



Kurita Water Industries Ltd.

FY2017 Shareholder Relations Meeting

(Securities code: 6370)

February - March 2018

I Overview and Priority Measures of the Kurita Group P 1 - 9

II Corporate Governance Initiatives of Kurita P10-22

(Reference) Efforts for Dialogue with Shareholders P23

Company Profile and Shareholder Composition

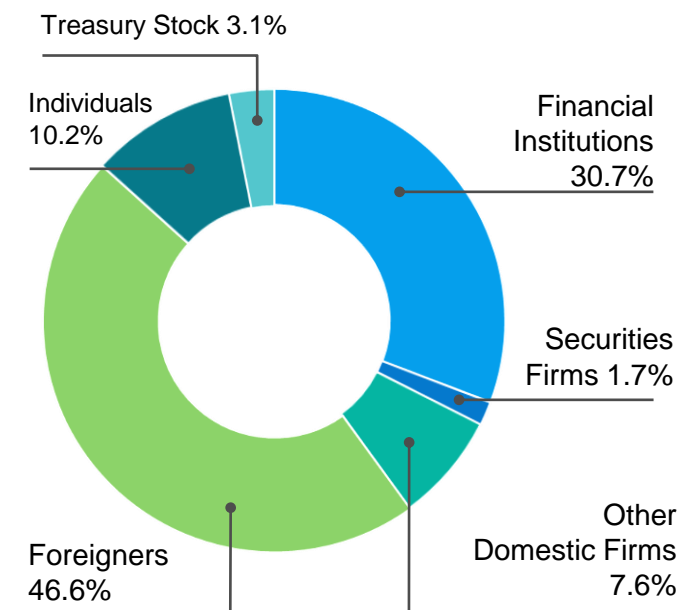
Corporate Data

■ Company Name	: Kurita Water Industries Ltd.	■ Fiscal year end	: March 31
■ Representative	: Michiya Kadota, President	■ Stock Exchange Listing	: First Section of the Tokyo Stock Exchange
■ Date of Establishment	: July 13, 1949	■ Paid-in Capital	: ¥13,450,751,434
■ Head Office Location	: Nakano Central Park East, 10-1, Nakano 4-chome, Nakano-ku, Tokyo	■ Issued Common Stock	: 116,200,694 shares
		■ Number of Shareholders	: 22,964 (As of September 30, 2017)

Shareholder Composition (Top 10) (As of September 30, 2017)

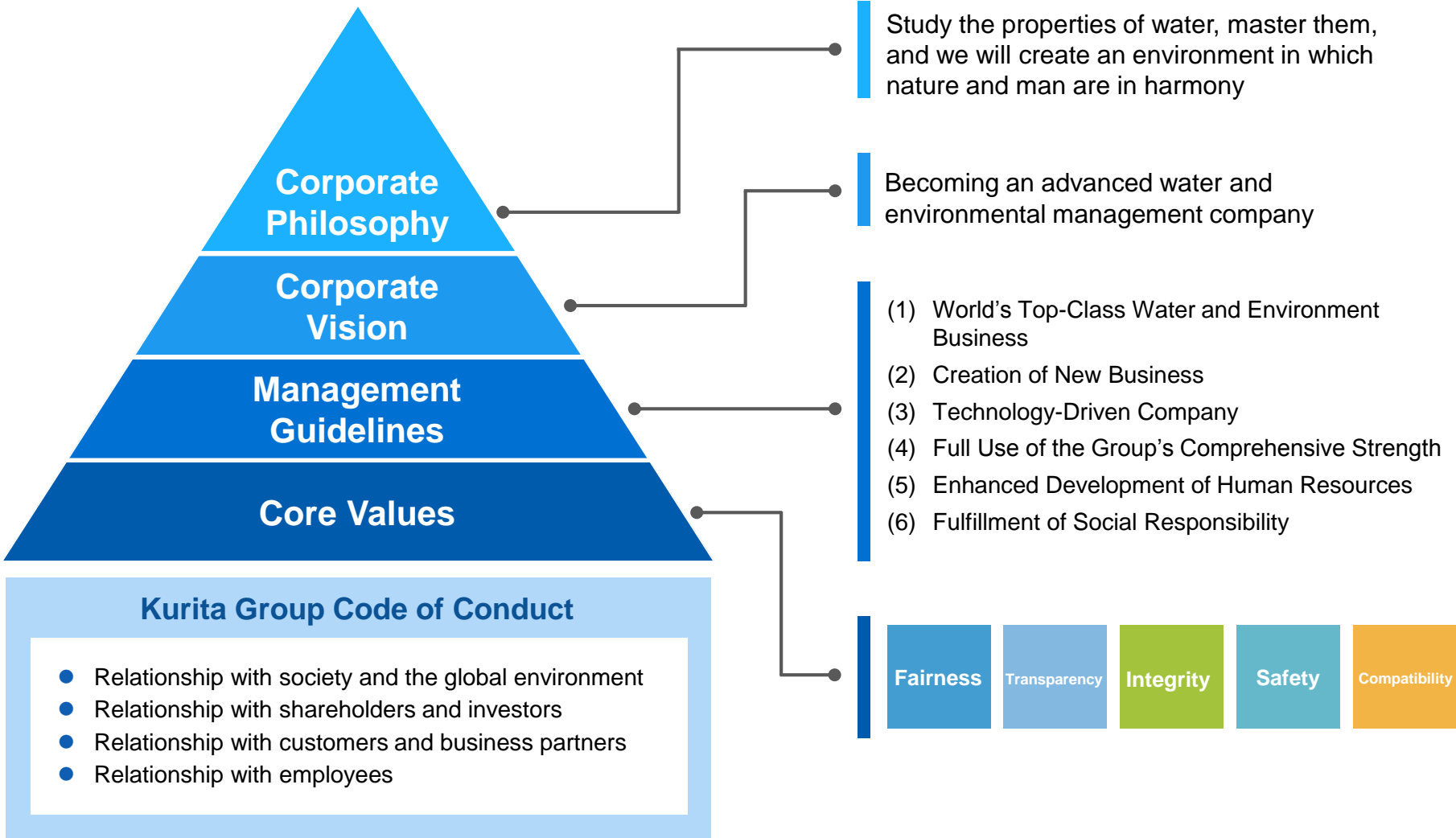
Ranking	Name	Shareholdings (Thousand shares)	Percentage of total shares issued
1	Japan Trustee Services Bank, Ltd. (Trust Account)	6,508	5.60%
2	Nippon Life Insurance Company	5,979	5.14%
3	The Master Trust Bank of Japan, Ltd. (Trust Account)	4,470	3.84%
4	BNYMSANV AS AGENT/CLIENTS LUX UCITS NON TREATY 1	2,894	2.49%
5	Japan Trustee Services Bank, Ltd. (Trust Account 9)	2,452	2.11%
6	Tokio Marine & Nichido Fire Insurance Co., Ltd.	2,155	1.85%
7	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2,056	1.76%
8	Japan Trustee Services Bank, Ltd. (Trust Account 5)	2,043	1.75%
9	NORTHERN TRUST CO. (AVFC) RE SSD00	1,827	1.57%
10	BANK JULIUS BAER AND CO., LTD.	1,713	1.47%

Shareholding Ratio (As of September 30, 2017)



Note: In addition to the above, the company has 3,591 thousand shares of treasury stock.
Japan Trustee Services Bank, Ltd. (Trust Account) includes 333 thousand shares of treasury stock for performance-linked stock remuneration for directors.

Framework of “The Kurita 21st Century Vision”



Note: The framework of “The 21st Century Vision” is scheduled to be revised in April 2018.

Strengthening of CSR Initiatives

CSR Policy (implemented on January 1, 2018)

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

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

Initiatives in FY2017

- Establishment of CSR and Investor Relations Department
- Launch of E&S (Environmental & Social) Committee

Evaluation of materiality

Positioning at core of next Medium-Term Management Plan

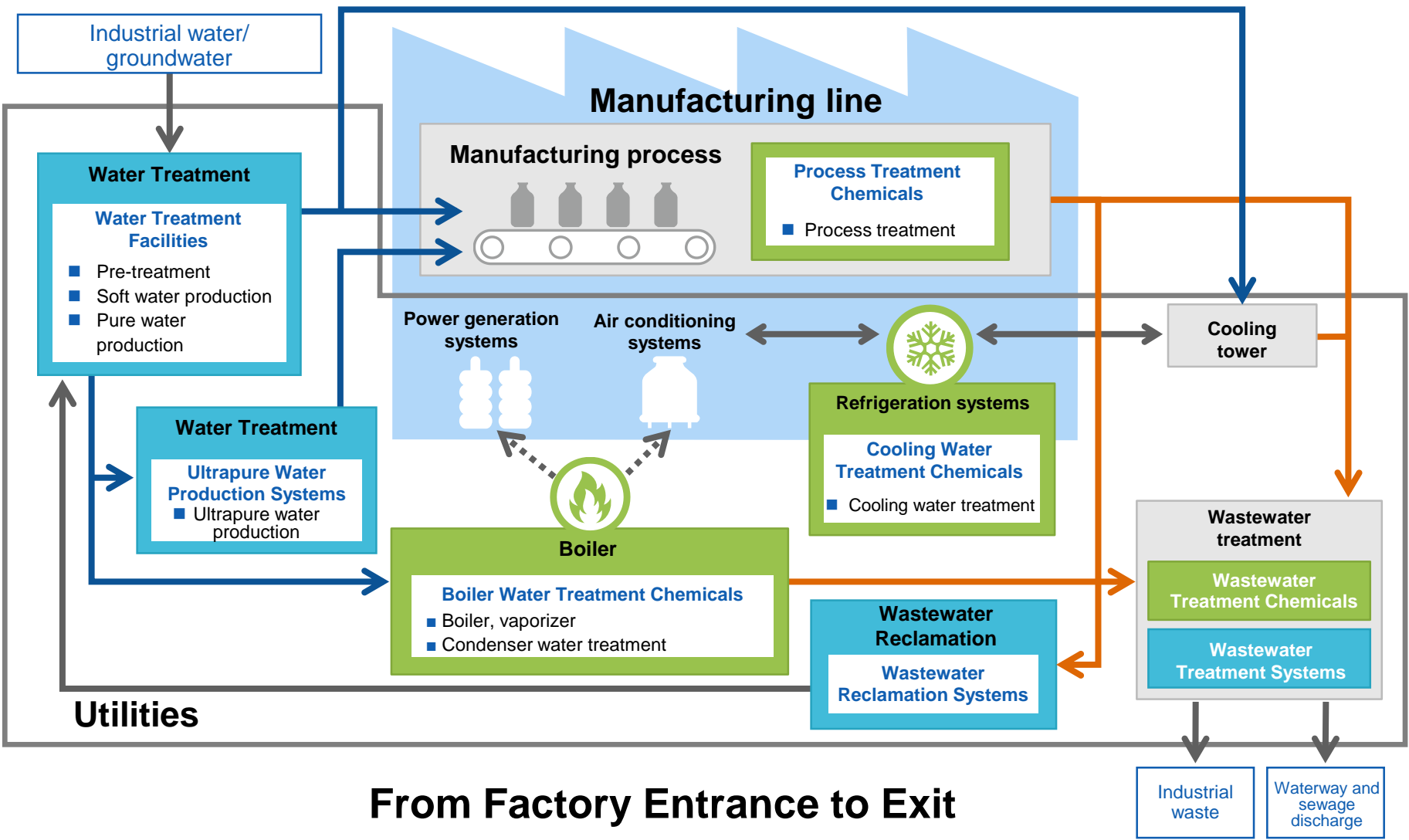
Board of Directors, E&S Committee, Divisions, Group Companies



Stakeholder engagement



Kurita's Business Domains

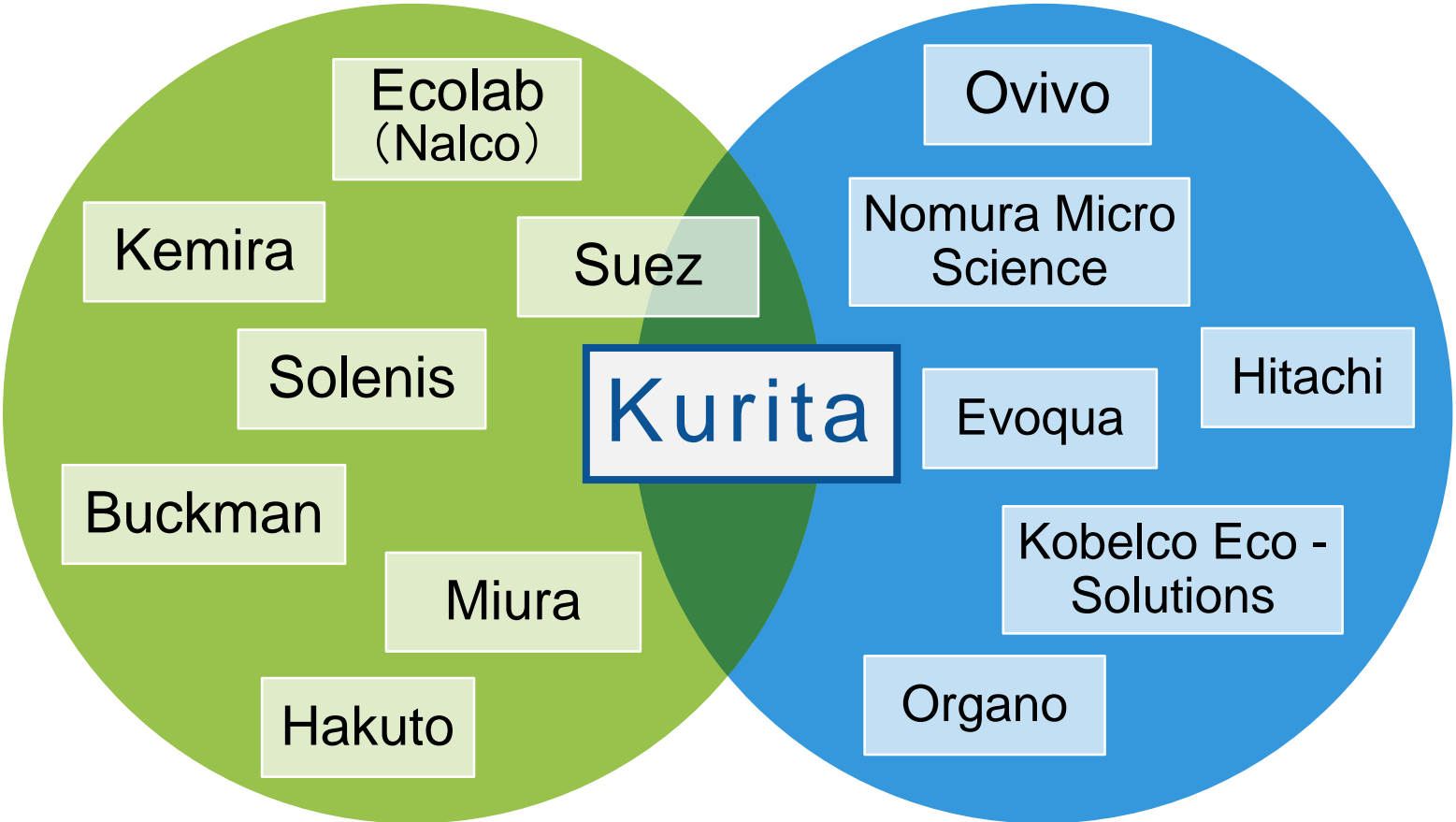


Status of Competition and Kurita's Strengths

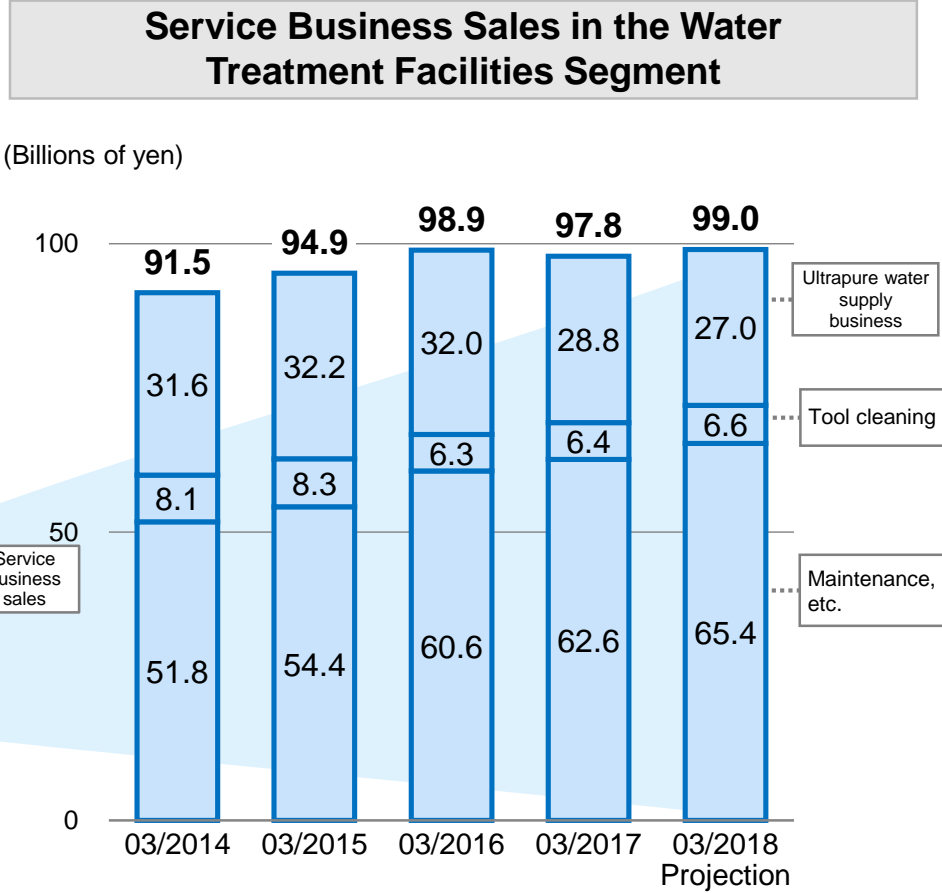
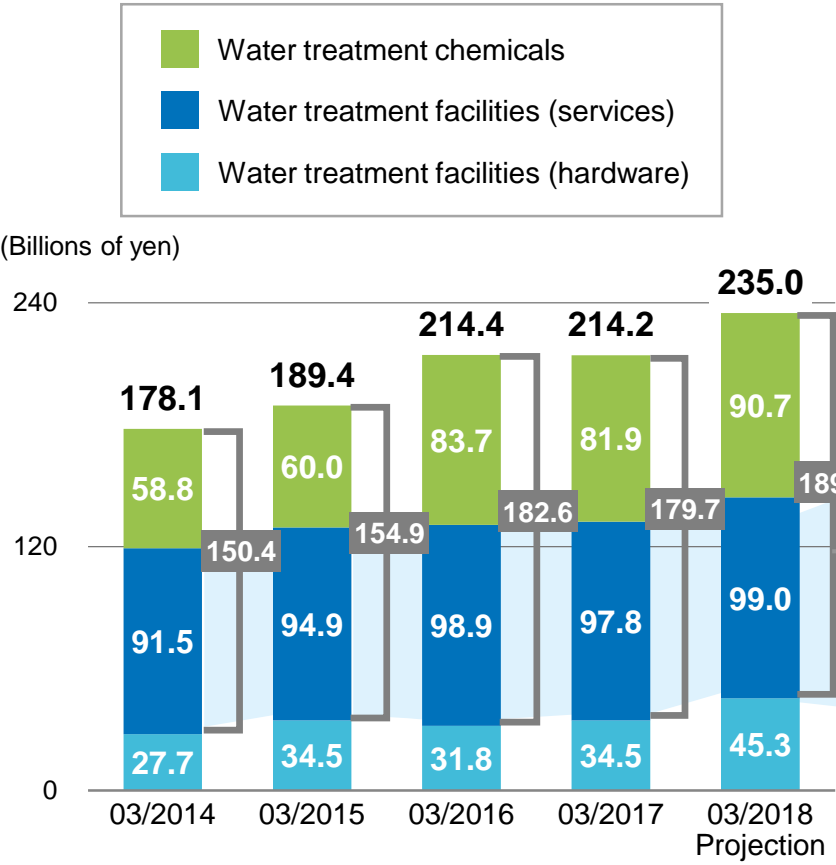
A Company with a Good Balance of Two Businesses

Water Treatment Chemicals

Water Treatment Facilities



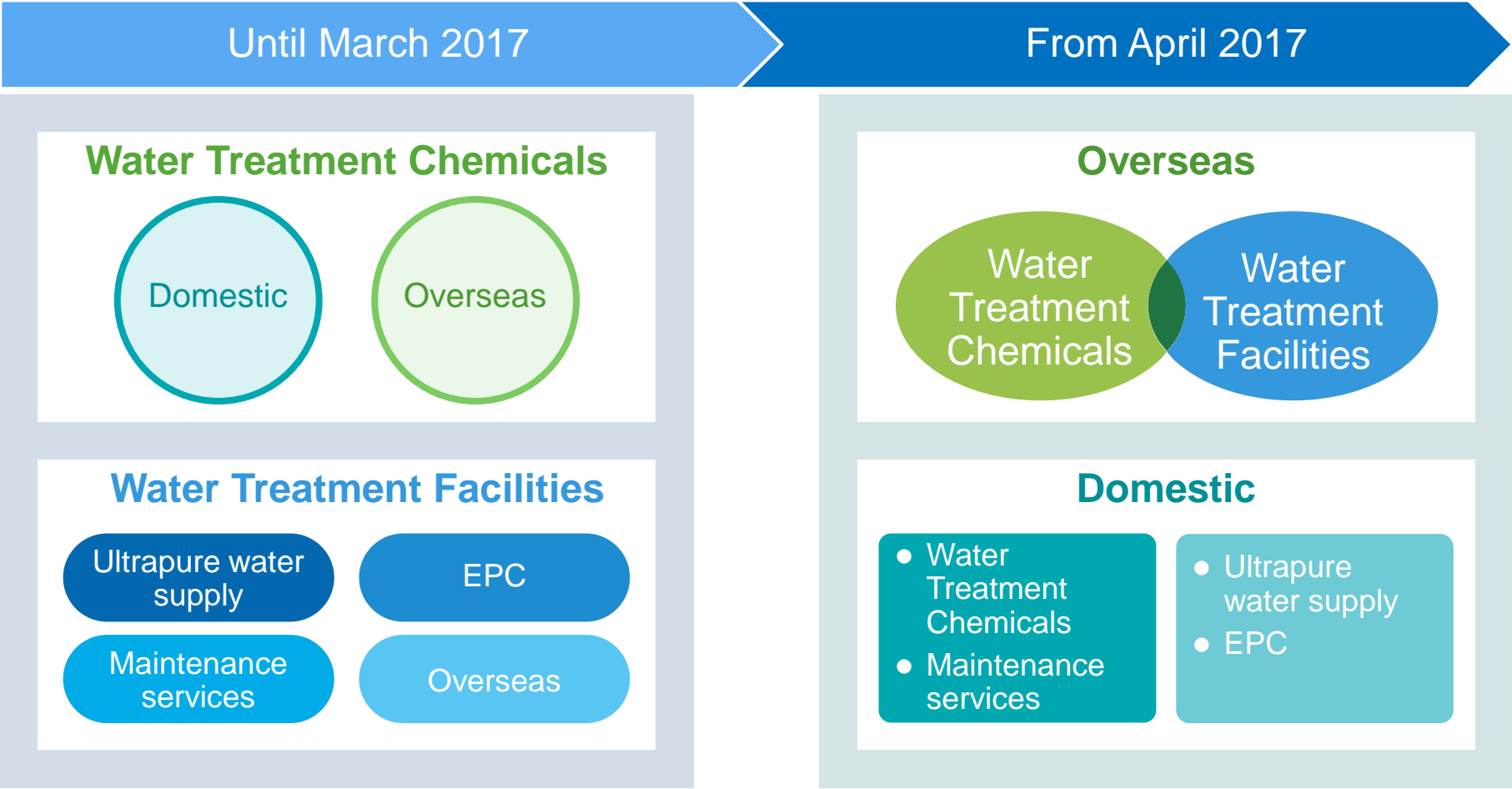
Net Sales and Business Mix



- The service business is achieving sustained growth.
- Service business sales accounts for 81% of total sales (projection for the year ending March 2018)

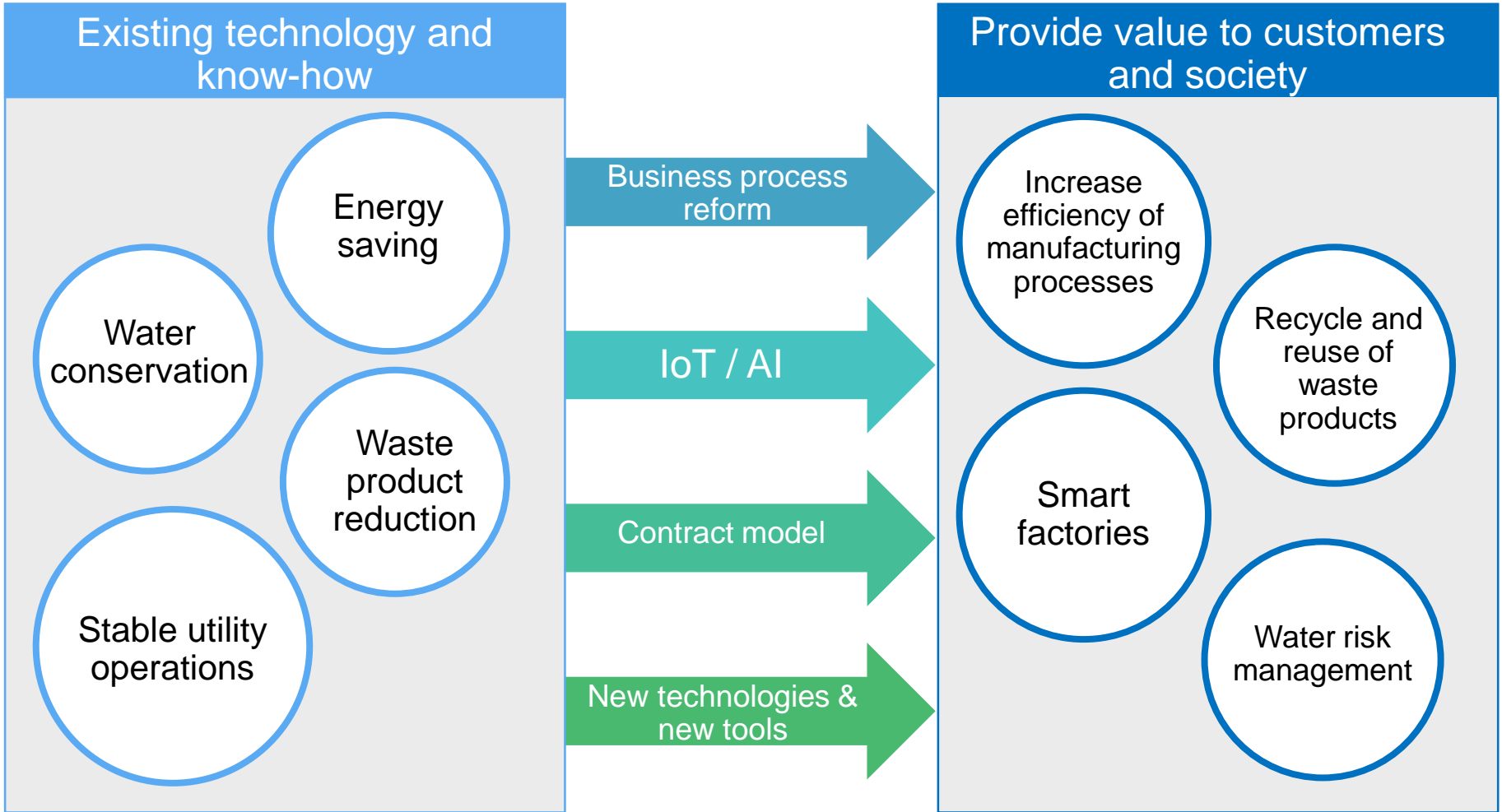
Priority Measures

1 Business organizational reform



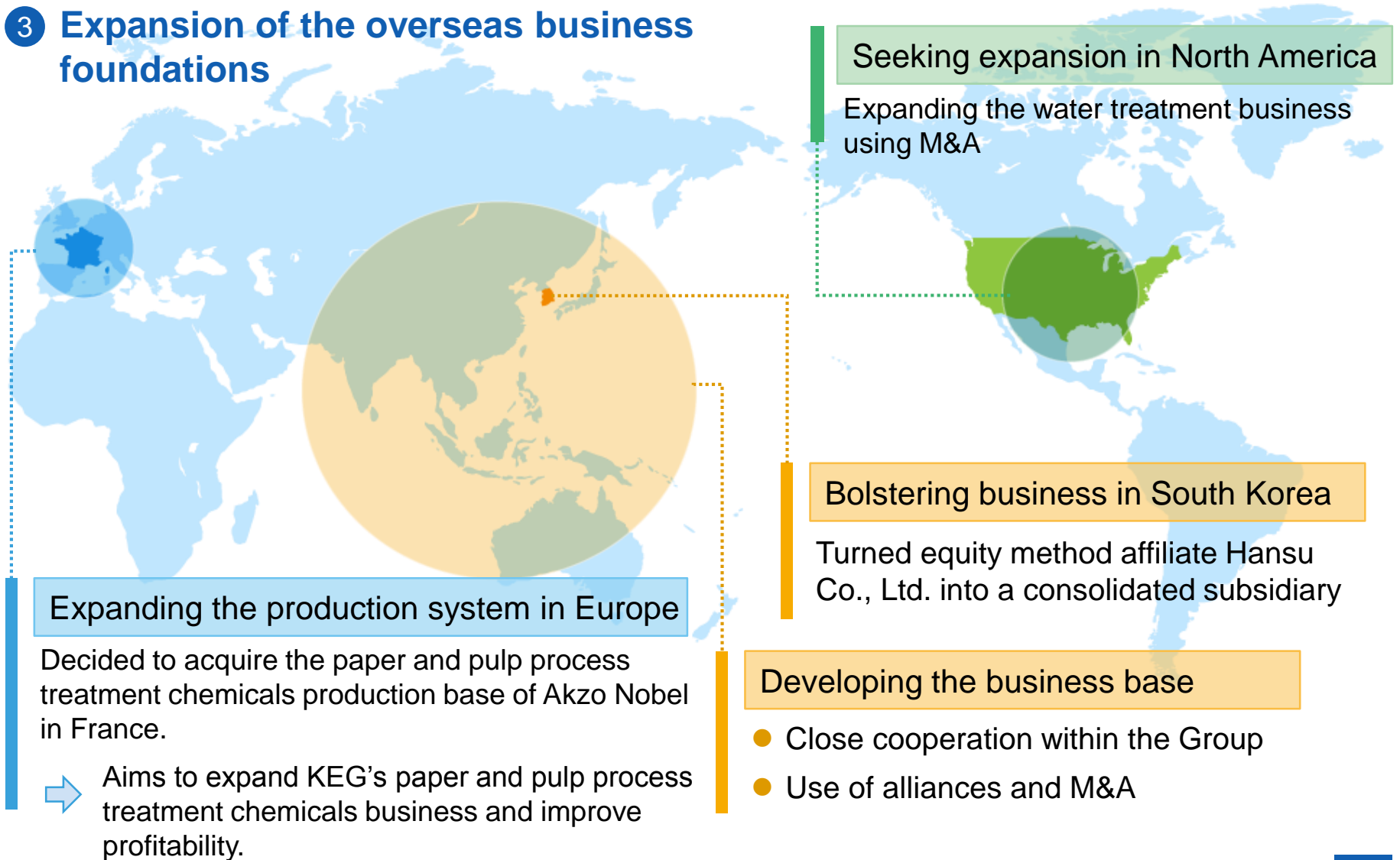
Priority Measures

2 Increase value offered



Priority Measures

3 Expansion of the overseas business foundations



II. Corporate Governance Initiatives of Kurita

Basic Concept and Basic Policies

Basic Concept

Corporate Philosophy

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

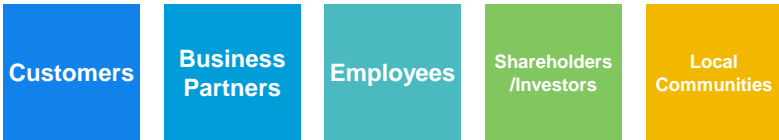
Establishment of Corporate Governance

Purpose

- Transparent, fair, prompt and decisive decision-making
- Highly effective management supervision

Sustainable Growth and Medium- and Long-term Enhancement of Corporate Value

Respect for the rights and position of stakeholders and meeting their expectations



Basic Policies (5 Items)

- (1) Ensuring the rights and equality of shareholders
- (2) Appropriate level of cooperation with stakeholders other than shareholders
- (3) Ensuring appropriate information disclosure and transparency of information
- (4) Duties of the Board of Directors and the Audit & Supervisory Board, etc.
- (5) Dialogue with shareholders and investors

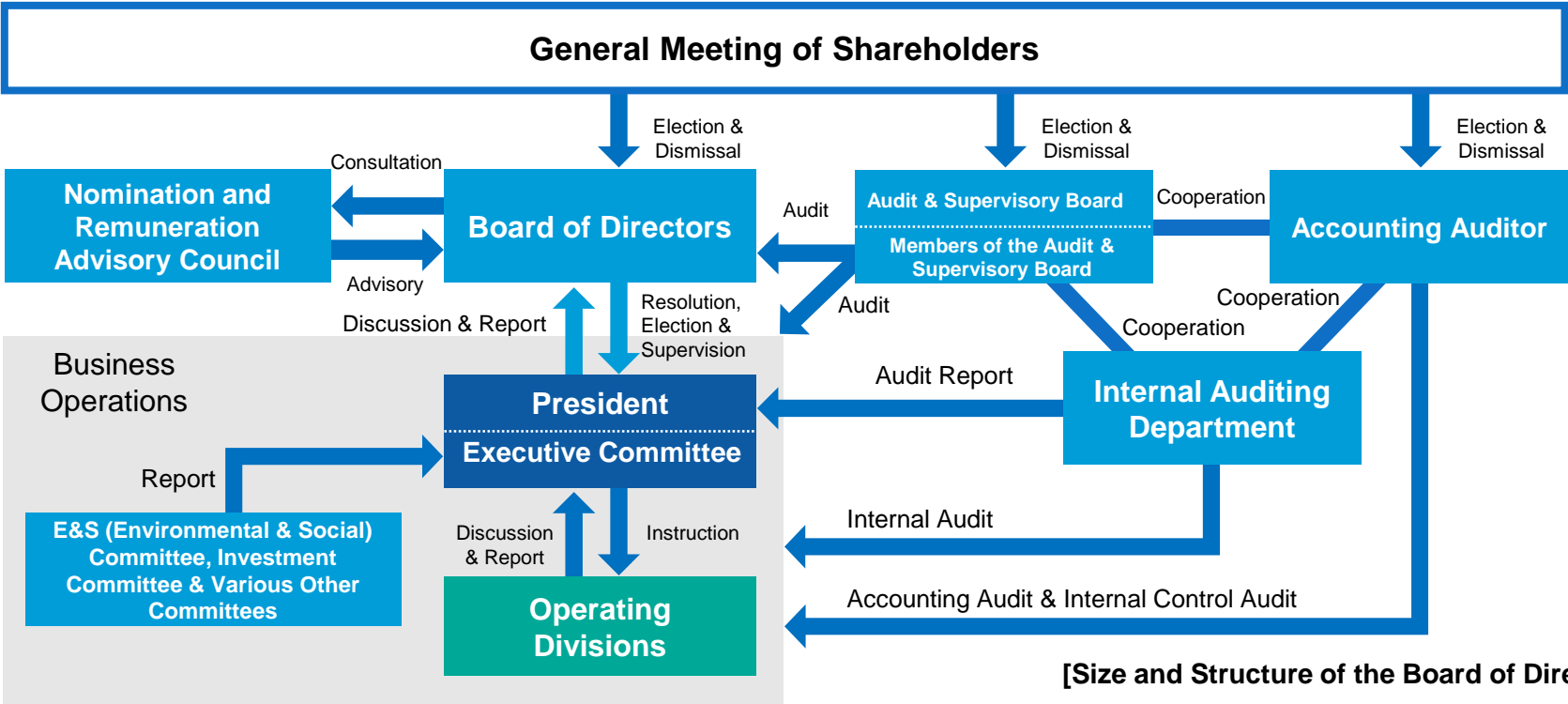
Policies (16 Items)

Review the Policies at least once a year or when necessary.

Note: Criteria for Judging Independence were revised in FY2017.

Corporate Governance System Chart

Company with the Audit & Supervisory Board



[Size and Structure of the Board of Directors]

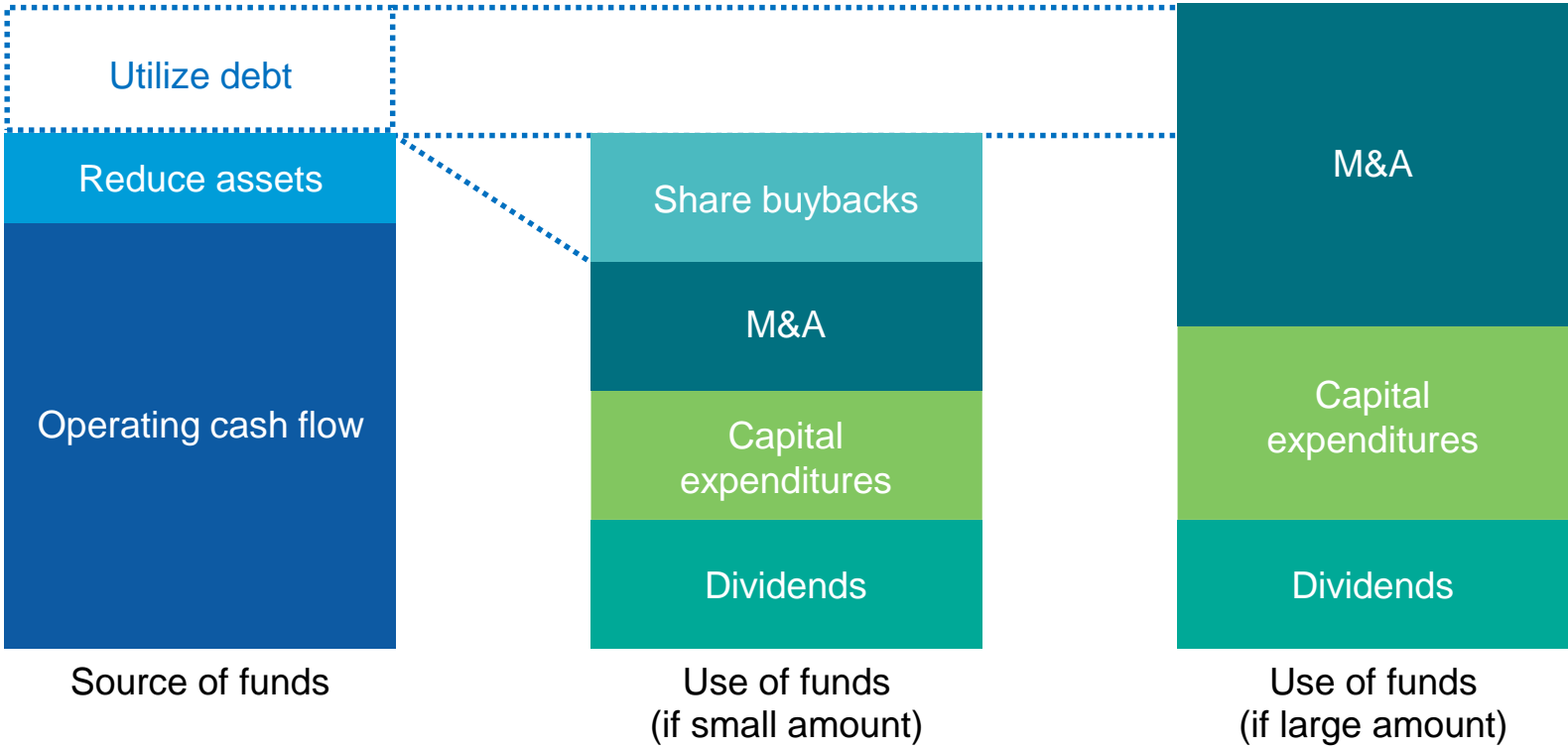
- There are at least three directors on the Board of Directors, of which two or more are external directors. The inclusion of external directors is meant to ensure the independence and objectivity of the Board of Directors.
- The Board of Directors consists of human resources with high level of expertise in business areas, corporate planning, finance, accounting, legal affairs and technologies, etc.

Current Board of Directors	
Number of directors	10
Number of directors who are external directors	2 (Designated as independent officers)
Term of office	1 year

Current Audit & Supervisory Board	
Number of members of the Audit & Supervisory Board	3
Number of external members of the Audit & Supervisory Board	2 (Designated as independent officers)
Term of office	4 years

Capital Policy

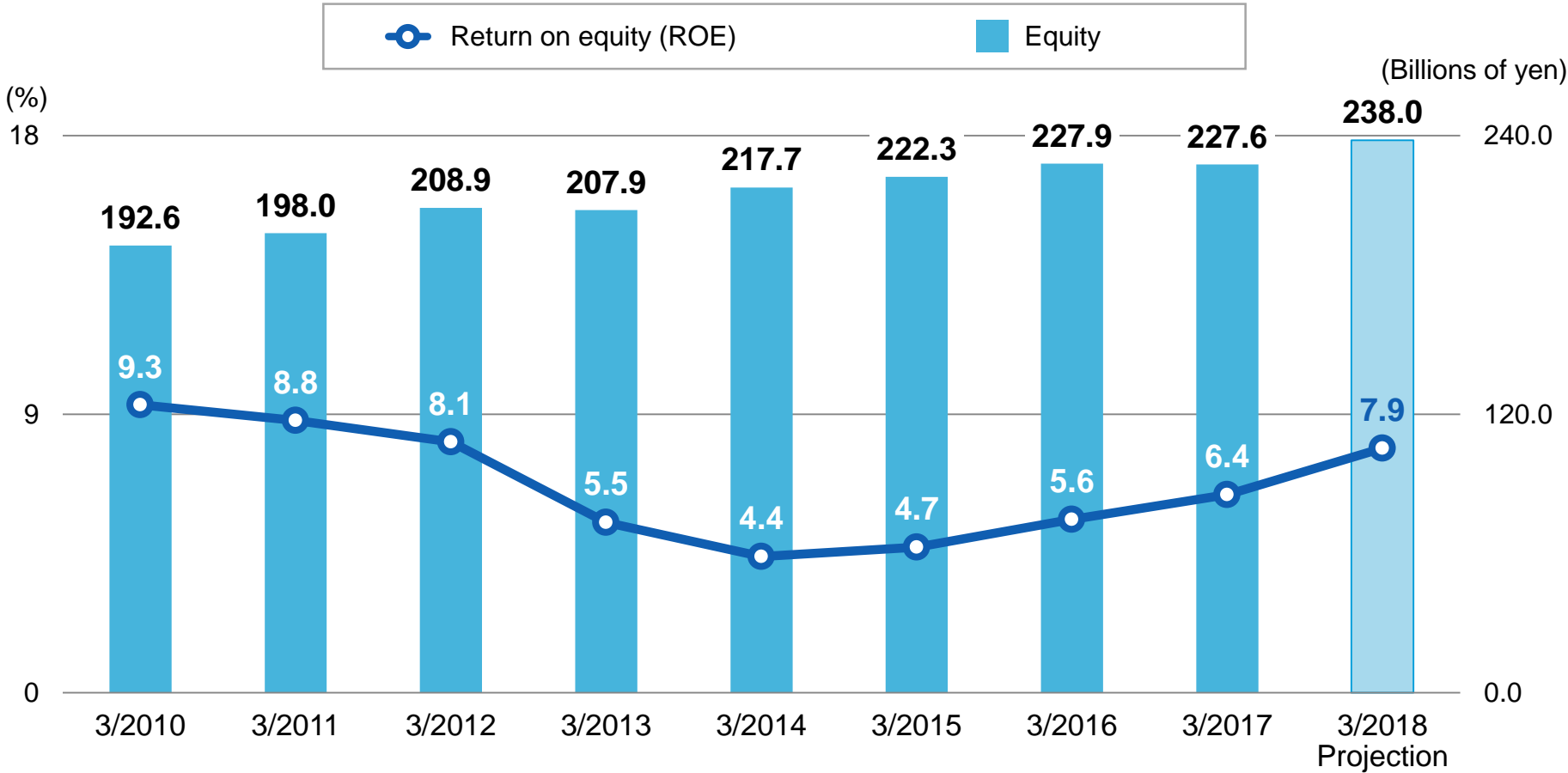
① Uses of Cash (policy)



- Proactively invest funds in promising businesses and reduce assets.
- Consider introducing capital efficiency indicators.

Capital Policy

2 Past ROE

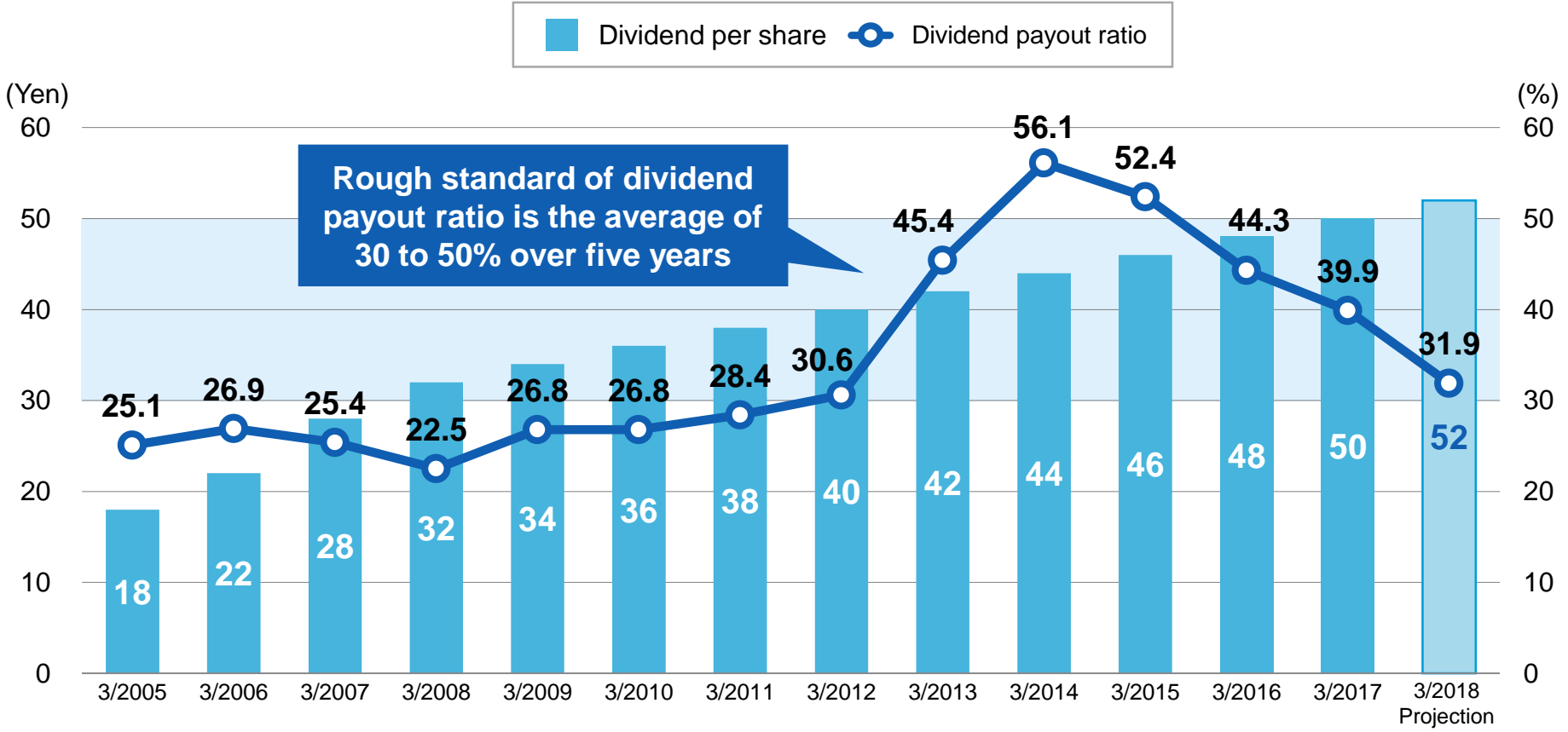


Notes: * Equity = Net assets - Non-controlling interest

* For ROE, equity is calculated using the average from the beginning to the end of the period. The forecast value is shown for equity as of March 31, 2018.

Capital Policy

3 Dividend Policy



Dividends are forecast to increase for the 14th consecutive year

II. Corporate Governance Initiatives of Kurita

Overview of the Compensation System for Directors and Members of the Audit & Supervisory Board

(1) Directors (excluding external directors)



Evaluation indicators

- Common ⇒ Consolidated operating income
- President, General Manager of Corporate Planning Division, General Manager of Group Administrative Division ⇒ ROE
- General Manager of Research and Development Division ⇒ Orders received for products developed
- General Manager of Business Divisions, General Managers of Sales Divisions ⇒ Year-on-year growth of consolidated sales of own division

Evaluation indicator

- Profit attributable to owners of parent

(2) External directors, Members of the Audit & Supervisory Board



Evaluation of the Board of Directors

Implementation Method

Frequency | Once a year

Method | Self evaluation
Discussion of written survey (with respondents identified) and tabulated results

- Evaluation Items
1. Board of Directors roles and responsibilities
 2. Collaboration with external directors and external members of the Audit & Supervisory Board
 3. Board of Directors composition
 4. Board of Directors operation
 5. Contributions of individual directors and members of the Audit & Supervisory Board
 6. Dialogue with shareholders

Evaluation Results (Period Covered: January - December 2016)

- Average of self-evaluations generally good in all 6 items.
- Of these, the evaluations of 2 and 5 are particularly high.
- Meanwhile, the evaluations of 1, 4 and 6 were relatively low, and evaluations by external directors were particularly low.

Issues and Initiatives

- Revision of corporate vision for contributing to long-term improvement of corporate value and establishment of specific targets concerning the environment and society.
- Strengthening of evaluation system for increasing the quality of discussion of investments in the Board of Directors.
- Clarification of themes and messages to be conveyed to shareholders.

Note: The evaluation of the Board of Directors covering the period from January to December 2017 is currently underway.

Continuous Board of Directors' Reforms

	FY2017 Initiatives	Actions
Directing Management Strategy	Improve discussion aimed at long-term improvement of corporate value	<ul style="list-style-type: none"> ■ Revised corporate vision ■ Establishment of CSR Policy ■ Formulation of new Medium-term Management Plan
Management Oversight and Execution	<p>The following began to be implemented in FY2017</p> <ul style="list-style-type: none"> ■ Transfer business execution authority to the Executive Committee ■ Reduce matters to be reported concerning the status of business execution 	Invigorated discussions in the Board of Directors
Board of Directors Size and Composition	Secure diversity in the Board of Directors	Appointed a female external director
Board of Directors and Executive Committee Operation	Establish an Investment Committee for conducting advance screening of investments	Improved quality of discussion
Director and Audit & Supervisory Board Member Training	Add training menu	<p>4 workshops inviting external instructors</p> <p>3 on-site tours and workshops on business for external directors</p>

II. Corporate Governance Initiatives of Kurita

Independent External Directors

Role and Duties

- Evaluating the outcomes of the management actions of the Kurita Group
- Evaluating how directors and executive officers run businesses
- Expressing opinions from the standpoint of sustainable growth and the medium-to long-term enhancement of corporate value
- Expressing opinions on important decision-making matters, including the selection of candidates for director and deciding on the remuneration of directors, etc.

Term of Office and Restrictions on Serving Concurrently on Other Companies' Boards or Committees

- Appointment term is 1 year, generally up to 4 years in succession
- Can serve concurrently at up to 3 listed companies, including Kurita

Tsuguto Moriwaki

1967	Joins Kobe Steel, Ltd.
1999	Becomes Managing Director of Kobe Steel, Ltd. Becomes President and Representative Director of Kobelco Construction Machinery Co., Ltd.
2002	Becomes Executive Vice President and Representative Director of Kobe Steel, Ltd.
2004	Becomes President and Representative Director of Shinsho Corporation
2010	Becomes Adviser to Shinsho Corporation/Retires in 2012
2015-	Becomes Director of the Company (present post)

Ryoko Sugiyama

1996	Establishes Sugiyama & Kurihara Environmental Consultants, Inc. Becomes Representative Director of Sugiyama & Kurihara Environmental Consultants, Inc.
2007	Becomes Director of Sugiyama & Kurihara Environmental Consultants, Inc. (present post)
2010	Becomes Professor of Fuji Tokoha University (current Tokoha University)
2010	Becomes External Director and Audit and Supervisory Committee Member of LECIP Holdings Corporation (present post)
2015	Becomes External Director of UACJ Corporation (present post)
2017-	Becomes Director of the Company (present post)

Criteria for Determining Independence

Criteria for Judging Independence

A candidate for independent external director or any of his/her close relatives*¹ must not fall under any of the following items.

- a. A person who currently executes the operations of the Company or its subsidiary or has executed such operations in the past 10 years
- b. A person whose major business partner is currently the Company*² or was the Company at some time during the past year, or an individual who executes the operations of this party
- c. A current major business partner of the Company*³ or a major business partner at some time during the past year, or a person who executes the operations of the major business partner
- d. A consultant, an accountant, or a legal professional who currently receives or has received at some point during the past year a lot of money or property*⁴ other than remuneration for officers from the Company
- e. A current major shareholder of the Company*⁵ or a person who executes the operations of a major shareholder
- f. A person who executes the operations of an organization in which an external officer also currently assumes office (the person only)
- g. A person who executes the operations of an organization to which the Company currently makes a donation (the person only)

*1 The term “close relatives” means relatives within the second degree of kinship.

*2 The term “person whose major business partner is the Company” means a person whose sales in transactions with the Company make up 2% or more of that person’s consolidated net sales.

*3 The term “major business partner of the Company” means a business partner with whom the Company’s sales in transactions make up 2% or more of the consolidated net sales of the Company, or a business partner from which borrowings make up 1% or more of the consolidated total assets of the Company.

*4 The term “a lot of money or property” means money and other property that are equivalent to 10 million yen or more per year, other than remuneration for officers.

*5 The term “major shareholder of the Company” means a shareholder who has voting rights that account for 10% or more of the voting rights of the Company.

Note: The yellow marking indicates sections revised in FY2017.

Composition and Actions of the Nomination & Remuneration Advisory Council

		Members	FY2017 Actions
Nomination	<ul style="list-style-type: none"> ■ Candidates for directors ■ Candidate for representative director ■ Candidates for directors with special titles 	<ul style="list-style-type: none"> ■ 2 external directors ■ Full-time external member of the Audit & Supervisory Board ■ President 	<ul style="list-style-type: none"> ■ Decided the suitability of all candidates ■ Abolished honorary advisor
	<ul style="list-style-type: none"> ■ Candidates for member of the Audit & Supervisory Board 	<ul style="list-style-type: none"> ■ Full-time external member of the Audit & Supervisory Board ■ Full-time internal member of the Audit & Supervisory Board ■ President ■ General Manager of Corporate Planning Division ■ General Manager of Group Administrative Division 	<ul style="list-style-type: none"> ■ Decided the suitability of Audit & Supervisory Board candidates
Remuneration		<ul style="list-style-type: none"> ■ 2 external directors ■ Full-time external member of the Audit & Supervisory Board ■ President 	<ul style="list-style-type: none"> ■ Evaluated directors' performance ■ Deliberated the appropriateness of ROE level

The Chairman of the Nomination and Remuneration Advisory Council is an external director

Roles and Achievements of the Investment Committee

Roles		<ul style="list-style-type: none"> ■ Evaluation of investments and financing to be submitted to the Board of Directors or the Executive Committee for deliberation ■ Reporting of the evaluation results to Directors and Members of the Audit & Supervisory Board 										
Members		<p>Chairman Deputy General Manager of Group Administrative Division (person in charge of financial administration)</p> <p>Members General Manager of Corporate Planning Department, General Manager of Accounting Department, General Manager of General Affairs Department, General Manager of Group Project Integration Department (Finance, Tax and IFRS Establishment)</p>										
FY2017 Actions (April - December 2017)	Number of cases reviewed	<table border="0"> <tr> <td>Investment and M&A deals</td> <td>8</td> <td rowspan="4"> </td> <td rowspan="4"> Total of 17 </td> </tr> <tr> <td>Capital expenditure projects</td> <td>4</td> </tr> <tr> <td>Borrowing and funding</td> <td>4</td> </tr> <tr> <td>Establishment of corporations</td> <td>1</td> </tr> </table>	Investment and M&A deals	8		Total of 17	Capital expenditure projects	4	Borrowing and funding	4	Establishment of corporations	1
	Investment and M&A deals	8		Total of 17								
Capital expenditure projects	4											
Borrowing and funding	4											
Establishment of corporations	1											
Results	Improvement of quality of discussions in Board of Directors and Executive Committee											

Holding of Listed Shares Owned for Policy Purposes

Policies		In some cases, Kurita Water Industries Ltd. holds stock of listed companies as strategic cross-holdings in order to strengthen business relationships
Review of Holdings	Frequency	<ul style="list-style-type: none"> Once a year and as necessary
	Criteria	<ul style="list-style-type: none"> If the total of the business profits and the dividends received fall short of expectations for 5 consecutive years Scandals, etc.
FY2017 Activity		<ul style="list-style-type: none"> Sold 9 of 46 stocks

New Efforts

- **Providing more detailed information in General Meeting of Shareholders convocation notice** 2017 Notice
Statement of investment standards and corporate governance initiatives (results of evaluation of effectiveness of Board of Directors, sale of shares owned for policy purposes, etc.)

Current Matters of Focus

- **Results briefing for institutional investors (four times a year)**
- **Implementation of roadshow overseas (three times a year)**
- **Early forwarding of the convocation notice** June 1999-
- **Adoption of the platform for the electronic exercise of voting rights of ICJ, Inc.** June 2006-
- **SR visit** November 2011-
- **Preparation of the convocation notice (reference materials) in English** June 2013-
- **Preparation of English translation of CG report** October 2016-
- **Quick disclosure before sending out General Meeting of Shareholders convocation notice** June 2016-



-
- U R L ■ <http://ir.kurita.co.jp/>
 - M A I L ■ ir@kurita.co.jp

Forward-looking Statements

The plans and values contained in this document are decided based on information available at the present time. They contain risks and uncertainties, and therefore may differ from actual results.