate Governance

Message from Chairman of the Board



The Board of Directors aims to realize the Group's sustainable growth and increase corporate value over the medium and long term by enhancing management oversight and supporting business strategy planning and execution.

Michiya Kadota
Director and Chairman

Kurita has transitioned to a Company with a Nominating Committee, etc., governance structure following approval at the Ordinary General Meeting of Shareholders in June 2023. Over the years, the Board of Directors has ensured transparent, objective and rational decision-making through the Nomination & Remuneration Advisory Council and the Successor Planning Committee, both led by independent external directors, and by attending and observing other internal committee meetings. However, this new structure will further strengthen corporate governance by clearly separating management oversight functions and business execution functions.

The board is often faced with complex decisions due to rapid changes in the operating environment. To ensure sustained growth, the Group therefore needs to establish a more effective and highly transparent corporate governance structure. Under the new structure, the board has delegated significant authority for business execution to executive officers, allowing it to focus on oversight that takes into account the views of diverse stakeholders. The role of the board will be to make recommendations from the perspective of increasing corporate value over the medium and long term, promote bold decision-making by executive officers, and support business strategy planning and execution.

In future, the Board of Directors will have to operate more rapidly and effectively. As Chairman, I will work to ensure a seamless transition to the new

governance structure and use my past experience at the frontline of business execution to oversee the Group's operations from multiple viewpoints in my new supervisory role. I intend to lead board discussions in a way that allows both external and internal, non-executive and executive directors to candidly discuss and share the Group's medium- and long-term issues, supporting business execution through constructive dialogue.

The diversity of the Board of Directors is a priority issue that needs to be addressed. There is a certain level of diversity in the current board – independent external directors account for half the board, female directors one quarter, and board members possess a range of skills – but in order to transform Kurita into a global company that grows sustainably, the board must be more diverse to respond flexibly to changes in the operating environment and drive change. Our goal is to create a board that is even more diverse in terms of gender, nationality, age and skills.

We will also encourage greater dialogue with the Group's diverse stakeholders – customers, business partners, employees, shareholders and investors, and local communities. Amid growing interest in sustainability issues, we will actively create more opportunities to discuss with stakeholders what Kurita should be contributing to society. In this way, I hope to raise the quality of discussion within the Board of Directors and further improve corporate governance.

Corporate Governance

Basic Concept

The Kurita Group aims to contribute broadly to society through corporate activities in the fields of water and the environment in accordance with the Kurita corporate philosophy, "Study the properties of water, master them, and we will create an environment in which nature and humanity are in harmony." The Kurita Group will work to promote sustainable growth and enhance its corporate value in the medium and long term, deferring to the rights and positions of

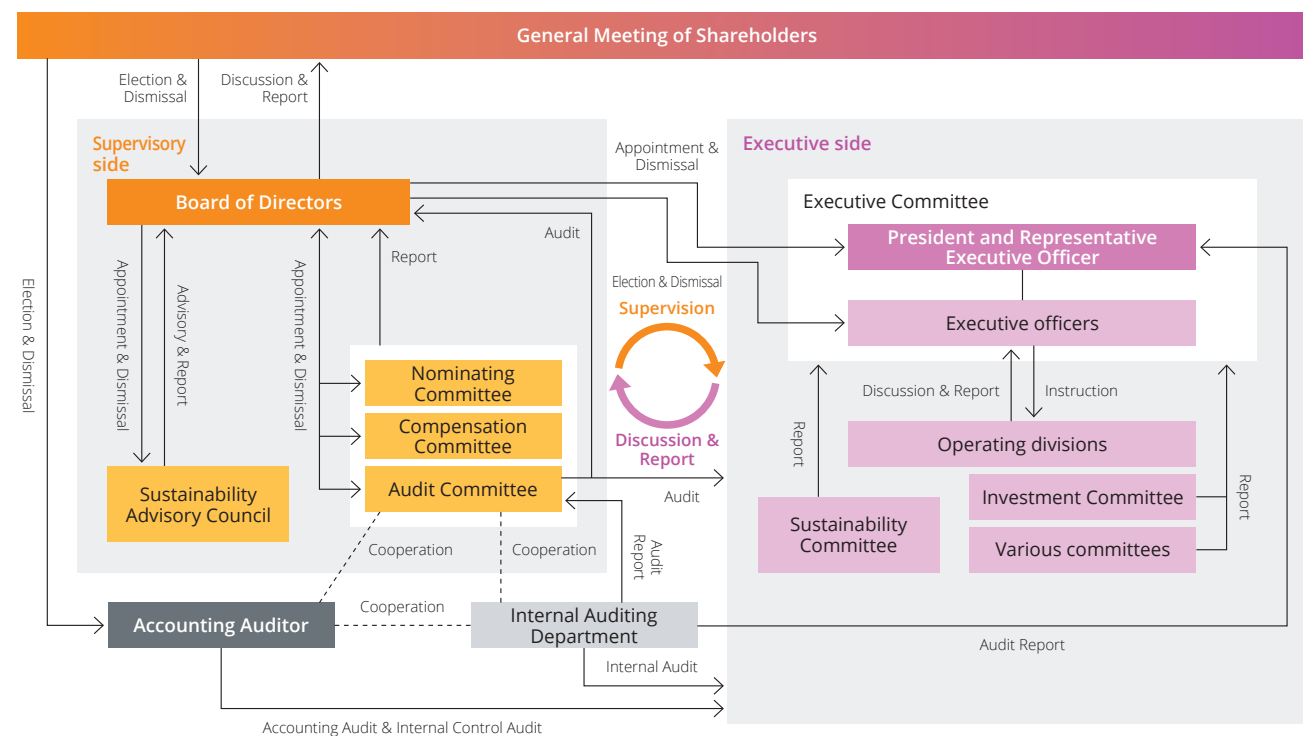
various stakeholders such as customers, business partners, employees, shareholders, and local communities while striving to meet their expectations. To this end, the Kurita Group is working to establish corporate governance, with the aim of realizing transparent, fair, prompt, and decisive decision-making and highly effective management supervision.

Corporate Governance Structure

On June 29, 2023, the Group made the transition to the corporate governance system of a company with a Nominating Committee, etc., in order to establish an effective and transparent governance structure that strengthens the management supervision and business execution functions. In addition to ensuring a highly effective

supervisory function via the separation of the oversight and execution of management, this structure involves the election of independent external directors to supervise from the perspective of the shareholders. The aim of these changes is to boost corporate value by making management more transparent, sound and efficient.

Corporate Governance Structure



Sustainability Advisory Council

The Company has established the Sustainability Advisory Council as a supervisory body to deliberate matters related to sustainability around the world, and to provide related advice and reports to the Board of Directors. Composed of six directors including four external directors and chaired by external director

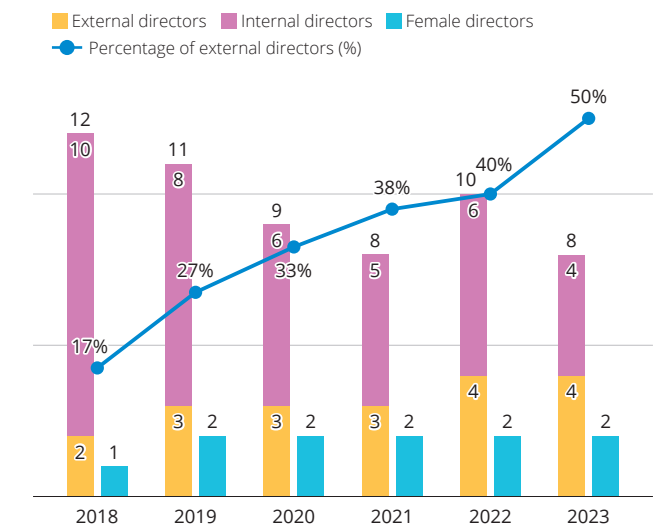
Yoshiko Takayama, the Sustainability Advisory Council is charged with examining the Company's approach to sustainability management in the best interests of varied stakeholders, based on a medium- to long-term perspective.

Composition of the Board of Directors

To fulfill the highly effective supervisory function over operational execution, the Board of Directors will consist of personnel with the necessary knowledge, experience and competence, taking into consideration gender and diversity. With regard to this knowledge, experience and competence, the Company will identify skills regarding corporate management, management planning and other aspects of corporate governance and management, skills required to realize the direction sought by the Kurita Group of leveraging diversity to deepen water knowledge and using water knowledge to create social value, and necessary skills, etc., for realizing the Corporate Philosophy. The Board of Directors as a whole will be organized in a way that complements the above.

In accordance with a resolution of the Ordinary General Meeting of Shareholders in June 2023, one half of the members of the Board of Directors are now independent external directors. This set-up is aimed at ensuring the Board remains highly effective in its supervisory role.

Composition of the Board of Directors (As of June 30)



Timeline of Corporate Governance Improvements

The Kurita Group has sought to develop its governance structure to ensure that it fulfils its social obligations as a global enterprise while continuing to grow. Going forward, to ensure the Board of Directors

can maintain the highest level of functionality, the Group will seek to build an optimized corporate governance set-up by reinforcing governance through appropriate review and adjustment.

	To March 2018	MVP-22 April 2018 – March 2023	PSV-27 From April 2023
Organizational design		Company with an Audit & Supervisory Board system	Transition in June 2023 Company with a Nominating Committee, etc., system
Board chairperson		President, Chairman	From June 2023 Chairman, non-executive
Corporate governance structure	2006 Introduced the corporate officer system 2014 Appointed an independent external director 2014 Reduced the term of office for directors from two years to one	2016 Established Nomination & Remuneration Advisory Council 2016 Started evaluating the effectiveness of the Board of Directors 2018 Appointed a female external director 2018 Established the Investment Committee 2019 Established the Successor Planning Committee 2020 Disclosure of Skills Matrix	Audit Committee Nominating Committee
Remuneration system	2009 Abolished the retirement benefit system for directors	2017 Increased the proportion of remuneration linked to consolidated results performance and introduced a performance-linked stock compensation program 2019 Revised the remuneration system for corporate officers 2022 Trialed reflecting non-financial indicators in performance evaluation standards	Compensation Committee From April 2023 Inclusion of non-financial indicators and TSR outcomes in performance evaluation standards for executive officers and corporate officers
Other	2007 Formulated Basic Policies for Constructing an Internal Control System	2014 Established liability limitation contract provisions for external directors and external members of the Audit & Supervisory Board	2016 Formulated Corporate Governance Policies (subject to regular review)

* Fiscal years ended March 31

Corporate Governance

Nominating Committee



Nominating Committee
Chairperson

Keiko Tanaka
External Director

Committee members

Kenjiro Kobayashi
External Director

Michiya Kadota
Director and Chairman

Masahiro Miyazaki
External Director

Hirohiko Ejiri
Director

Message from Committee Chairperson

Formation of Successor Planning Committee

Kurita created the Successor Planning Committee in 2018 as the body responsible for developing and selecting candidates for appointment to the positions of President, Director and Corporate Officer. Chaired by an external director, its members principally comprise external directors and Audit & Supervisory Board members. This set-up aims to enhance the objectivity and transparency of these appointments.

Prior to the April 2023 appointment of Hirohiko Ejiri as president, we selected several potential candidates to succeed the position and assigned each of them a challenging role. We formulated individual development measures based on assessments by an external evaluation body and monitored their progress on an annual basis. The candidate selection process was not just about finding the next president, but was designed to provide an ongoing and systematic framework for the development of directors and corporate officers. As a member of the committee, I took part in the succession deliberations. I believe the succession planning process at Kurita is objective and transparent.

Transition to Nominating Committee

To date, the Board of Directors has approved nominations for directors and members of the Audit & Supervisory Board based on non-binding recommendations from the Nomination & Remuneration Advisory Council. With the transition to a company with a Nominating Committee, etc., following a vote by the Ordinary General Meeting of Shareholders in June 2023, the new Nominating Committee will take over the role of the Successor Planning Committee. The Nominating Committee will be responsible for preparing resolutions for shareholder approval relating to the election and removal of directors, and for determining succession and development plans for the president and executive officers. While we must perform these roles with objectivity and transparency, that is not all that is demanded of us. Under PSV-27, Kurita aims to realize a “value-driven transformation of business models and change of business processes.” I believe it is also vital that we approach our mission from the viewpoint of considering how best to establish and to support senior Group management in driving this process of constant global change. Our aim will be to develop and promote reform-minded top managers while increasing diversity within management oversight structures.

Policies and procedures for nominating directors

The process of selecting candidates for external and other directors is designed to give due consideration to diversity while creating a system of management oversight that enhances corporate value and reflects the perspectives of shareholders and other stakeholders. Nomination of candidates for director is based on predetermined requirements. The Nominating Committee selects candidates for recommendation to the General Meeting of Shareholders, including a clear rationale for each.

Selection of candidates for the successor to the President and Executive Officer and succession planning policies

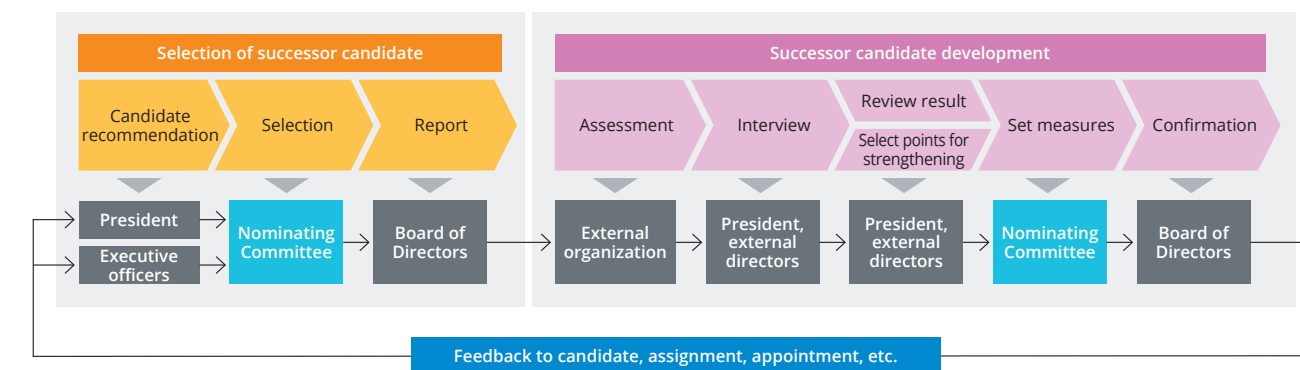
The Nominating Committee will deliberate on requirements for the President and Executive Officer in light of the aims of the Company and specific management strategies and then report the results to the Board of Directors. The Nominating Committee will select multiple candidates for the successor to the President and Executive Officer and develop succession planning measures based on requirements set forth by the Board of Directors. The Board of Directors will regularly confirm the selection of candidates for the successor to the President and Executive Officer, development of the succession planning measures, and its progress based on reports from the Nominating Committee.

Succession planning process

The Nominating Committee selects the candidates for president and executive officer positions and formulates development measures as delegated by the Board of Directors. Selection and development are

the result of a highly objective and transparent process that includes taking into consideration the results of assessments of each candidate by an external evaluation body.

Succession Planning Flowchart (President/Executive Officers)



Independent External Directors

The Company's external directors are appointed for a term of one year and may concurrently hold positions at up to three listed companies including the Company. The external directors use their knowledge and specialist insight accumulated through management experience to evaluate business management and provide opinions from the perspectives of the Kurita Group's sustainable growth and increasing corporate value over the medium to long term, helping to enhance the rationality and transparency of decision-making by the Board of Directors.

The activities of the independent external directors include making proactive statements and proposals in Board of Directors meetings, as well as attending as observers in internal committees such as the Sustainability Committee, the DX Committee, and the Health and Safety Committee. They also make on-site visits to gain a deeper understanding of operations for evaluating management.

Message from Recently Appointed External Director



Yoshiko Takayama
Independent External Director

I was recently appointed as an external director of Kurita. The insistent demand from capital markets today is to generate shareholder value by turning sustainability issues into business opportunities. In this context, Kurita is addressing this issue by seeking to create new value through the growth of the CSV business. The highly independent and diverse nature of the Board of Directors means that we have ample opportunity to discuss initiatives and review progress, while also providing strong support to management in achieving goals. I will fulfill my responsibilities as a director, seeking to translate into gains in corporate value the enhanced oversight function of the Board of Directors now that Kurita has transitioned to the governance system of a company with a Nominating Committee, etc.

Corporate Governance

Skills Matrix of Directors

Towards realizing the corporate philosophy, the skills set out on the skills matrix comprise the knowledge, experience, and capabilities necessary based on the Company's management strategies, such as the Group's value creation story and medium-term management plan.

Skills Matrix

	Name	Corporate governance and management			Leveraging diversity*1 ▶ Making full use of water knowledge ▶ Creating social value					
		Corporate management Corporate planning	Finance and accounting	Legal and HR management	Human rights	Global	Understanding and solving issues on site*2	R&D, technology, and engineering	DX	Environment
Directors	Michiya Kadota	◎	◎	○	○	○	◎	—	—	○
	Hirohiko Ejiri	◎	—	—	◎	○	◎	◎	◎	○
	Shuji Shirode	○	◎	—	—	◎	—	—	—	◎
	Yukihiko Mutou	○	◎	◎	○	—	—	—	—	—
	Kenjiro Kobayashi (external)	◎	◎	—	—	◎	—	—	—	—
	Keiko Tanaka (external)	○	—	◎	○	◎	—	—	—	—
	Masahiro Miyazaki (external)	◎	◎	◎	—	◎	—	—	—	—
	Yoshiko Takayama (external)	◎	○	—	—	◎	—	—	—	—

Among the knowledge and experience of each director, those with ○ are fields where they have strength while ◎ indicates an area where they are especially promising.

*1 The "diversity" means the variety of elements that form "diverse points of contact with sites" that are the source of the Kurita Group's competitiveness, such as contact points with customers, business fields, business development areas / countries, and technology fields, in addition to human resources.

*2 The Kurita Group provides solutions to issues derived from water at sites of customers throughout the world. The Kurita Group creates unique solutions by making use of information and data, which it has accumulated by seriously addressing customer issues at diverse points of contact with sites, as its water knowledge. We believe that these activities constitute the source of creation of shared value with customers and society. We believe that a deep understanding of customer sites, which leads to value creation, and the experience of committing oneself to solving issues at customer sites are skills needed by the Company's directors to make important decisions and effectively supervise operational execution at the Company.

Skills and Reason for Selection

High-level concepts	Skills	Reason for selection
Corporate governance and management	Corporate management/ Corporate planning Finance and accounting Legal and HR management	These are regarded as the skills, knowledge, and experience that provide a foundation for conducting management oversight.
Leveraging diversity ▼ Making full use of water knowledge ▼ Creating social value	Human rights	In developing its business globally, the Kurita Group encounters diverse working environments, business customs, and trading practices, and there is a need to engage in business activities while respecting the human rights of stakeholders. To this end, the Group has defined a basic materiality theme as "Conduct business activities respecting human rights." The Group is promoting initiatives to ensure respect for the human rights of employees, suppliers and other stakeholders in the countries and regions where it conducts business. The Group also recognizes the importance of leveraging diversity in human resources as a foundation for innovation and as a source of value creation leading to sustainable growth. 'Human rights' has thus been selected as a skill category for Board oversight of management due to its importance as a management issue.
	Global	To accelerate global business development, the Kurita Group is working to speed up the development of products and services tailored to local and regional market characteristics. The category 'Global' represents a level of international experience and understanding of these regions and countries. We see it as one of the essential elements in cultivating the "diverse points of contact with sites" that constitute a source of the Group's competitive advantage. 'Global' has been selected as a skill category for Board oversight of management because we consider a deep knowledge of global markets as essential for developing business globally and increasing corporate value.
	Understanding and solving issues on site	The Kurita Group delivers solutions addressing water-related issues at the sites of various customers worldwide. At "diverse points of contact with sites," we engage seriously with customers' issues, utilizing our "water knowledge" in the form of accumulated information and data to create proprietary and innovative solutions. We see this as the source of shared value creation with customers and society. This area has been selected as a skill category for Board oversight of management because we value having a deep understanding of the points of contact with customer sites as a source of value creation, alongside extensive experience of addressing such issues.
	R&D, technology, and engineering	The Group combines technology and expertise acquired from various business domains to create new products, services, and technologies. Amid significant recent changes in the external environment, we consider ensuring customer business continuity to be one area where we can provide added value. Accordingly, we have reviewed our methods of product, service, and technology delivery and the procurement and production set-up to improve our cost competitiveness and production capacity. Because we see strengthening of development, technology, and production as a key platform for creating and providing solutions, this area has been selected as a skill category for Board oversight of management.
	DX	The Group aims to achieve DX by utilizing digital technology to change business processes and to transform business models. 'DX' has been selected as a skill category for Board oversight of management since we consider it a priority for the deployment of digital tools, AI, and IoT, and for the utilization of information and data collected from diverse customer sites as "water knowledge," resulting in creation of innovative shared value with customers and society.
	Environment	The three shared value themes that the Kurita Group has defined as Kurita Group's Materiality are 'Solve issues related to water resources,' 'Contribute to the realization of a decarbonized society,' and 'Contribute to building a circular economy society.' These are priority issues that we seek to address. We have defined as "CSV business" the Group products, technologies and business models that significantly contribute to water saving, the reduction of GHG emissions and resource input, and the recycling of resources compared with prior levels. We are working to create shared value with society via their development and provision to customers. 'Environment' has been selected as a skill category for Board oversight of management because we regard it as part of our mission to reduce environmental impact through our business activities.

Audit Committee



Audit Committee Chairperson
Kenjiro Kobayashi
External Director

Committee members

Yoshiko Takayama
External Director

Yukihiko Mutou
Director

Message from Committee Chairperson

Following the recent changes to the governance system, I will be serving as the chair of the Audit Committee. I will continue to conduct audits as appropriate, utilizing my experience on the Audit & Supervisory Board. In addition, cognizant of my outside perspective as an external director, I will perform my role in supervisory and decision-making functions so the Company's recent corporate governance reforms function as they were intended and translate to enhanced corporate value.

The role of the Audit Committee is threefold: to audit the execution of duties by directors and executive officers; to prepare audit reports; and to evaluate the execution of duties by the accounting auditor. In addition, the committee is expected to identify any issues or problems related to the execution of duties and provide the

executive with suggestions and reports concerning points where improvement is required. Tapping into the resources of the newly established secretariat to the Audit Committee, and based on close cooperation, we will continue to share information and exchange opinions with the Internal Auditing Department, which manages internal controls, the accounting auditor and other external directors. Moreover, due to the rapidly progressing global development of the Kurita Group, including its Japanese and overseas subsidiaries, we will be paying particularly close attention to the governance of the Group. Besides collecting information from related departments, we will be seeking to undertake more audits of subsidiaries, including overseas Group companies, while reviewing the effectiveness of such audits.

Auditing set-up

The Audit Committee is composed of three directors (of whom two are external directors) with no involvement in operational execution across the Company or its subsidiaries. One of the external directors serves as the chair. To ensure a high degree of independence from operational execution, two of the Audit Committee members serve as full-time corporate auditors (including one external director). Based on their unique position, the full-time corporate auditors can focus on preparing conditions for internal audits and actively collecting internal information, while conducting daily monitoring of the development and operational status of the internal control systems.

The Company has created a dedicated secretariat to assist members of the Audit Committee in their duties, staffed by full-time employees. If required, the Audit Committee may also request additional assistance from employees assigned to the Internal Auditing Department, which manages the Company's internal controls.

Auditing by Audit & Supervisory Board members in the fiscal year ended March 31, 2023

All Audit & Supervisory Board members attended the 11 meetings of the Audit & Supervisory Board held in the fiscal year ended March 31, 2023. The main matters discussed by the Audit & Supervisory Board included the formulation of audit policies and plans, preparation of audit reports, the election of the accounting auditor and related remuneration, and agenda items for the Ordinary General Meeting of Shareholders. Within audit plans, priority items for audit are the construction and operational status of internal control systems (including those relating to financial reporting) and risk management systems, and the status of priority measures in the business plan.

The Kurita Group's governance system for the fiscal year ended March 31, 2023 was that of a company with an Audit & Supervisory Board. This changed to the system of a company with a Nominating Committee, etc., after the approval of the Ordinary General Meeting of Shareholders held on June 29, 2023.

Corporate Governance

Compensation Committee



Compensation Committee
Chairperson
Masahiro Miyazaki
External Director

Committee members

Keiko Tanaka
External Director

Michiya Kadota
Director and Chairman

Yoshiko Takayama
External Director

Hirohiko Ejiri
Director

Message from Committee Chairperson

I will be serving as the chair of the Compensation Committee from the fiscal year ending March 31, 2024. In last year's Integrated Report, I discussed the importance of Kurita contributing to addressing issues faced by society and customers. In an age where the unexpected occurs frequently, I said that we must have the courage to make changes and to change ourselves while maintaining speed and flexibility. Kurita's transition to the governance system of a company with a Nominating Committee, etc., is a significant change that involves the replacement of the voluntary Nomination & Remuneration Advisory Council with a statutory Compensation Committee. This move is aimed at further improving deliberation processes to ensure objective results.

The environment-related materiality indicators set for the Group are our targets for the CSV business, which Kurita has positioned as a growth driver. These targets relate to what we achieve for customers in terms of contributing to water savings, reductions in GHG emissions, and the amounts of resources that are conserved or recycled. In this way, we are linking our efforts to hit financial targets with non-financial gains. As part of the remuneration of executive officers, we are also establishing a framework to set performance-linked incentives based on the degree to which these environmental indicators are achieved. Discussions are continuing to create over the medium and long term an effective and transparent remuneration system tied to management performance that is well regarded internally and externally.

► Basic Policy on Determining Remuneration for Directors and Executive Officers

Basic policy	Objectives of the basic policy
1. The remuneration paid to directors and executive officers is designed to attract and retain talented people with diverse skills, experience, etc., to help realize the corporate philosophy	The basic policy is to establish a structure and level of remuneration that enables us to secure excellent personnel capable of supervising and executing the management of the Company in order to realize its corporate philosophy.
2. The Company intends that remuneration be linked to business performance and medium- to long-term corporate value in order to function as a sound incentive for sustainable growth	The remuneration system shall function as a sound incentive for sustainable growth, taking into account the enhancement of corporate value from a long-term perspective and the accommodation of expectations and requests from shareholders and other stakeholders.
3. The decision-making process of remuneration shall be highly transparent so that the objectivity of remuneration decisions will be ensured.	In addition to establishing a periodic remuneration level check process that refers to external remuneration data, the remuneration determination process shall be highly objective and transparent in compliance with the Companies Act and other laws and regulations pertaining to remuneration for directors and executive officers.

System of executive remuneration

The policies relating to remuneration amounts and calculation methods for directors and executive officers are determined for each position in line with the Group's relevant basic remuneration policy.

With the aim of increasing the objectivity and transparency of related decision-making processes, the structure and levels of remuneration for directors and executive officers as well as the performance evaluation of executive officers are determined by the Compensation Committee, with related status updates promptly reported to the Board of Directors.

• Directors

To facilitate a core focus on management supervision, the remuneration of directors is limited to a fixed salary. The fixed remuneration is determined by position for directors, except for directors who also serve on the Audit Committee, whose level of remuneration is linked to the nature of the contractual working arrangement.

In addition, for directors to share the risk of share price fluctuations with shareholders, a portion of the fixed remuneration for directors (excluding external directors and those directors serving on the Audit Committee) is paid in the form of non-performance-linked stock. For external directors and directors who serve on the Audit Committee, a portion of the fixed remuneration is contributed to the Directors' Shareholding Scheme, which is used to acquire Company shares. For directors who are not external directors or directors serving on the Audit Committee, the Company has introduced a non-performance-linked stock compensation plan in which points are awarded according to job position and annual distributions of restricted stock are made based on the number of points awarded.

• Executive officers

Remuneration of executive officers is composed of a fixed salary based on job position plus a performance-linked portion split into short-term and long-term incentive components. The short-term incentive consists of four amounts based on: consolidated performance; the performance of operations over which executive officers have individual responsibility; metrics for other contributions; and the environmental impact coefficient. The metric used for consolidated performance is the year-on-year change in ROIC. For operational earnings, the metric used is the variance between the consolidated operating profit margin and business profit margin for the executive officer's divisions and their respective targets. Other contributions are evaluated with reference to items not reflected in the fiscal year's results such as initiatives to strengthen the corporate structure and implementation of M&A and other large-scale investment projects. The environmental impact coefficient which is designed to create corporate value through social value creation, is calculated based on the percentage achievement of the plan for each metric measured within the CSV business (amounts of water savings, avoid in GHG emissions, and amounts of resource recovery or reduction of resource input). The short-term incentive is then calculated by taking a base amount determined by job position and applying to it a multiplication rate proportional to the degree of attainment indicated by the results metrics and the environmental impact coefficient. The long-term incentive comprises a performance-linked stock compensation program in which points are awarded according to job position and based on ROE and total shareholder return (TSR) for each fiscal year during the term of office, with annual distributions of restricted stock being made according to the number of points awarded. This remuneration is subject to the determination of the Compensation Committee, with related status updates promptly reported to the Board of Directors.

	Base remuneration	Performance-linked remuneration		Total
		Short-term incentive remuneration	Long-term incentive remuneration	
Directors	100%	0%	0%	100%
Executive officers	38–72%	0–29%	28–33%	100%

Note: Ratios are adjusted by multiplying numbers of points awarded based on earnings in relevant fiscal years by the share price at the time of system introduction.

Remuneration amounts by executive classification

The total remuneration amounts paid for the fiscal year ended March 31, 2023, including breakdowns by executive classification, remuneration type and numbers of eligible officers, are summarized below.

Officer classification	Total amount of remuneration, etc. (millions of yen)	Total amount of remuneration by type (millions of yen)			Number of eligible payees for base remuneration
		Base remuneration	Performance-linked remuneration	Amount of nonmonetary remuneration, etc., in performance-linked remuneration	
Directors (excluding external directors)	384	248	135	48	6
Members of the Audit & Supervisory Board (excluding external members)	34	34	—	—	1
External officers	99	99	—	—	6

Notes:

- Total director remuneration as stated above includes provisions of ¥33 million for short-term incentives and ¥137 million for long-term incentives.
- The breakdown of nonmonetary remuneration is entirely in the form of performance-linked remuneration.

Corporate Governance

Evaluation of the Effectiveness of the Board of Directors

The Board of Directors analyzes and evaluates its effectiveness every year in order to fulfill its expected roles and functions more effectively.

Evaluation method

The evaluation is carried out via a written survey with each of the respondents identified. Following a discussion using the aggregated results, the Board of Directors evaluates its effectiveness, identifies problems, designates issues to be addressed and establishes measures. These matters are then adopted by a resolution of the Board. The survey is revised each fiscal year based on the results of the previous year's survey.

Evaluation Method	<ul style="list-style-type: none">Self-EvaluationThis evaluation was conducted via a written survey, with each of the respondents identified. Following a discussion using the aggregated results, the Board of Directors evaluated its effectiveness, clarified issues and adopted measures for the future.
Evaluation items	The following six themes were evaluated 1) Roles and responsibilities of the Board of Directors 2) Fulfilling the function of external directors 3) Composition of the Board of Directors 4) Operation of the Board of Directors 5) Contributions of individual directors and members of the Audit & Supervisory Board 6) Dialogue with shareholders
Evaluation period	January to December 2022

Evaluation results

According to the evaluation results for January to December 2022, the average self-evaluation of all directors and members of the Audit & Supervisory Board was generally good in all six areas, indicating that the Board of Directors is operating effectively. By category, "4) operation of the Board of Directors" was most highly evaluated as in the previous evaluation. This was followed by "2) Fulfilling the function of external directors" and "5) contributions of individual directors and members of the Audit & Supervisory Board." However, in the "1) roles and responsibilities of the Board of Directors" category, items related to the building and monitoring of the DX promotion structure and "6) dialogue with shareholders" received relatively low valuations compared with other items.

Issue

The Board of Directors has to show clarified direction for management policy which is planned by management members and identify important appeal points for investors and shareholders to improve the quality of the dialogue.

Measures

- Through the following measures, we will build a DX promotion structure and improve the quality of constructive dialogue with shareholders and investors.
- (1) Clarify the direction of the transformation of the business model and the business process utilizing digital technology that management has considered through discussions at the Board of Directors.
 - (2) Based on the opinions and expectations of shareholders and investors, directors and officers will create opportunities for dialogue with shareholders and investors regarding their areas of responsibility and areas of expertise based on the direction that the Group is aiming for through various strategies.

Status of initiatives to tackle issues raised in previous evaluation results

- The measures outlined below were taken by the Company to address the issue raised in the previous evaluation result, namely "To increase the quality of dialogue with shareholders and investors as a way of building corporate value, Board members should further boost their awareness of external viewpoints in executing their duties." Other initiatives as outlined below were also pursued to address the ongoing issue of "building and monitoring the DX promotion structure."
- Outcomes of shareholder/investor dialogues in the form of reports on IR/SR activities were shared with all members of the Board of Directors using the executive conferencing system.
 - To promote greater understanding of each Board member's position, a forum was established to make and discuss proposals based on the specialist expertise, knowledge, experience and background of each individual member of the Board of Directors.
 - A report was requested from the Human Resources Development Committee to review personnel development programs. This was used by the Board of Directors as the basis for a discussion for setting the future direction in this area, based on the expectations of shareholders and investors.
 - Regular DX study sessions were held for executives to help deepen their understanding of DX issues. However, the speed of developing a DX promotion structure that can lead to the reforming of business models and processes remains an issue.

Dialogue with Shareholders and Investors

The Kurita Group respects the interests of shareholders in management and strives to listen to its shareholders and investors and promote constructive dialogue with them in order to contribute to increasing medium- to long-term corporate value. In communicating information, the Company emphasizes fairness and transparency. The materials and summary of the Q&A sessions of the Company's presentation meetings are posted on Kurita's investor relations website to ensure fair information disclosure.

To make IR disclosures more convenient for shareholders, the Group also publishes English translations of the Notice of Convocation of the General Meeting of Shareholders (including advance notification prior to the sending of this notice) and the Corporate Governance Report.

Investor and shareholder relations activities

The Group strives to secure opportunities for dialogue with institutional investors in Japan and overseas and with retail investors in Japan in the form of various presentations and briefings. For financial results briefings, the president and the executive general manager of the Corporate Control and Administration Division are the main speakers, while day-to-day communications are the responsibility of the executive general manager of the Corporate Control and Administration Division and are carried out in coordination between personnel assigned to investor and shareholder relations and staff responsible for ESG activities. The use of teleconferences and online meetings for dialogue with institutional investors continued even after the downgrade of the COVID pandemic to Class 5, the same category as influenza. Kurita also received more visits from overseas investors and conducted more overseas roadshows to meet directly with investors. In addition, SR activities continued, mainly in the form of sustainability initiatives and meetings with shareholders on the topic of corporate governance. A total of approximately 290 separate IR/SR meetings were held in the fiscal year ended March 31, 2023. We also organized laboratory tours for both institutional and retail investors on R&D and innovation at the Kurita Innovation Hub, which was established in April 2022.

The views and expectations gained from dialogues with shareholders and investors are provided promptly as feedback to various layers of management, including directors, to help inform improvements to the Group's management, disclosures and other activities.

IR/SR Activities in the Fiscal Year Ended March 31, 2023

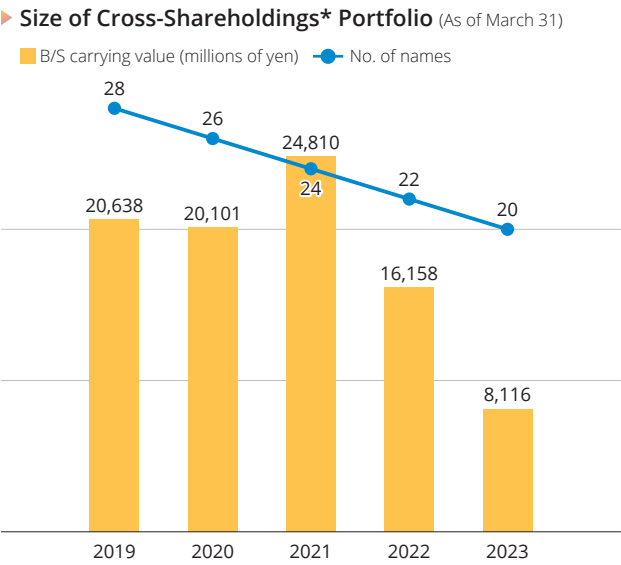
	Dialogue events	Number of events
Institutional investors (including shareholders)	Financial results briefings	4 times
	Small group meeting	3 times
	Kurita Innovation Hub laboratory tour for institutional investors	1 time
	Overseas roadshows	2 times
	Participation in conferences held by securities companies	8 times
	Individual meetings (including SR events)	Total approx. 290 times
Individual investors (including shareholders)	Letter to Shareholders	1 time
	Kurita Innovation Hub laboratory tour for individual investors	3 times

Shareholdings of Other Listed Companies

The Company holds shares of other listed companies to strengthen business relationships. We verify the economic rationale for mutual shareholdings and examine relationships with companies whose shares the Company holds based on our transaction history. The Board of Directors conducts periodic reviews of the appropriateness of Kurita's cross-shareholdings and is looking to cut the number of such shares held. As of March 31, 2023, compared with four years earlier, the total cross-shareholdings portfolio had shrunk by about 30% in terms of the number of names and by about 60% in terms of the carrying value as stated on the balance sheet.

Cross-shareholdings policy

- In some cases, the Company holds shares of other listed companies to strengthen business relationships, etc.
- When holding such shares, the Company makes efforts to minimize the risk of holding the shares. The rationale for holding each stock is reviewed on a regular or timely basis by the Board of Directors. Based on the results of the examination, the Company works to reduce the holding of shares of other listed companies.
- The Company exercises voting rights for each proposal based on whether it will contribute to an increase in shareholder value.
- If a shareholder indicates its intention to sell the Company's shares, the Company will not prevent the shareholder from making such sale, etc.



* Note: Investment equity securities held for purposes other than pure investment (excluding unlisted equity securities)

Directors, Executive Officers, and Corporate Officers

(As of August 31, 2023)

Directors



Michiya Kadota

Director and Chairman
Member of the Nominating Committee
Member of the Compensation Committee

1983 Joined Kurita Water Industries Ltd.
2013 Corporate Officer
2014 Director
Executive General Manager of Administrative Division
2016 President and Representative Director
2023 Chairman and Representative Director and Chairman (to present)



Hirohiko Ejiri

Director
Member of the Nominating Committee
Member of the Compensation Committee

1985 Joined Kurita Water Industries Ltd.
2014 Corporate Officer
2016 Director
2019 Managing Director
2020 Executive General Manager of Engineering Division and Chief Business Officer for Facilities Business
2021 Executive Senior Managing Director and Representative Director
2022 Executive General Manager of Japan Sales Business Division and Chief Business Officer for Chemical Operation
2023 President and Representative Director Director (to present)
President and Representative Executive Officer (to present)



Shuji Shirode

Director

2016 Joined Kurita Water Industries Ltd.
2018 Corporate Officer
2021 Director (to present)
Executive General Manager of Corporate Control and Administration Division (to present)
2023 Managing Executive Officer (to present)



Yukihiro Mutou

Director
Member of the Audit Committee

1991 Joined Kurita Water Industries Ltd.
2016 Corporate Officer
2018 Director
2019 Member of the Audit & Supervisory Board
2023 Director (to present)



Kenjiro Kobayashi

Director (External Director)
Chairperson of the Audit Committee
Member of the Nominating Committee

1977 Joined Japan Development Bank (current Development Bank of Japan Inc.)
2010 Representative Director and Executive Vice President of Japan Industrial Solutions Co., Ltd.
2016 External Member of the Audit & Supervisory Board of Kurita Water Industries Ltd.
2023 External Director of Kurita Water Industries Ltd. (to present)



Keiko Tanaka

Director (External Director)
Chairperson of the Nominating Committee
Member of the Compensation Committee

1984 Joined NISSAN MOTOR CO., LTD.
2013 Acted as Vice President of JATCO Ltd.
2014 Ambassador Extraordinary and Plenipotentiary of Japan to Uruguay
2018 Vice President of Nissan Financial Services Co., Ltd.
2019 External Director of Kurita Water Industries Ltd. (to present)
2020 Outside expert of Sustainability Committee of NH Foods Ltd. (to present)
2022 Corporate Vice President of Nissan Financial Services Co., Ltd.



Masahiro Miyazaki

Director (External Director)
Chairperson of the Compensation Committee
Member of the Nominating Committee

1977 Joined Nissei Sangyo Co., Ltd. (current Hitachi High-Tech Corporation)
2007 Executive Officer, General Manager, Regional Branch Office for West Japan Area and Kansai Branch Office of Hitachi High-Technologies Corporation (current Hitachi High-Tech Corporation)
2010 President & CEO, Hitachi High-Technologies America, Inc. (current Hitachi High-Tech America, Inc.)
2014 Senior Vice President and Executive Officer, General Manager of Corporate Strategy Division of Hitachi High-Technologies Corporation
2015 Representative Executive Officer, President and Chief Executive Officer and Director of Hitachi High-Technologies Corporation
2021 Advisor of Hitachi High-Tech Corporation
2022 External Director of Kurita Water Industries Ltd. (to present)
2023 Outside Director, Astellas Pharma Inc. (to present)



Yoshiko Takayama

Director (External Director)
Member of the Compensation Committee
Member of the Audit Committee

1987 Joined Investment Banking Division of Merrill Lynch & Co., Inc. in New York
2001 Managing Director, J-Eurus IR Co., Ltd.
2010 Director, Japan Corporate Governance Network (to present)
2014 Member of the "Committee for Studying Scoring Criteria for Selecting Enterprises as Nadeshiko Brands" operated by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange. (From 2014 to present, appointed to the committee every fiscal year)
2015 Member of the Council of Experts Concerning the Follow-up of Japan's Stewardship Code and Japan's Corporate Governance Code, Financial Services Agency and Tokyo Stock (to present)
Representative Director, Japan Board Review Co., Ltd. (to present)
2023 Vice Chairperson, J-Eurus IR Co., Ltd. (to present)
External Director of Kurita Water Industries Ltd. (to present)
External Member of the Governance Council, Ernst & Young ShinNihon LLC (to present)

Executive Officers



Hirohiko Ejiri

President and Representative Executive Officer

1985 Joined Kurita Water Industries Ltd.
2014 Corporate Officer
2016 Director
2019 Managing Director
2020 Executive General Manager of Engineering Division and Chief Business Officer for Facilities Business
2021 Executive Senior Managing Director and Representative Director
2022 Executive General Manager of Japan Sales Business Division and Chief Business Officer for Chemical Operation
2023 President and Representative Director Director (to present)
President and Representative Executive Officer (to present)



Yasuo Suzuki

Senior Managing Executive Officer

1997 Joined Kurita Water Industries Ltd.
2014 Corporate Officer
2018 Director
2020 Managing Director
Executive General Manager of Global Business Division and Chief Business Officer for Global Business
2023 Executive General Manager of Regional Management Division and Chief Business Officer for General Industries (to present)
Senior Managing Executive Officer (to present)



Shuji Shirode

Managing Executive Officer

2016 Joined Kurita Water Industries Ltd.
2018 Corporate Officer
2021 Director (to present)
Executive General Manager of Corporate Control and Administration Division (to present)
2023 Managing Executive Officer (to present)



Katsuya Amano

Executive Officer

1992 Joined Kurita Water Industries Ltd.
2021 Corporate Officer
2022 Director
Executive General Manager of Engineering Division and Chief Business Officer for Facility Operation
2023 Executive General Manager of Electronics Industry Division and Chief Business Officer for Electronics Industry (to present)
Executive Officer (to present)

Corporate Officers

Norikazu Kachi

Deputy Executive General Manager of Corporate Control and Administration Division

Hisashi Tanabe

Executive General Manager of Sustainability Division

Makoto Mizuno

Executive General Manager of Digital Strategy Division

Hiroyuki Suzuki

Executive General Manager of Innovation Division

Seiji Ueda

Deputy Executive General Manager of Engineering Division

Hiroyoshi Tamai

Senior General Manager of Field Engineering Group, Engineering Division

Masaya Kawai

Senior General Manager of Solution Business Group, Regional Management Division

Eiji Yonese

Head of Japan Region, Regional Management Division

Eishi Shimmura

Senior General Manager of West Japan Region, Japan Region, Regional Management Division and Head of Osaka Office

Shingo Yamaga

Executive General Manager of Precision Cleaning Division

Takehiro Nozue

Executive General Manager of Industrial & Social Infrastructure Division

Jiro Tanaka

Senior General Manager of Sales Group, Industrial & Social Infrastructure Division

* Please see the "Reason for election of Directors" section of our IR website for details.

11-Year Summary

(Fiscal years ended March 31)

When two item names appear, the left represents Japanese GAAP and the right represents IFRS.

(Millions of Yen)

	Japanese GAAP						IFRS				
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Business Results											
Orders	186,741	173,463	181,282	221,273	218,730	251,447	258,439	259,545	262,341	315,240	374,268
Net sales	180,143	178,137	189,398	214,372	214,187	236,815	257,331	264,807	267,749	288,207	344,608
Cost of sales	121,047	122,870	130,509	143,964	145,455	160,476	174,670	172,092	173,073	183,928	224,911
Gross profit	59,096	55,267	58,889	70,407	68,732	76,338	82,661	92,715	94,676	104,278	119,696
Selling, general and administrative expenses	38,106	40,380	39,454	50,574	49,280	53,863	56,994	66,060	65,206	71,334	81,106
Operating income/Business profit* ¹	20,989	14,886	19,435	19,833	19,452	22,475	25,667	26,654	29,470	32,944	38,589
Income before income taxes /Profit before tax	19,776	15,375	18,467	20,411	20,465	25,535	20,267	26,691	29,150	30,079	30,151
Net income attributable to owners of parent /Profit attributable to owners of parent	11,476	9,352	10,434	12,577	14,506	17,897	12,050	18,287	19,088	18,471	20,134
Earnings per share/Basic earnings per share (Yen)	92.43	78.48	87.81	108.24	125.23	159.37	107.33	162.86	169.94	164.38	179.14
Capital expenditures (Property, plant and equipment)* ²	6,108	5,268	8,489	18,818	9,289	20,070	40,004	31,729	32,647	66,422	46,629
Depreciation (Property, plant and equipment)* ²	14,493	14,250	14,378	13,409	13,248	13,507	15,588	15,804	17,900	20,079	25,796
R&D expenses	4,362	4,534	4,397	5,269	5,038	5,258	5,490	5,693	5,317	5,386	6,344
Financial Position											
Total assets	263,580	274,925	294,492	298,107	299,249	323,046	359,500	387,749	424,928	469,981	501,538
Total liabilities	54,462	55,772	71,014	69,142	70,490	82,193	120,315	143,640	167,090	192,119	205,778
Total net assets/Total equity	209,118	219,153	223,478	228,964	228,758	240,853	239,184	244,108	257,837	277,862	295,759
Total liabilities and net assets/Total liabilities and equity	263,580	274,925	294,492	298,107	299,249	323,046	359,500	387,749	424,928	469,981	501,538
Cash flows											
Net cash provided by (used in) operating activities	27,276	29,666	23,314	26,582	33,941	21,408	41,143	37,376	40,002	28,737	48,631
Net cash provided by (used in) investing activities	4,268	(16,676)	4,746	(33,172)	(1,119)	(15,928)	(51,902)	(43,683)	(10,771)	(39,929)	(46,274)
Net cash provided by (used in) financing activities	(18,561)	(5,957)	(13,929)	(5,707)	(10,154)	(12,419)	(13,453)	21,981	(18,852)	(7,927)	1,101
Cash and cash equivalents at end of period	33,313	41,028	55,675	43,591	65,438	58,917	35,547	50,215	62,228	45,730	50,468
Management indicators											
Operating income margin/Business profit margin	11.7%	8.4%	10.3%	9.3%	9.1%	9.5%	10.0%	10.1%	11.0%	11.4%	11.2%
Return on assets* ³	4.3%	3.5%	3.7%	4.2%	4.9%	5.8%	3.5%	4.9%	4.7%	4.1%	4.1%
Return on equity* ⁴	5.5%	4.4%	4.7%	5.6%	6.4%	7.7%	5.1%	7.6%	7.7%	7.0%	7.1%
Financial leverage* ⁵	1.27	1.26	1.32	1.31	1.31	1.35	1.52	1.60	1.68	1.73	1.71
Total assets turnover (times)	0.67	0.66	0.67	0.72	0.72	0.76	0.74	0.71	0.66	0.64	0.71

*1 Business profit = Net sales–Cost of sales–Selling, general and administrative expenses

*2 Including right-of-use assets

*3 Return on assets (IFRS) = Profit attributable to owners of parent ÷ Total assets (Average) × 100

Return on assets (J-GAAP) = Net income attributable to owners of parent ÷ Total assets (Average) × 100

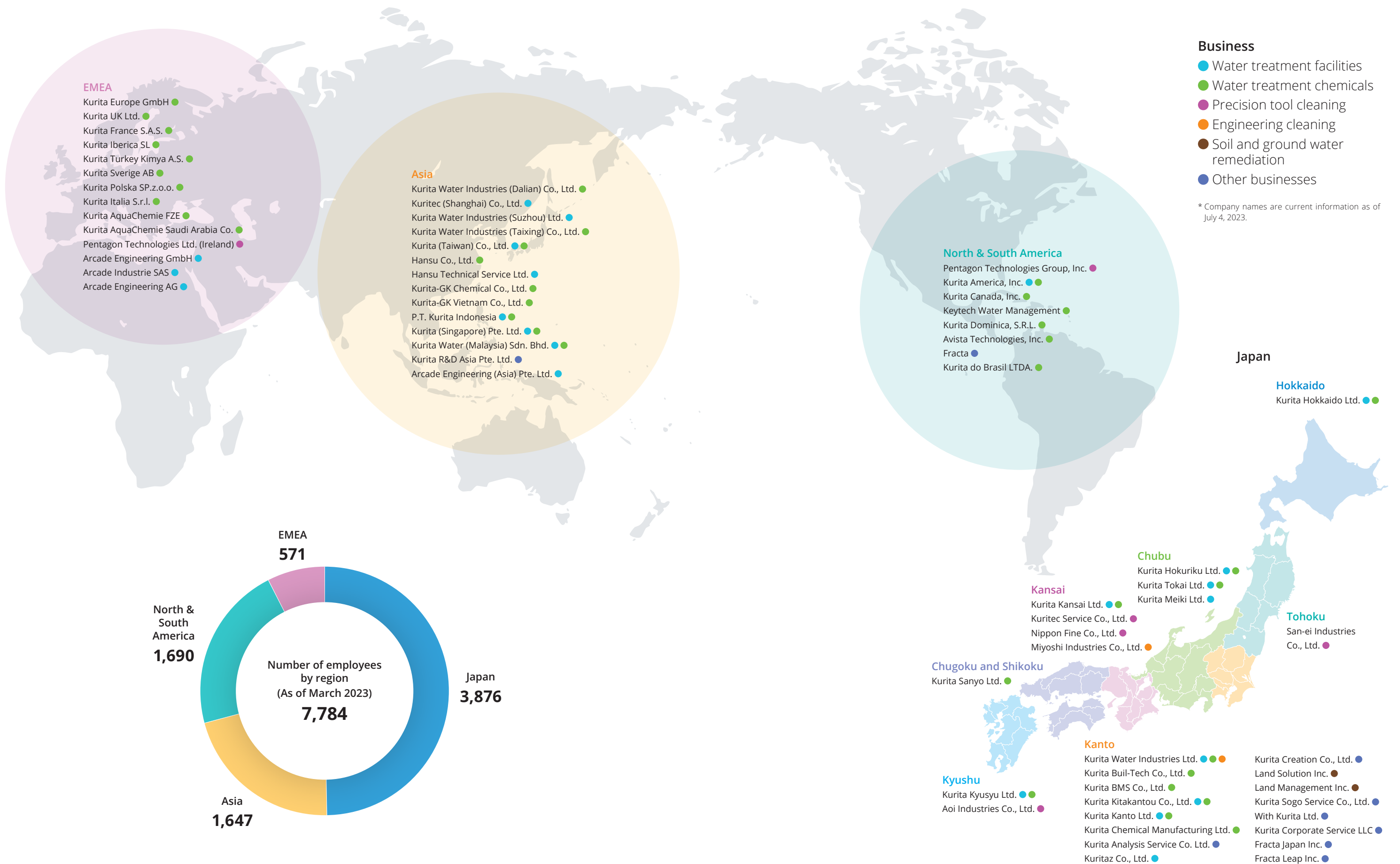
*4 Return on equity (IFRS) = Profit attributable to owners of parent ÷ Equity attributable to owners of parent (Average) × 100

Return on equity (J-GAAP) = Net income attributable to owners of parent ÷ Shareholders' equity (Average) × 100

*5 Financial leverage (IFRS) = Total liabilities and equity ÷ Equity attributable to owners of parent

Financial leverage (J-GAAP) =Total liabilities and equity ÷ (Equity + Accumulated other comprehensive income)

Group Network



Stock Information

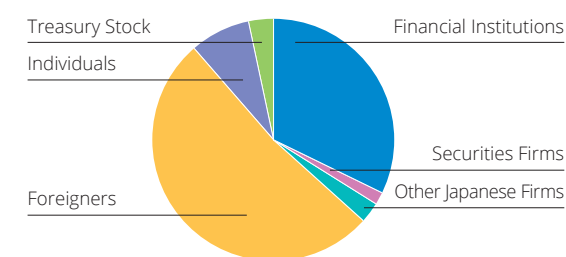
(As of March 31, 2023)

Stock Exchange Listing:	Prime Market of the Tokyo Stock Exchange
Stock Code	6370
Number of Authorized Shares:	531,000,000
Number of Shares Outstanding:	116,200,694 (Including 3,555,082 shares of treasury stock)
Trading Unit:	100
Dividend Payment Record Dates	Year-end dividend: March 31/Interim dividend: September 30
Number of Shareholders:	20,691
Transfer Agent:	Sumitomo Mitsui Trust Bank, Ltd.
Ordinary General Meeting of Shareholders	June
Accounting Auditor:	Grant Thornton Taiyo LLC

Major Shareholders

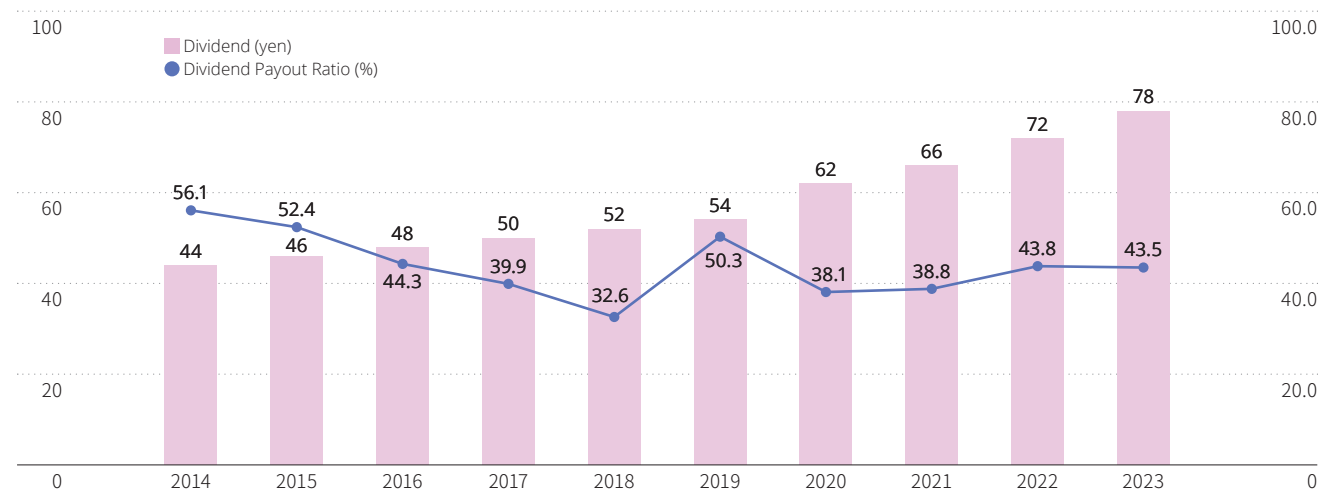
Name	Number of shares held	Share (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	16,569,200	14.25
Custody Bank of Japan, Ltd. (Trust Account)	7,146,257	6.14
Nippon Life Insurance Company	5,979,883	5.14
Kurita Water Industries Ltd.	3,555,082	3.05
CACEIS BANK, LUXEMBOURG BRANCH/UCITS CLIENTS ASSETS	2,544,796	2.19
MUFG Bank, Ltd.	2,056,131	1.76
STATE STREET BANK WEST CLIENT – TREATY 505234	1,970,629	1.69
STATE STREET BANK AND TRUST COMPANY 505025	1,777,998	1.53
STATE STREET BANK AND TRUST COMPANY 505253	1,570,419	1.35
BNP PARIBAS LUXEMBOURG/2S/JASDEC/FIM/ LUXEMBOURG FUNDS/UCITS ASSETS	1,514,700	1.30

Distribution of Shares by Shareholder Type



	Number of shares held	Distribution of Share (%)
Financial Institutions	37,648,537	32.4%
Securities Firms	1,742,739	1.5%
Other Japanese Firms	3,385,115	2.9%
Foreigners	60,348,529	51.9%
Individuals	9,520,692	8.2%
Treasury Stock	3,555,082	3.1%
Total	116,200,694	100.0%

Dividends and Dividend Payout Ratio (Fiscal years ended March 31)

* For stock price range and trading volume, please refer to [Stock Price Information](#) in the IR section of the corporate website.

Corporate Data

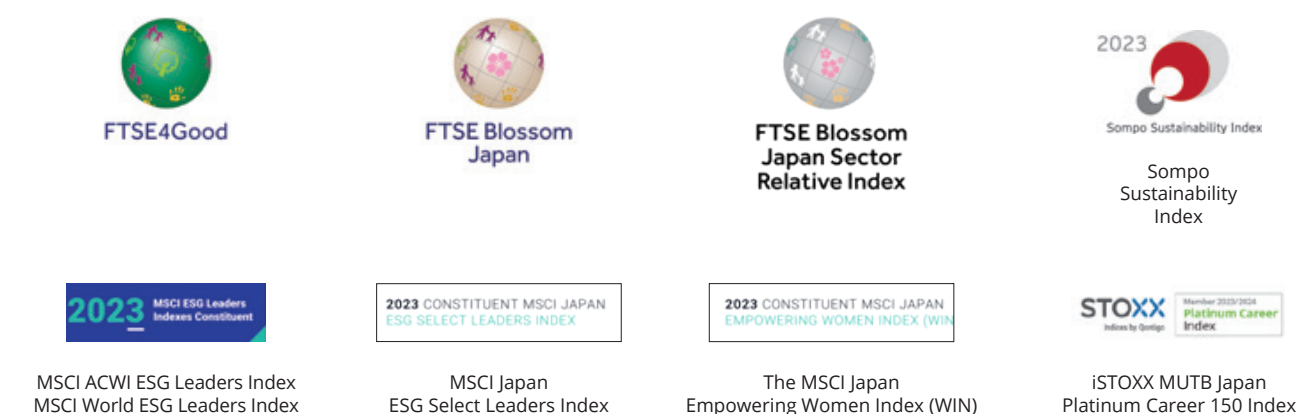
(As of March 31, 2023)

Company Name	Kurita Water Industries Ltd.
Established	July 13, 1949
Paid-in Capital	¥13,450,751,434
Number of Employees	7,784 (on a consolidated basis); 1,624 (parent company)
Head Office:	Nakano Central Park East (General Reception on 10F), 10-1, Nakano 4-chome, Nakano-ku, Tokyo 164-0001, Japan



External Evaluation

Inclusion in ESG Indexes

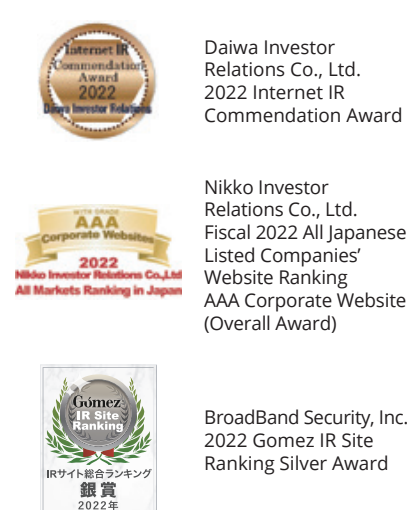


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Evaluation by ESG Rating Organization



IR Site



Others

