

A Creator **of** Unique Value

KURITA WATER INDUSTRIES LTD.
Integrated Report **2020**

For the year ended March 31, 2020



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Disclaimer

This report contains forward-looking statements from Kurita Water Industries Ltd. and its consolidated subsidiaries pertaining to plans, forecasts, strategies, and results. 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.

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*Always striving to create
the development of*

Integrated Report 2020

The outbreak of novel coronavirus disease (COVID-19) has had far-reaching consequences for the entire world. As we work to overcome the limitations and disruption caused by the pandemic, it's becoming increasingly evident that our societies have changed forever. However, at the same time, it's also clear that many of mankind's values will endure, even as we adjust to the major changes forced upon us.

In the Kurita Group's medium-term management plan launched in April 2018, part of the basic policy is to "dismantle preconceived ideas." That's because it will be risky to stick with existing approaches, no matter how successful, if we want to build a robust earnings structure that remains viable well into the future. Since launching the plan, we've implemented a whole

*new value that supports
society and industry*



range of initiatives to reform business processes and transform business models, but there's a fundamental value that we should still adhere to – always strive to create new value that supports the development of society and industry – which dates back to the first days of the Company when we started providing value with water treatment chemicals. That stance is also clearly expressed in our corporate philosophy, which we work to put into practice every day.

To communicate those values to stakeholders and create a starting point for discussion within and outside the Kurita Group, we decided to publish our first-ever Integrated Report last year. The Kurita Group is still exploring ways to achieve integrated business management, but we hope this second report will help

to explain the Group's stance on many issues, providing an opportunity to spur constructive dialogue with all our stakeholders.

July 2020

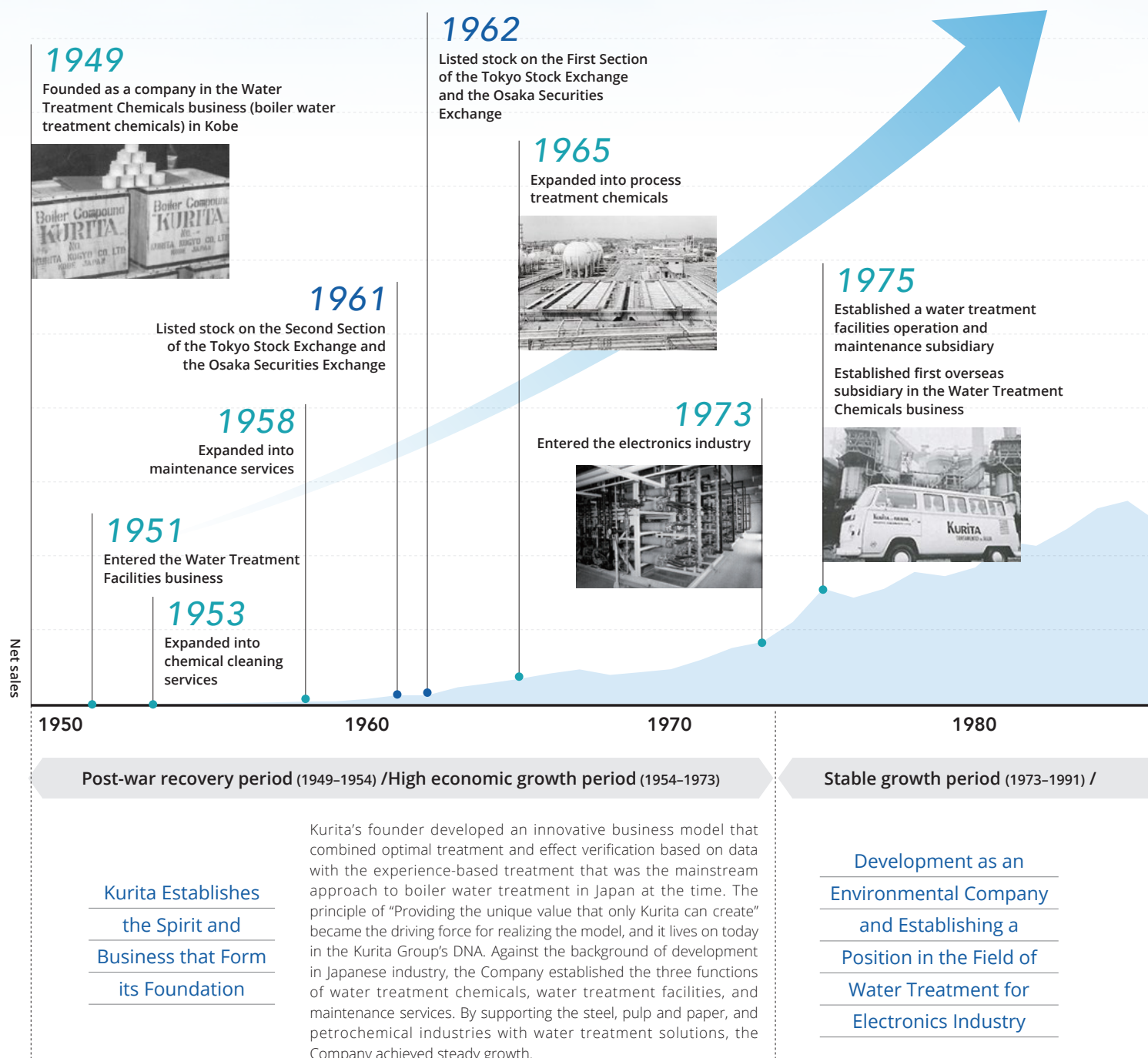
Michiya Kadota

President and Representative Director

History of Value Creation

Since its establishment, the Kurita Group has provided value to its customers by solving water-related issues in various industries.

In 2018, the Kurita Group adopted as its corporate vision "A Creator of unique value to the solution of water and the environment," for contributing to the realization of a sustainable society and started the medium-term management plan Maximize Value Proposition 2022 (MVP-22), which positions CSR at the core. The Kurita Group will continue working to provide its 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 man are in harmony."



Medium-Term Management Plan “Maximize Value Proposition 2022 (MVP-22)”

(April 1, 2018 – March 31, 2023)

Basic Policy:

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

Management Targets:

Net sales organic growth rate **3%** or more

Business profit margin **15%**

Return on equity (ROE) **10%** or more

Adoption of management using return on invested capital (ROIC)
Aim for improved capital efficiency in each business segment

Priority Measures:

- Development of CSV business
- Rebuilding of manufacturing system for water treatment facilities
- Strengthening the foundation and promotion of research and development
- Enhancement of total solutions
- Creation of new business and the promotion of innovation
- Establishment of the Group governance system

2020

Merged four U.S. subsidiaries, including acquired companies

A tool cleaning company in the U.S. becomes a subsidiary

2018

Reshaped the group philosophy system

Formulated a new corporate vision

2015

Commenced the ultrapure water supply business in South Korea

Acquired a water treatment chemicals business in Europe



2003

Achieved 100% wastewater reclamation



2017 2019

Acquired water treatment-related companies in the United States

2002

Launched ultrapure water supply business



1991

Launched soil remediation services



1986

Deployed tool cleaning services



1989

Established the corporate philosophy

1990

2000

2010

2020

Information society development period (1991–1999)

As areas all over Japan experienced worsening pollution issues accompanying economic growth, Kurita made its mark as an environmental company by working to solve pollution due to industrial and household wastewater. In the 1980s, Kurita established a firm position as a provider of water treatment solutions for the electronics industry by meeting the industry's growing demand for advanced water treatment with ultrapure water technology. In 1989, marking its 40th anniversary, Kurita formulated the current corporate philosophy. It shared its mission of creating shared value with society in the fields of water and environment, and expanded its business to include soil remediation.

Period of IoT advancement (1999–)

New Business Model Deployment and Globalization

In 2002, as the electronics industry continued to develop even further with the advance of IT, Kurita developed a new service contract-type business model in the form of the ultrapure water supply business. Subsequently, the Company continued to transform its business model, creating various new services that identified customers' issues from the perspectives of saving water, saving energy, and reducing waste, and provided solutions for them. From 2015, the Company began full-fledged expansion into overseas business through M&A, and is promoting global development of total solutions.

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 man are in harmony

1. Kurita Group will contribute to facilitate the coexistence and shared prosperity of the natural environment and human society by creating shared value with society through water.
2. Kurita Group will generate new functions and value for water, through further exploration and exploitation of the fundamental properties of water.
3. Each individual of Kurita Group will adopt its customers' point of view and solve their water and environmental issues, by making full use of its unique technologies, products and services.

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

Corporate Vision

"A Creator of unique value to the solution of water and environment," contributing to the realization of a sustainable society.

1. Kurita Group will seek to create shared value with society such as environmental preservation and the effective use of resources, and will realize its corporate philosophy, by continuing to innovate and through businesses contributing to the natural environment, industry and people's lives.
2. Kurita Group will, as an indispensable partner, create value for customers such as "pursuit of safety," "productivity enhancement" and "reduction of environmental impact."
3. Kurita Group will evolve its "service business" and will provide customers, at speed, with comprehensive solutions making full use of Kurita's technologies, products and services in water treatment chemicals, water treatment facilities and maintenance services.

Basic Policy

The basic policy encompasses the management direction and aims of the Group and forms the foundation of the Kurita Group Philosophy System.

- | | |
|---|--|
| 1. Kurita Group Code of Conduct | 4. CSR Policy |
| 2. Corporate Governance Policies | 5. Kurita Group BCM (Business Continuity Management) |
| 3. Basic Policies for Constructing an Internal Control System | 6. Kurita Group Business Policy* |

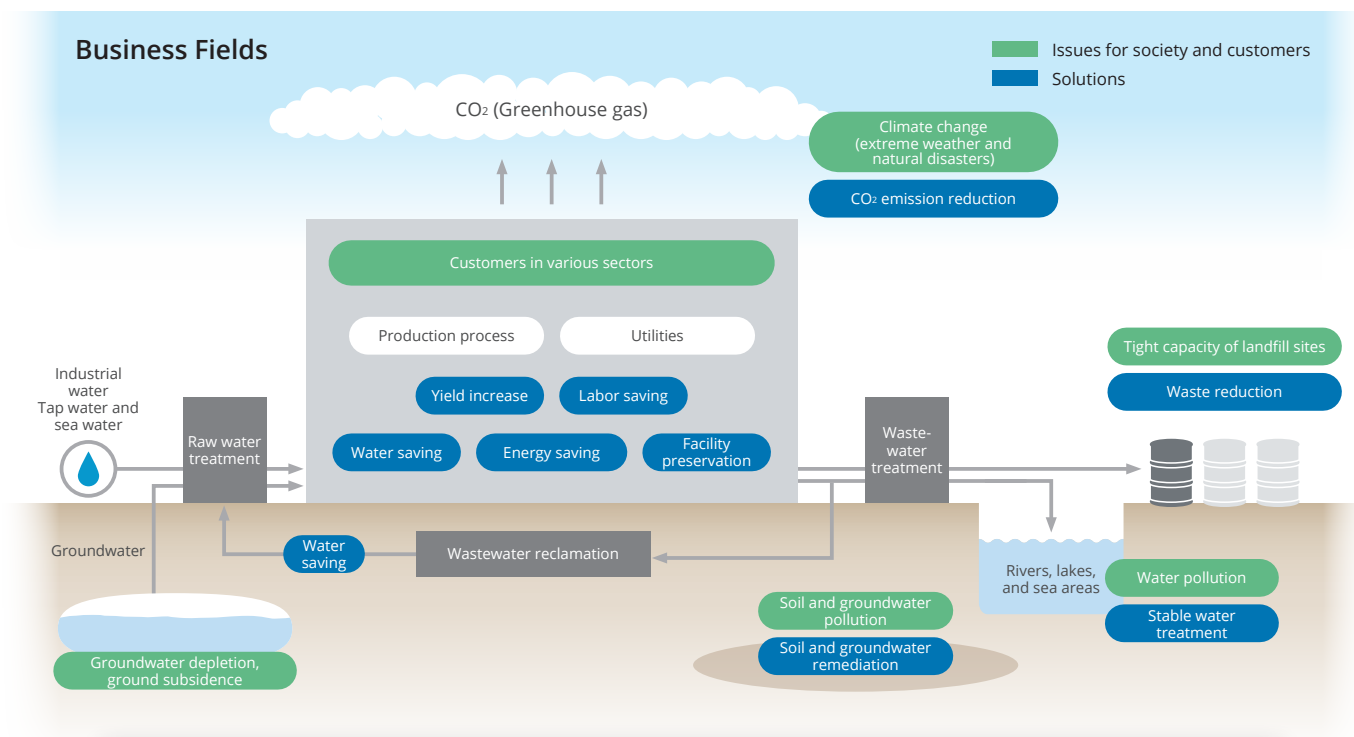
* The Kurita Group Business Policy is made up of 14 policies, including the Kurita Group Human Rights Policy, the Kurita Group Environmental Policy. (As of July 2020)

Core values

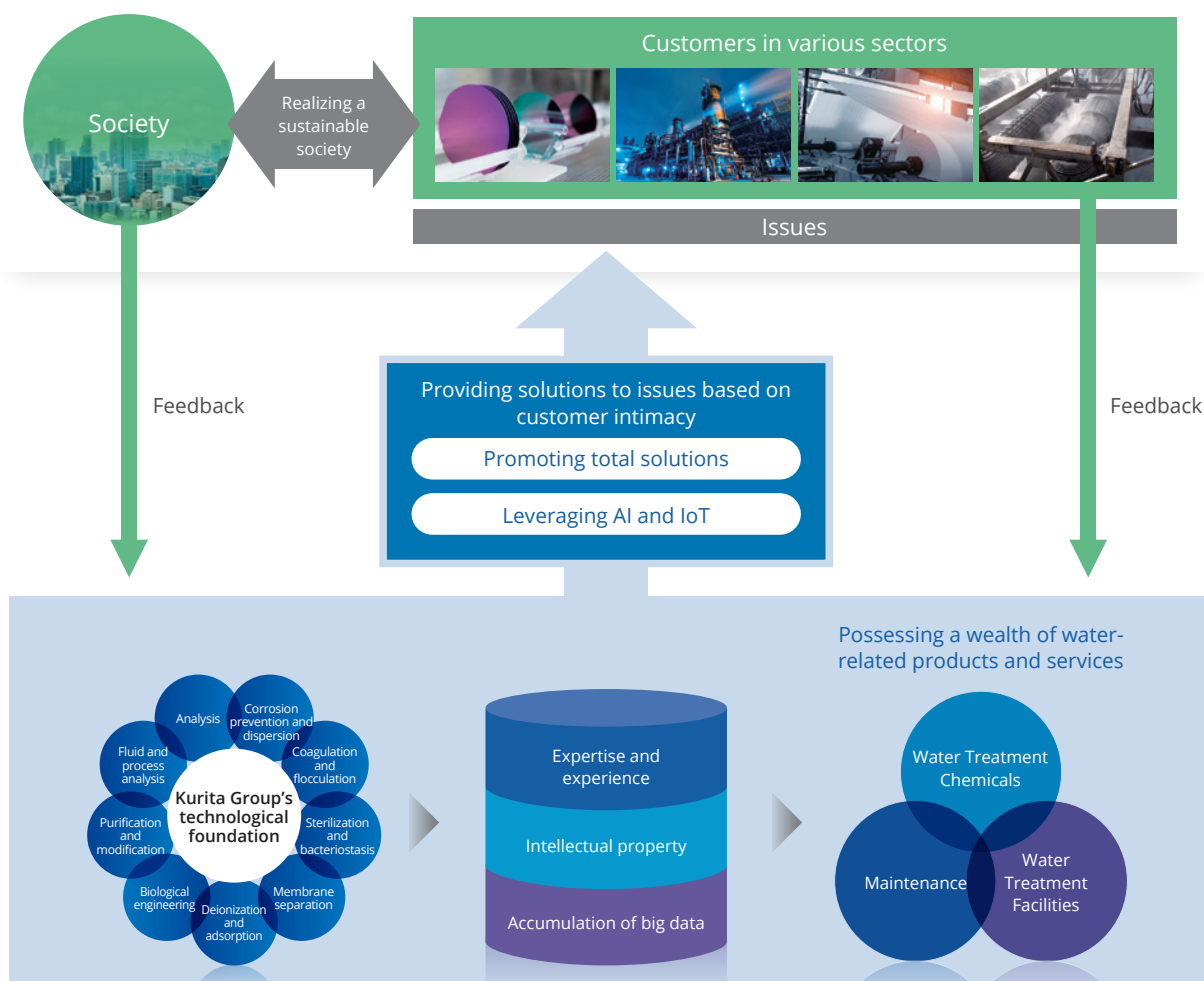
Stipulates the basic values guiding judgments and actions to be shared by all officers and employees in conducting business activities.



Kurita Group Business Fields and Strengths



Strengths of the Kurita Group



A Story of Value Creation

The Kurita Group strives to create shared value with society by providing optimal solutions that maximize the use of management resources to address various issues facing society. To this end, we maintain high sensitivity to social issues, while working to improve our competence base as a company and provide total solutions that leverage customer intimacy.

Major Trends Facing the Kurita Group

Damage to Social Infrastructure Caused by Climate Change

Changes in Work Styles and Lifestyles

The Advance of Globalization and Increasing Wealth Inequality

Fresh Water Scarcity and Uneven Water Distribution

Changing Energy Policies

Industrialization and Urbanization of Developing Countries

Advances in Digital Technology and Innovation Acceleration

Heightened Safety Awareness

Management Resources (Fiscal year ended March 31, 2020)

Financial Capital

Equity attributable to owners of parent

¥242,442 million

Manufactured Capital

Global network of manufacturing bases

Property, plant and equipment

¥106,358 million

Human Capital

Number of employees

Consolidated: **6,737**

Parent: **1,541**

Expansion of training opportunities

Natural Capital

Water intake **3** million m³

Energy **4.82** million GJ

Intellectual Capital

R&D expenses **¥5,693** million

R&D personnel Approx. **180**

R&D bases Japan, Germany, Singapore, etc.

Number of patents held **2,503**

Social and Relationship Capital

- Inclusion in ESG Indexes
- Corporate citizenship initiatives
- A supply chain to support society on a global scale
- ISO certification

Priority themes in CSR activities

Basic themes

1. Provide highly safe services and products
2. Conduct fair business activities
3. Respect human rights

Corporate
Philosophy

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

Corporate
Vision

"A Creator of unique value to the solution of water and environment," contributing to the realization of a sustainable society.

Impacts on Society

Solving issues related to
water resources

Realizing sustainable energy use

Waste reduction

Value creations

Providing value that exceeds customer expectations

Total solutions

Customer intimacy

Core processes

Strategic
human resources
allocation

Deep
understanding of
customers

Thorough-going
commitment to
customers

Transformation of
business processes

Transformation of
business models

Increase
understanding of
CSV

Base for corporate activities

Recruiting and
training of human
resources in line
with strategy

Accumulating,
managing, and making
explicit our knowledge
of customer data and
expertise

Grasping global
market needs

Grasping social
issues

Close alignment
with the corporate
philosophy

Themes for growth opportunities

4. Solve issues related
to water resources

5. Realize sustainable
energy use

6. Reduce waste

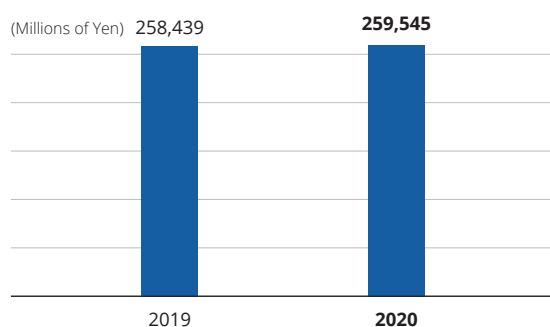
7. Advance industrial
production technologies

Performance

(Fiscal years ended March 31)

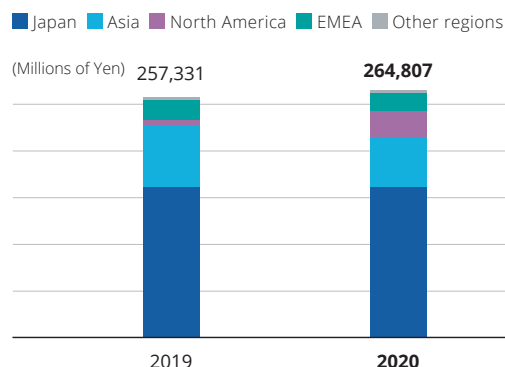
Financial Capital

Orders



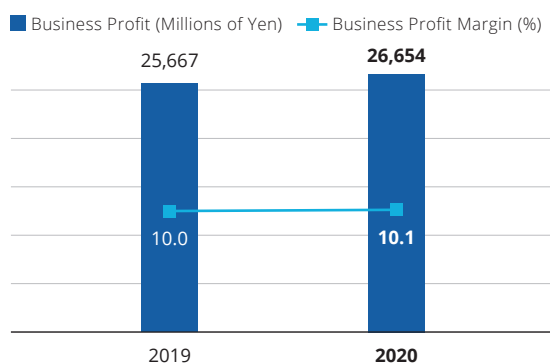
Although U.S. Water Services, Inc., Avista Technologies, Inc. in the US, and Avista Technologies (UK) Ltd. in the UK were newly consolidated, water treatment facilities saw a drop off in large-scale projects, resulting in only a modest year-on-year increase.

Sales by Region



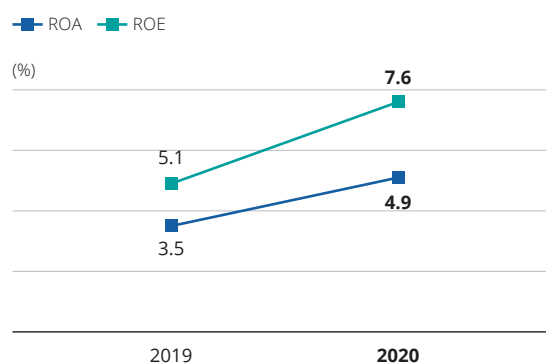
Sales in Asia were down due to a decrease in water treatment facilities sales in the electronics sectors in China and South Korea. Sales in North America, however, increased in line with the consolidation of U.S. Water Services, Inc. and Avista Technologies, Inc.

Business Profit and Business Profit Margin



Excluding the effect of new consolidation, sales were down. Business profit increased, however, thanks to improvement in the cost of sales ratio due to a decrease in additional costs for projects in the Water Treatment Facilities segment, as well as the streamlining of low-margin products in the Water Treatment Chemicals business, greater efficiency in global procurement, and reductions in SG&A expenses.

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

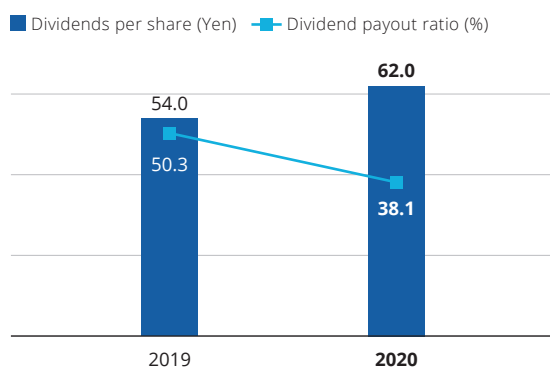


A loss on the sale of the European alumina business as well as an impairment loss on goodwill at a Chinese subsidiary were recorded in the previous fiscal year. However, in the current fiscal year, we recorded a gain on sale of assets due to the partial sale of equipment in the ultrapure water supply business. Combined with improvements in other income and expenditures, this led to higher ROA and ROE.

• ROA = Profit attributable to owners of parent ÷ Total assets (Average) × 100

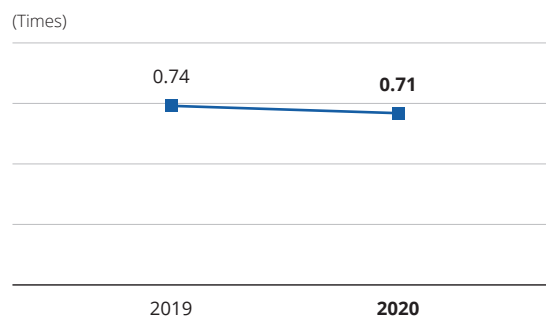
• ROE = Profit attributable to owners of parent ÷ Equity attributable to owners of parent (Average) × 100

Dividends per Share and Dividend Payout Ratio



Under a policy of striving as much as possible for a continuous increase in dividends, dividends were increased for the 16th consecutive year. The dividend payout ratio declined slightly, partly reflecting the increase in profit attributable to owners of parent.

Total Assets Turnover



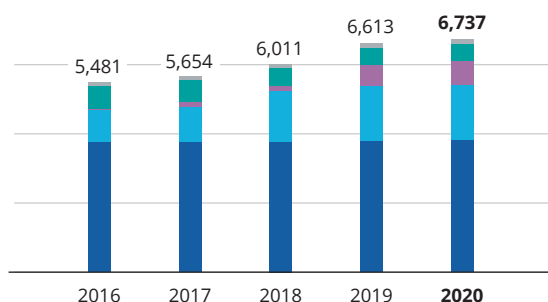
Goodwill and equity-method investments increased due to acquisitions and investments, as did right of land use assets and lease liabilities, due to the acquisition of fixed-term leasehold. In addition, borrowings increased as a result of execution of a commitment line agreement, yielding a decrease in total assets turnover.

• Total assets turnover = Net sales ÷ Total assets (Average)

Human Capital

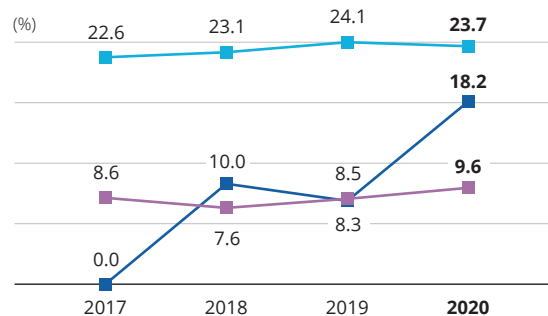
Number of Employees by Region

■ Japan ■ Asia ■ North America ■ EMEA ■ Other regions



Ratio of Female Directors and Employees

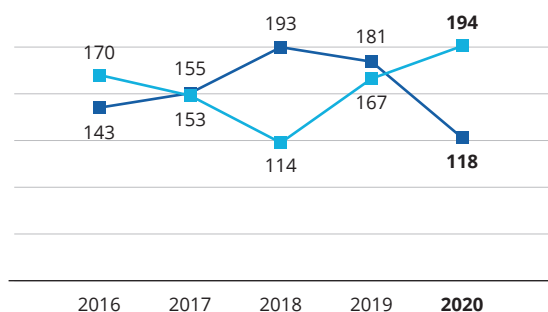
■ Ratio of female directors ■ Ratio of female employees
■ Ratio of women in management positions



Intellectual Capital

Number of Patents Pending

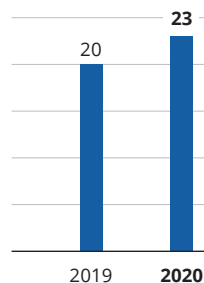
■ Japan ■ Overseas



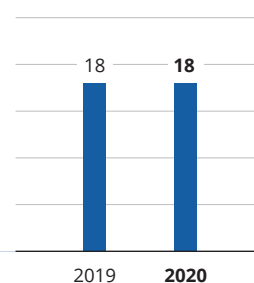
Social and Relationship Capital

Number of Certified Companies

ISO 9001



ISO 14001



Natural Capital

The Kurita Group aims to see environmental impact reduction*1 in the operations of its customers offset and even exceed the environmental impacts of its own business. To this end, we have 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 Kurita Group has defined products, technologies, and business models that contribute significantly to water-saving, CO₂ emissions reduction, and waste reduction compared to previous levels as the "CSV business." The reduction of environmental impact from customers' operations is calculated based on results of applying the CSV business. Further information about the CSV business can be found in "Environmental Improvement Activities" on page 48.

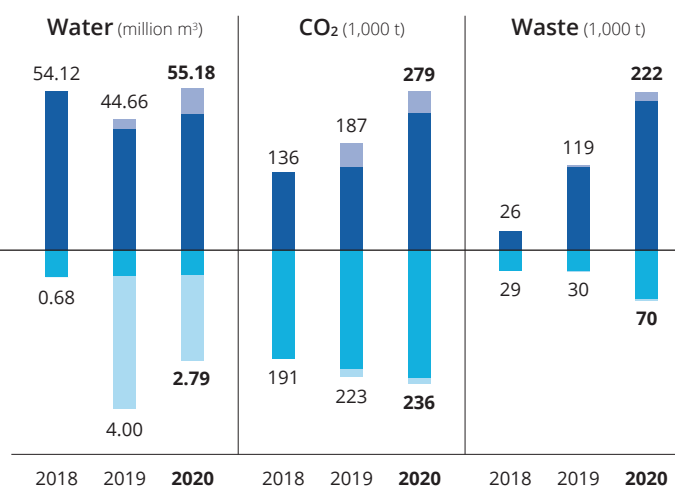
*2 Please see page 20 for the Company's thinking on CO₂.

Reduction at customers

■ Japan ■ Overseas

Impact from our business activities*2

■ Japan ■ Overseas



Interview with the President

Kurita is working to create shared value together with society under the MVP-22 plan, which puts CSR at the core of our business.



What operating climate did Kurita face in the year under review and how did the business perform?

In the fiscal year ended March 31, 2020, persistent trade friction between the U.S. and China and disruption surrounding the Brexit issue weighed on economic growth in China and Europe. Towards the end of the fiscal year, the slowdown was compounded by a rapid deterioration in economic growth caused by the widening outbreak of novel coronavirus disease (COVID-19). In Japan, production activity weakened in the second half of the fiscal year due to an increase in consumption tax and sluggish exports. In the electronics industry – the Kurita Group's main market – customers in Japan, China and South Korea delayed decisions on facility investment amid weak smartphone sales and a downturn in the semiconductor market.

Despite that challenging environment, the Kurita Group reported

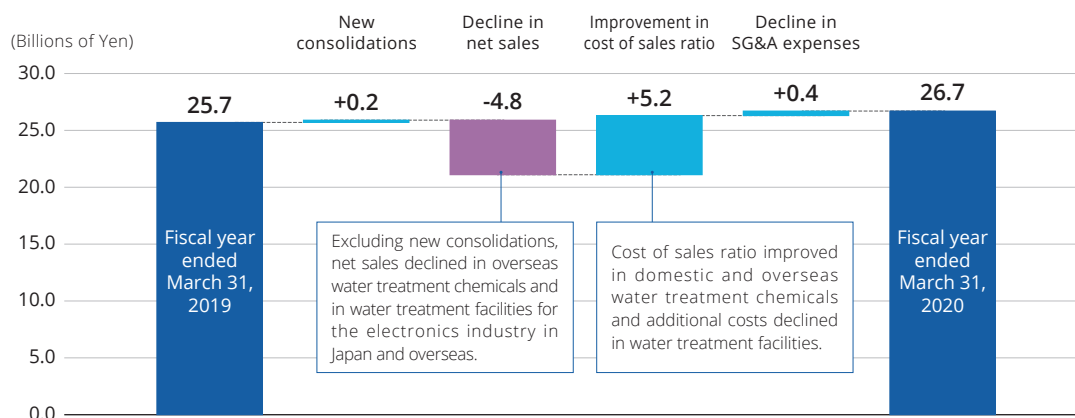
higher profits year on year. Orders were lifted by the consolidation of a number of businesses – U.S. Water Services, Inc., which was acquired and became a subsidiary in the previous fiscal year, and U.S.-based Avista Technologies, Inc. and Avista Technologies (UK) Ltd., which supply reverse osmosis (RO) membrane chemicals and services. However, total orders rose only slightly year on year due to a decline in major projects in the Water Treatment Facilities business. Net sales increased, driven by the new businesses that joined the Group, but excluding that factor, net sales fell year on year. Several factors weighed on net sales. Yen appreciation against overseas currencies pushed down sales at overseas subsidiaries in yen terms compared with the previous fiscal year, the Group streamlined low-

margin product lines in the Water Treatment Chemicals business, and sales of water treatment facilities declined in Japan and overseas amid weak demand from the electronics industry.

Although orders and net sales missed our projections, the Group reported an increase in business profit* year on year thanks to an improvement in the cost of sales ratio. We took steps to improve the

ratio by adjusting the product mix in the Water Treatment Chemicals business, cutting costs by overhauling global procurement activities, and reducing one-off additional costs in the Water Treatment Facilities business. Operating profit also increased, supported by those factors and a significant improvement in net other income and expenses.

Factors Affecting Business Profit (YoY)



* Business profit is an internal earnings indicator, which is calculated based on net sales after deducting cost of sales and selling, general and administrative expenses to give a more consistent picture of earnings. Business profit is not defined under International Financial Reporting Standards (IFRS), but the Company voluntarily discloses the indicator for reference purposes.

What progress did Kurita make with MVP-22 initiatives in the plan's second year?

We are working to create shared value together with society under the Maximize Value Proposition 2022 (MVP-22) medium-term management plan, which puts CSR at the core of our business. Our aim is to help tackle and solve issues faced by society and provide new value to customers. We are doing that by dramatically increasing the quality and speed of our work, leveraging customer intimacy as the clear source of the Kurita Group's competitiveness.

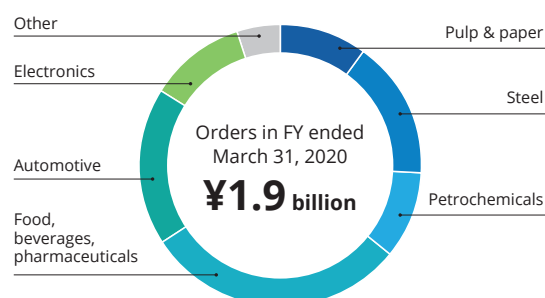
As key initiatives to provide new value to customers, we are developing "Creating Shared Value" (CSV) business and total solutions. The Kurita Group defines CSV business as products, technologies or business models that substantially reduce environmental impact while also contributing to an improvement in profitability. Under the MVP-22 plan, we are working to expand the Group's CSV business. In the fiscal year ended March 31, 2020, we finished putting in place systems covering all aspects of CSV business, from how CSV businesses, products and technologies are selected to performance monitoring. CSV business orders also exceeded our target for the fiscal year ending March 31, 2023.

We also made progress with developing total solutions. Working groups that combine marketing, sales, technologies and development functions were formed for each market and began work on devising solutions models. Our solutions models

encompass contracts for products, technologies and services and are designed to be rolled out for a wide range of customers. In the fiscal year ended March 31, 2020, we completed six solutions models, including one model that improves water quality and productivity on paper processing lines by combining our expertise in water treatment chemicals, IT and sensing technologies. In addition, we put in place a framework to promote the Group's new total solutions. Specifically, we integrated domestic sales departments

Solutions Model Orders

Solutions models being adopted by a wider range of industries



M&A and Measures by Region

North America				
Company	Kurita America Inc.	Avista Technologies, Inc.	Kurita Fracta Holdings, Inc.	Pentagon Technologies Group, Inc.
History	1996 Established Kurita America, Inc. 2017 Acquired Fremont Industries, LLC 2019 Acquired U.S. Water Services, Inc. 2020 Merger	2019 Acquisition	2018 Investment; became a consolidated subsidiary	2019 Investment; became an equity-method affiliate 2020 Additional investment; became a consolidated subsidiary
Business details	Water treatment chemicals, water treatment facilities and maintenance	RO membrane chemicals and related services	Software services	Tool cleaning services
Current situation and measures	Aiming to increase profitability by improving efficiency and providing total solutions after completing business integration	Aiming to expand into the global market by utilizing the resources of the Kurita Group	Aiming to contribute to more advanced water treatment services by utilizing AI	Aiming to strengthen competitiveness in the electronics industry

Europe		Asia
Company	Kurita Europe GmbH	Hansu Co., Ltd.
History	2015 Acquisition 2017 Purchase of production facility for pulp & paper chemicals 2018 Sale of aluminum compound business	1974 Investment; became an equity-method affiliate 2017 Additional investment; became a consolidated subsidiary
Business details	Water treatment chemicals	Water treatment chemicals
Current situation and measures	Profitability has improved due to efforts to increase efficiency; aiming to expand business in the Middle East region	Profitability has improved since the acquisition; aiming to increase market share in South Korea

previously separated along product and business lines into a single sales division targeting specific markets and regions. Another step we took was to establish Kurita Kitakantou Co., Ltd. as a single sales entity to provide water treatment chemicals and maintenance services on a one-stop basis, replacing several standalone sales offices. These new business models and organizational changes show how the various initiatives to transform our business are now gaining momentum.

We have also been working to expand and improve the profitability of overseas businesses, which along with the development of new business models, is a key theme for the Group. To create a platform to provide total solutions in North America, we merged U.S. Water Services, Inc. with our existing subsidiaries in the U.S., Kurita America Inc. and Fremont Industries, LLC, to form a newly established integrated company, also called Kurita America Inc. The new company started operations in April 2020. In addition, with the acquisition of Avista Technologies, we have gained highly competitive technologies in the RO membrane chemicals market and a RO membrane management service business model.

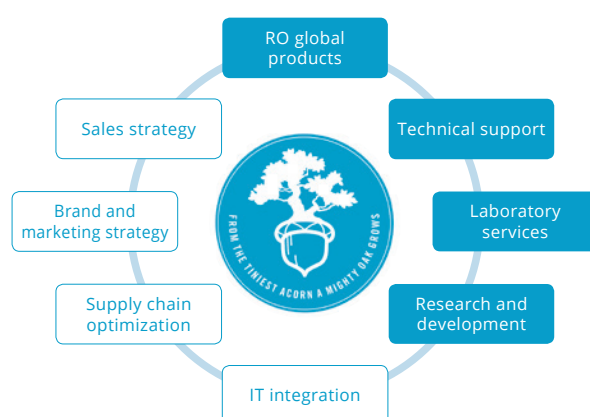
In January 2020, we launched Project Acorn, a global initiative that draws on the Group's business resources related to RO membrane chemicals, including products and technologies. Leveraging global synergies, we aim to increase RO membrane chemicals-related sales from ¥8 billion currently to ¥10 billion by the fiscal year ending March 31, 2023. Separately, in order to strengthen our competitive position in the electronics industry overseas, we acquired additional shares in U.S. company Pentagon Technologies Group, Inc., making it a consolidated subsidiary in April 2020. We expect the company's tool cleaning business to support the Group's profit growth going forward.

As part of efforts to reinforce the cost control structure, which is key to improving profitability, we continued to rebuild our water treatment facility manufacturing system. We have reduced errors in the design phase by introducing an automated design system. In procurement, our global supply team (GST) contributed to the

Group's profitability through activities to establish a global supply chain. We also created a personnel map of engineers in our production system to help us train and better utilize human resources involved in production activities.

To support Group business management, we took a number of steps to reinforce group governance. Specifically, we launched a Management Monitoring System for group companies in Japan and overseas, led by the Internal Auditing Department, which reports directly to the president. Using the system, we upgraded governance rules in line with the Kurita Group Business Policy and verified implementation status. Additionally, in order to strengthen governance at group companies in Japan by enhancing the effectiveness of boards of directors, we verified conditions within the board at each company and developed measures to tackle any issues related to effectiveness. The Company itself also took several steps to improve governance, including making improvements to the Successor Planning Committee's candidate selection process for president and directors and reducing holdings of shares in other listed companies.

Project Acorn: Eight Task Forces



Q What kind of company is Kurita aiming to be in the post-COVID-19 world?

The COVID-19 pandemic forced the lockdown of entire cities and led to restrictions on movement worldwide, resulting in severe limitations on economic and corporate activity. In just a few months from the initial outbreak, the value systems of society and industry were completely upended. Business continuity plans (BCPs) have become a priority issue for companies and the pandemic appears to be accelerating the shift to digitization in society and industry, with activities increasingly shifting from physical to remote and from real to virtual interactions.

In last year's interview, I also talked about how the digital transformation of society and industry represents a major opportunity. However, I warned that if the Kurita Group is too late to catch the wave of innovation, existing business models will become outdated and be left behind by the market. The COVID-19 outbreak has not changed those opportunities or risks, it has accelerated them. By driving digital transformation (DX) in all our business processes, we have the opportunity to create new value for society through our total solutions for water treatment. Conversely, if we are slow to respond, we face the risk of losing markets to competitors or even to new market entrants from other industries.

However, by supporting customer BCPs in the post-COVID-19 world, I see an opportunity for Kurita to show how it can play an important role as a corporate Group that creates shared value with society by responding to public needs. Kurita Group companies have continued to supply products and services worldwide despite the pandemic. By ensuring our own businesses continue to operate, we are keeping customer operations running smoothly and helping to maintain the functions of society and industry.

In terms of business processes, our existing lineup of physical services, such as taking water samples at customer sites and analyzing them offsite, are likely to see a decline in value as digitization spurs the creation of alternative services. In parallel, remote services, which use online design presentations, sensors and software, are likely to gain in value. Not all physical services will fall by the wayside. The value of services such as personnel training to

improve emergency responses related to BCPs and to strengthen frontline business capabilities is likely to increase. By reassessing the value of services that are best provided physically and by combining them with remote services, Kurita has a major opportunity to dramatically transform its business processes and business models. Using the pandemic as a rare opportunity to dismantle preconceived ideas, I want the Kurita Group to become a vital partner for society and industry in the new post-COVID-19 world.



Q What measures are planned for the third year of MVP-22?

In the fiscal year ending March 31, 2021, the plan's third year, our first aim is to promote CSV business and step up the deployment of total solutions. We will fine-tune our sensitivity to social issues and deepen our understanding of customers' businesses to help us create new business models and launch them in the market. Our goal is to increase profitability by building up earnings from high-margin solutions models.

Our second aim is to transform business processes. In April 2020, we integrated all the Group's IT-related departments into a new Digital Strategy Division, which is tasked with driving digital transformation. We plan to utilize big data resources gathered from our ultrapure water supply facilities and the AI technologies and expertise of U.S. subsidiary Fracta to create new value. In water treatment facility manufacturing, we will also enhance the value we



provide customers by using more automation in design processes and introducing a digital twin simulator.

In the fiscal year ended March 31, 2020, we made the decision to relocate the Kurita Global Technology Center, our main domestic R&D site. The new center, scheduled to open in April 2022, will also transform the Group's development processes. Our strong commitment to scientific hypothesis and practical experiments will remain the same, but we plan to maximize time allocated for experiments and analysis by encouraging remote working to ensure the development center is primarily a place for conducting experiments. The new center will therefore be equipped with IT infrastructure and technology that facilitates remote monitoring of experiments, virtual presentations and other innovative approaches.

Our third aim is increase profitability in overseas operations. Leveraging the business platforms and technologies acquired through M&A, we plan to improve profitability from both a global and local perspective. In terms of global initiatives, we will reinforce our position in the RO membrane chemicals and services market, centered on Avista Technologies. Locally, we aim to rapidly generate synergies from the integration of our subsidiaries in the U.S. and develop new water treatment chemicals and technologies that reflect the needs of each region. We also plan to expand our recurring income business in East Asia, using EPC projects as an entry point to provide other services such as membrane cleaning and resin regeneration.

What is your closing message for stakeholders?

The COVID-19 pandemic has led to many changes in society's values and priorities. However, the Kurita Group's vital role of contributing to society and industry by providing solutions that address issues related to water and the environment is fundamentally unchanged. We want to prioritize funds entrusted with us by shareholders and investors on growth businesses, such as new solutions models and the ultrapure water supply business, which is expected to be highly profitable.

Despite the increasingly uncertain economic outlook, we have no plans to change our current dividend policy of working to continue raising the dividend, because we are confident in the Group's cash

flow-generating capabilities. We will also consider share buybacks while balancing the Group's cash on hand and funding requirements and taking into account share price trends.

I hope we can count on your continued support as we transform our business to create an unshakeable earnings base that is resilient to the toughest of operating environments.

July 2020

Michiya Kadota

President and Representative Director

Financial Strategy



Shuji Shirode

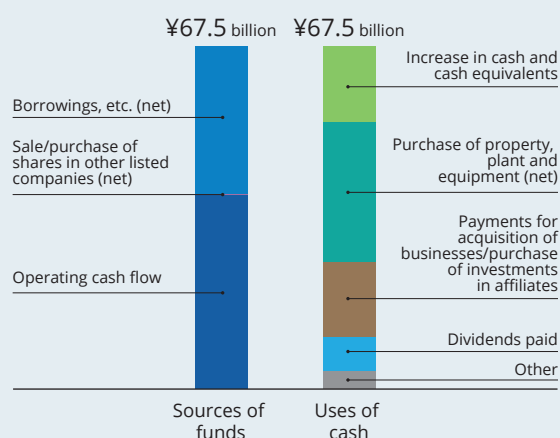
Executive Officer
Deputy Executive
General Manager of
Corporate Planning and
Control Division

Changes in the Group's Balance Sheet

For many years, the Kurita Group's balance sheet has effectively been debt-free. Our policy is to use funds entrusted with us by shareholders to actively invest in growth, while also ensuring a disciplined approach to investment. However, the Kurita Group has many strong cash-generating businesses, which has allowed us to use shareholder funds for working capital as well as capital expenditures. Since acquiring a water treatment chemicals business in Europe in January 2015, Kurita has been actively investing in overseas M&A, while also stepping up investment in the ultrapure water supply business, which is based on a business model that uses the Kurita Group's proprietary assets. To meet significant demand for funds to support those activities, we secured funding through a commitment line contract in the fiscal year ended March 31, 2020, supplementing active use of the Group's internal funds. As a result, cash and cash equivalents at the end of the fiscal year under review were at an appropriate level, given the nature of the Group's businesses and from the perspective of business continuity.

Actively Investing in Growth and Diversifying Funding

(Fiscal Year Ended March 31, 2020)



Key Investments

In the fiscal year ended March 31, 2020, we invested in assets in the ultrapure water supply business and acquired other property, plant and equipment. In the U.S. and U.K., we acquired RO membrane-related businesses, and in the U.S., we acquired shares in Pentagon Technologies Group, Inc., which operates a tool cleaning business. In April this year, we bought additional shares in Pentagon Technologies Group, Inc., taking our stake to 51% and making the company a consolidated subsidiary. In addition, the Company decided to establish a new research and development base to maintain and enhance technological competitiveness. We plan to transfer R&D functions to the new location in 2022. The new global technology center will cost approximately ¥30 billion to build and we plan to fund the project using internal funds and debt.

Outlook

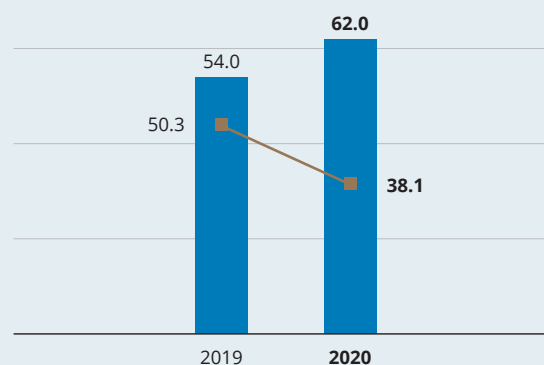
Going forward, we plan to continue investing aggressively while also streamlining assets to improve capital efficiency and create new sources of funds. Specifically, we are reducing our holdings of shares in other listed companies to generate cash. In the fiscal year ended March 31, 2020, we sold shares in only two listed companies, but we will continue to look into the feasibility of further reducing our holdings while keeping a close eye on the best timing for disposals.

Dividend Policy

In the fiscal year ended March 31, 2020, we increased dividends paid from capital surplus for the 16th consecutive year, in line with our policy of increasing dividends as much as possible, based on a dividend payout ratio target of 30-50% over five years. Despite considerable uncertainty about when the COVID-19 outbreak will be brought under control, we will continue to work to increase the dividend without adjusting our existing dividend policy.

Dividends per Share and Dividend Payout Ratio

■ Dividends per Share (Yen) ■ Dividend Payout Ratio (%)



Medium-Term Management Plan: Maximize Value Proposition 2022 (MVP-22) (April 1, 2018 – March 31, 2023)

Basic Policy

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

Management Targets and Second-Year Results

Place emphasis on profitability
and capital efficiency

Net sales organic growth rate

Target **3% or more**

Business profit margin

Target **15%**

Fiscal year ended
March 31, 2020 result: **10.1%**

Return on equity (ROE)

Target **10% or more**

Fiscal year ended
March 31, 2020 result: **7.6%**

Adoption of business segment management using return on invested capital (ROIC)

Target Improved capital
efficiency in each
business segment

Priority Measures

Priority Measures

1

Development of CSV Business

Expand earnings with highly unique technologies, products, and services that contribute to the natural environment, industry and people's lives.

Priority Measures

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.

Priority Measures

3

Rebuilding of manufacturing system for water treatment facilities

Rebuild the manufacturing system and processes to dramatically increase quality and speed.

Priority Measures

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.

Priority Measures

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.

Priority Measures

6

Establishment of the Group governance system

Improve the effectiveness of internal controls in Group companies.

Initiatives by Priority Measure

Initiatives for the fiscal
year ended March 31, 2020

- Order targets and value provision targets achieved and reset
- Scope of CSV business selection expanded to include unique products supplied by Group companies

- Completed six new solutions models that create value for customers
- Integrated all of Kurita's domestic sales functions to create platform for deployment of total solutions
- Established Kurita Kitakantou to provide water treatment chemicals and maintenance services

- Established concepts to use AI to overhaul design and engineering processes
 - Identified contractual and technical risks in design and engineering processes
 - Improved effectiveness and strengthened implementation of SSM*
- * Stress-Strength Model: System to collate and share incompatible information

- Acquired Avista Technologies, highly competitive player in RO membrane chemicals market

- Reinforced fluid analysis capabilities, process simulation technologies, micro-volume analysis capabilities as technological platform
- Developed advanced sludge treatment facility management support system to reduce waste volume and personnel levels, developed technology to control the conversion of waste into biogas
- Developed proprietary, advanced functional materials such as radioactive substance absorption materials and high-performance water treatment chemicals

- Launched Management Monitoring System to verify establishment and operation of rules based on Kurita Basic Business Policy
- Identified issues related to effectiveness of Board of Directors at domestic Group companies and developed measures to solve issues

Initiatives for the fiscal
year ending March 31, 2021

- Continuously review CSV business
- Build systems to ascertain profitability of CSV business and underpin new KPIs

- Create solutions models that provide new value to customers
- Step up market development using sales promotion activities in global and domestic markets

- Establish UX Group
 - Use AI to automate design process and build digital twin simulator
 - Use HR tech* to optimize deployment of personnel and teams
- * The application of big data analysis, artificial intelligence (AI), cloud computing and other advanced IT-related technologies for a wide range of human resource operations, including hiring, development, and assignment.

- Work with Fracta to digitalize businesses based on AI technologies

- Enhance mathematical models for water treatment phenomena to support use of IoT and AI, develop advanced water treatment systems based on those models
- Expand and reinforce RO solutions by drawing on RO membrane treatment technologies from across the Group, including Avista Technologies

- Embed Management Monitoring System
- Implement initiatives to improve effectiveness of rules in line with characteristics and situation at each Group company
- Implement measures to improve effectiveness of Board of Directors at Group companies

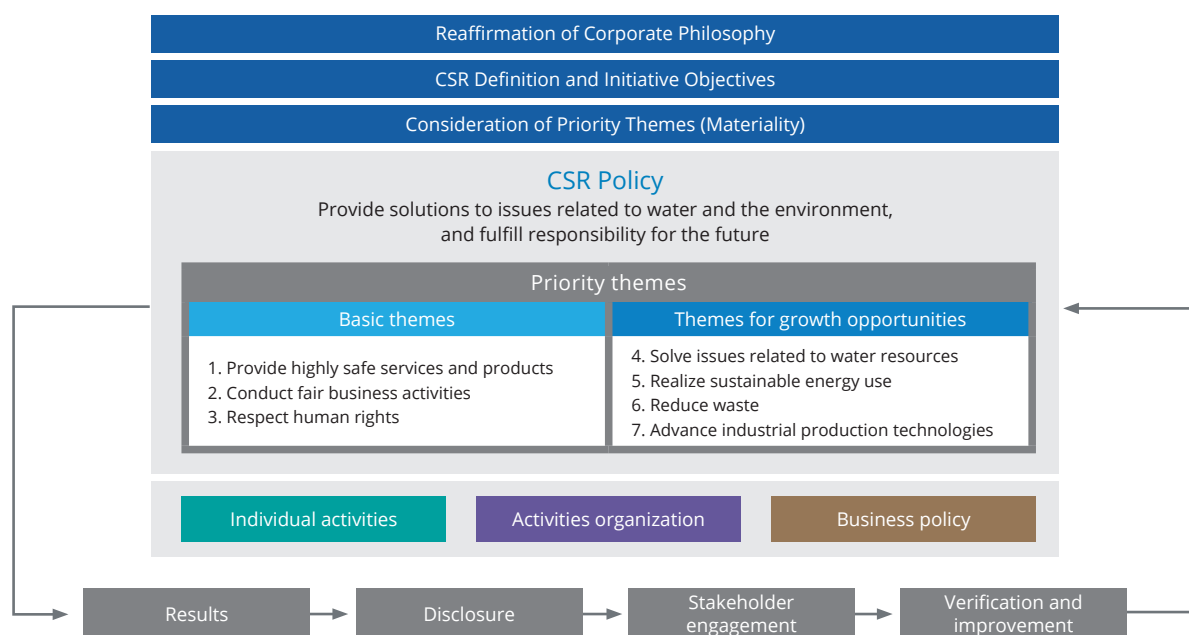
CSR Initiatives

The Kurita Group has positioned CSR at the core of its management strategy in order to realize its corporate philosophy while achieving sustained growth and is strengthening its CSR initiatives accordingly.

Kurita Group's CSR Framework

Under its MVP-22 medium-term management plan, the Kurita Group is reorganizing the CSR activities it has conducted to date and is strengthening initiatives with CSR at the core of management. The Group has determined that contributing to

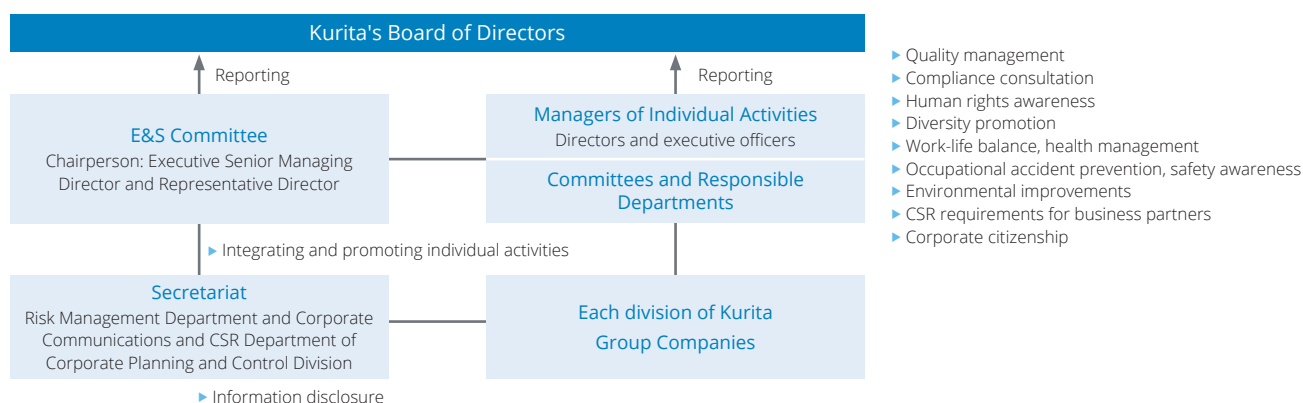
global efforts like the UN's Sustainable Development Goals (SDGs) and ESG investment is indispensable to creating business opportunities and securing a competitive advantage into the future.



Promotion System

The Kurita Group positions the themes stipulated in its CSR Policy as material issues and engages on a Group-wide basis in individual activities in the areas of 1) corporate governance, 2) product and service liability, 3) fair operating practices, 4) respect for human rights, 5) appropriate labor practices, 6) environmental improvement, and 7)

corporate citizenship. The chairperson of the Environment & Social (E&S) Committee, who is the Company's executive senior managing director and representative director, is responsible for integrating and promoting these activities, and directors and executive officers are assigned as managers for individual activities.



E&S Committee

The E&S Committee oversees the Kurita Group's CSR initiatives and works to increase the Group's competitive advantage by further enhancing business competition capabilities and risk response capabilities.

Specifically, the committee sets the activity targets and key

performance indicators for each of the themes in the CSR Policy as the CSR medium-term plan, then confirms progress on the targets while identifying issues and making improvements. At the same time, the committee confirms stakeholders' expectations of the Kurita Group and their issues, and verifies the Group's CSR initiatives.























CSR Policy

The CSR Policy comprises two types of themes: "Basic themes," which prevent damage to the Group's value, and "Themes for growth opportunities," which promote creation of shared value with society at large. We have set forth our "Initiatives toward 2030" for each theme.

This policy was formulated upon deliberations on materiality by the E&S Committee and subsequent confirmation by the Board of

Directors. Materiality was identified by specifying a total of 30 sustainability-related themes, making reference to the GRI Standard, the OECD Guidelines for Multinational Enterprises, the UNGC, and the SDGs, among others, based on two aspects: 1) stakeholders' expectations of the Kurita Group and 2) the Kurita Group's impact on society.

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

	Priority themes	Initiatives toward 2030	Targets for the fiscal year ending March 31, 2023	
Basic themes	1. Provide highly safe services and products  	Maintain social trust by developing and providing services and products reflecting considerations for safety, health, and the environment.	1) Rate of safety evaluations for newly developed products* ¹	100%
	2. Conduct fair business activities 	Maintain fair and transparent trade based on free competition. Maintain sound relationships with politics and administration.	Rate of participation in compliance-related training among officers and employees	100%
	3. Respect human rights    	Support and respect international norms related to human rights and promote human rights initiatives by following the Guiding Principles on Business and Human Rights established by the United Nations.	1) Rate of training conducted in relation to human rights among officers and employees 2) Rate of participation in safety training related to site operations* ²	100% 100%
Themes for growth opportunities	4. Solve issues related to water resources      	Supply water at the optimum quality and quantity by securing as much water as necessary for the life of all people and the development of industry by applying technologies for saving, purifying, and reusing water.	Water savings at customers – Amount of water intake used in our business activities	240 million m ³ * ³
	5. Realize sustainable energy use    	Optimize energy use in living and in industries, and introduce technologies for creating energy throughout society.	CO ₂ emission reductions at customers – CO ₂ emissions from our business activities	10,000 t * ³
	6. Reduce waste   	Introduce technologies for using waste as resources and technologies for controlling the amount of waste in order to achieve zero waste.	Waste reduction at customers – Waste generated from our business activities	300,000 t* ³
	7. Advance industrial production technologies  	Make full use of big data on water to contribute to innovations in production efficiency and product quality in industries.	Proportion of themes falling into "Contribution to improvement of production process" to product development themes	35%

*1 Regarding "Proportion of themes falling into 'Safety improvement' and 'Response to legal changes' to product development themes," needs related to safety improvement and response to legal changes vary with the prevailing circumstances, so the target was revised in the fiscal year ended March 31, 2020 in order to facilitate more effective initiatives. Refer to page 20 for more details.

*2 Regarding the "Severity rate," definitions and calculation methods differ depending on the country, so the target was revised in the fiscal year ended March 31, 2020 so that it could be pursued on a Group-wide basis. Refer to page 20 for more details.

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

CSR Initiatives

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

Priority themes	Target	Fiscal year ending March 31, 2023 (initial plan)	Fiscal year ended March 31, 2020	Result	Evaluation
1. Provide highly safe services and products	1) Proportion of themes falling into “Safety improvement” and “Response to legal changes” to product development themes	15%	Target changed*1		
	2) Rate of front-line employee participation in regular safety training directly related to products and services	100%	100%	100%	○
2. Conduct fair business activities	Rate of e-learning course completion by relevant employees	100%	100%	100%	○
3. Respect human rights	1) Rate of training conducted in relation to human rights among officers and employees	100%	100%	100%	○
	2) Severity rate*2	0.005	Target changed*2		
4. Solve issues related to water resources	Water savings at customers – Tap water used in our business activities	50 million m³	77 million m³	52 million m³	△
5. Realize sustainable energy use	CO2 emission reductions at customers – CO2 emissions from our business activities	0 t	-43,000 t	43,000 t	○
6. Reduce waste	Waste reduction at customers – Waste generated from our business activities	100,000 t	292,000 t	152,000 t	△
7. Advance industrial production technologies	Proportion of themes falling into “Contribution to improvement of production process” to product development themes	35%	30%	37%	○

○: Achieved △: Partially achieved

*1 Needs related to safety improvement and response to legal changes vary with prevailing circumstances, so revisions were made in the fiscal year ended March 31, 2020 to make initiatives more effective, and the target was changed to "Rate of safety evaluations for newly developed products." Initiatives to achieve this target have been conducted since October 2019. After revising the target, the rate of product safety evaluations in the fiscal year ended March 31, 2020 was 100%. Refer to page 19 for the post-revision target for the fiscal year ending March 31, 2023.

*2 Definitions and calculation methods differ depending on the country, so revisions were made in the fiscal year ended March 31, 2020, and the target was changed to "Rate of participation in safety training related to site operations." Initiatives to achieve the target have been conducted since April 2020. Refer to page 19 for the post-revision target for the fiscal year ending March 31, 2023.

Kurita Group KPI: Customer impact reduction – Kurita Group impact

The Kurita Group has set a unique KPI of "Customer impact reduction – Kurita Group impact" in themes for growth opportunities. The Kurita Group aims to achieve a reduction of environmental impact through its business that offsets and even exceeds the environmental impact generated by its business and to this end it is compiling data for actual reductions and impact.

Kurita's carbon dioxide emissions for Theme 5 include data corresponding to Scope 3 under the current Greenhouse Gas (GHG) Protocol, but no changes will be made through the fiscal year ending March 31, 2023, the period of the CSR medium-term plan, for the sake of the continuity of CSR activities and KPIs.

GRI Standards were partially revised in 2018, and the Company's ultrapure water supply volume in its ultrapure water supply business was defined as "water discharge (sent for use of other organizations)." The ultrapure water supply business takes water from customers, processes it at the Company's facilities into ultrapure water and

supplies it back to customer production plants. Ultrapure water after use is recovered and treated at the Company's facilities and reused as ultrapure water. Ultrapure water supplied is not discharged outside factories as is, so the Company excludes ultrapure water supply volume from the scope of calculations for wastewater volume. Disclosure data from January 2021 will include ultrapure water supply volume within the scope of calculations, so from the standpoint of the data, the Kurita Group will become a company that uses a large volume of water.

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

External Evaluation (as of July 2020)

Inclusion in ESG Indexes

FTSE4Good Index Series



FTSE Blossom Japan Index



SOMPO Sustainability Index

MSCI ACWI ESG Leaders Index
MSCI World ESG Leaders Index

The MSCI Japan Empowering Women Index (WIN)



Evaluation by ESG Rating Organization

ISS-ESG



Evaluation by Supplier Evaluation Organization

EcoVadis



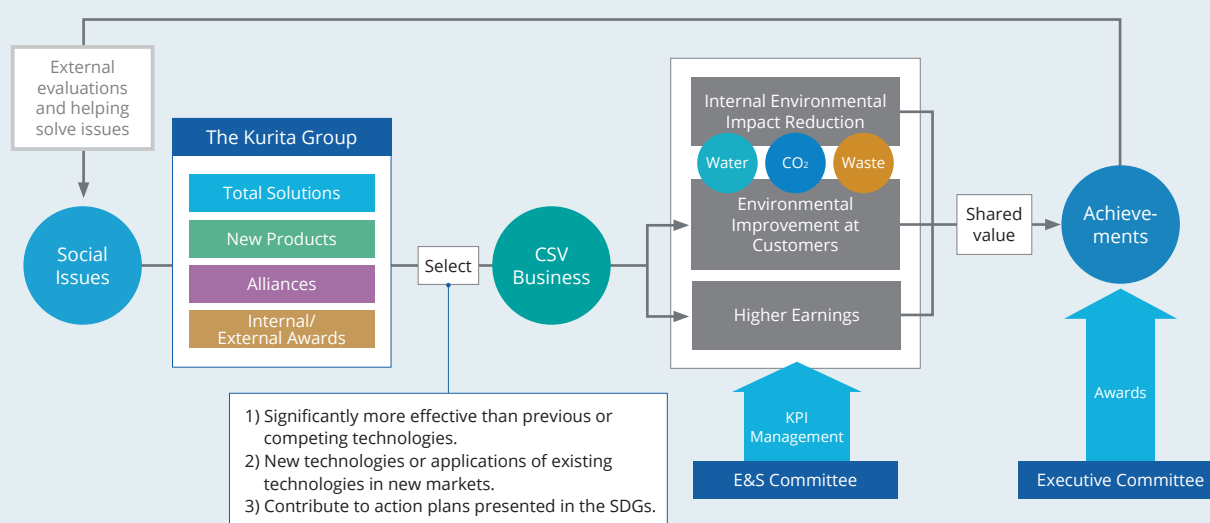
* The inclusion of Kurita Water Industries Ltd. in any MSCI index, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement or promotion of Kurita Water Industries Ltd. by MSCI or any of its affiliates. The MSCI indexes are the exclusive property of MSCI. MSCI and the MSCI index names and logos are trademarks or service marks of MSCI or its affiliates.

CSR Activities: Topics

Promotion of CSV Business

The Kurita Group has defined products, technologies, and business models that contribute significantly to increased water-savings, CO₂ emission reductions, and waste reduction compared to previous levels as the "CSV business." Through their creation and provision to customers, we will promote the creation of shared value with society. Furthermore,

"Development of CSV Business" is one of the priority measures of the MVP-22 plan, and we have established key performance indicators (KPIs) for this, engaging in initiatives linked with the plan. Various measures are conducted to promote the CSV business, including development from the standpoint of social issues and establishment of an awards program.



Participation in Water Resilience Coalition

The Company is pleased to announce that in July 2020 it joined the Water Resilience Coalition ("WRC") as a Co-Founder. The WRC is a new organization established under the CEO Water Mandate, a United Nations Global Compact initiative. It will launch industry-driven initiatives for the preservation of water resources in water-stressed basins all over the world. Through its participation in the WRC, the Kurita Group works with other companies and organizations to preserve and restore the world's water resources with the aim of achieving the SDGs and realizing its corporate philosophy.

The Company has also participated in the UN Global Compact and has endorsed the CEO Water Mandate.



Promoting Response to Climate Change based on TCFD Recommendations

The Kurita Group views climate change as an urgent issue that must be addressed through collective global action. It continues to reduce greenhouse gas emissions from business activities while also using its business to help customers reduce their own emissions. To realize sustained growth going forward, the Kurita Group, in agreement with the TCFD* recommendations, will

promote initiatives and information disclosure on the basis of the recommendations.

* Task Force on Climate-related Financial Disclosures

Opportunities and Risks in Business Flow

Post-COVID-19 Domestic Growth Strategy

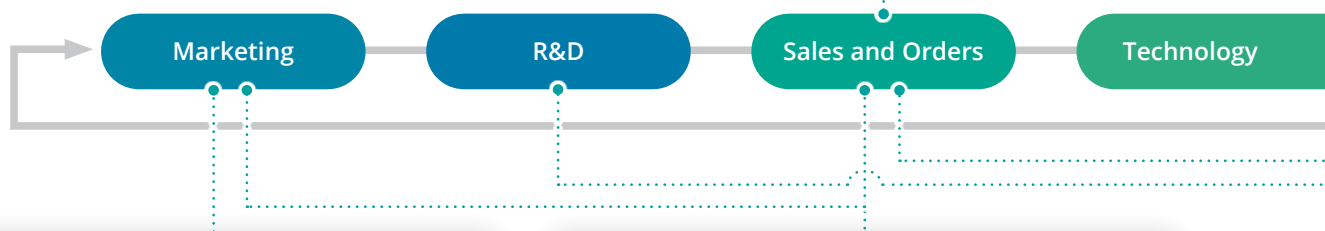
The various constraints on our lives caused by the COVID-19 outbreak have also led to changes in the domestic water treatment market, which has been growing at a slow pace in recent years. We have seen a spike in interest from customers in automation, labor-saving and remote monitoring, not just to boost productivity, but also to ensure business continuity. We think those needs will accelerate the introduction of IoT, AI, sensing and other digital tools in customer businesses. We also expect those trends to spur the creation of new markets where we can offer our total service contract-based solutions. At the same time, our existing lineup of worksite-based services, such as water sampling at customer sites and offsite analysis, have seen a decline in value and are likely to be superseded by digital services using automated monitoring systems and other tools. Kurita has always recognized the need to accurately identify the fundamental issues faced by customers in order to develop and provide optimal solutions, but that approach is likely to become even more important going forward. If we fail to address and adapt to these changes, we could lose our markets to competitors. Going forward, the Kurita Group will redeploy human resources to optimal roles and take other steps to build a sales team that can provide value that customers really want.

Yoshio Yamada

Executive General Manager of Japan Sales Business Division



The Kurita Group's Business Flow



Digital Strategy Is Key to Change

The Group's integrated digital strategy is vital to the success of business model creation and business process reforms. Big data gathered from numerous water treatment facilities and AI technologies developed by Kurita subsidiary Fracta present us with major opportunities in new business model creation. By combining our expertise in water treatment with automated operation, remote monitoring, AI and other technologies, we can optimize facility operation and implement predictive maintenance that helps customers boost productivity and achieve labor savings. Communication using digital technologies will also improve the efficiency of our sales activities by creating various points of contact with customers. Moreover, by building an IT system platform, we will be able to share information across the Group, making cooperation easier between Kurita sites worldwide. However, if we fail to keep up with the shift to digital technologies, there is a risk that competitors from other sectors will move into our markets. Not only that, we could fall behind the sector in data utilization and expose ourselves to the risk of information leaks. Kurita will accelerate the implementation of its digital strategy, aiming to maximize opportunities and minimize risks.

Toshitaka Kodama

Executive General Manager of Digital Strategy Division



Providing New Value Based on Customer Needs

Product innovation is vital to dismantle preconceived ideas and drive the transformation in our business from selling products to selling services and value. Society and our customers will face a different set of priority issues during and after the COVID-19 outbreak, which offers new opportunities for innovation, such as combining products with facility operation management and other services. We anticipate growing demand for solutions that are compatible with fewer workers in factories and that ensure business continuity during a crisis or disaster. We also expect customers to realign their global production sites and supply chains. In response, the Kurita Group sees an opportunity to provide new value by developing proprietary solutions models that support region-wide improvements in water and energy efficiency. However, any failure to maintain high-quality communication with customers could see the Group lag behind changes in society and markets, resulting in opportunity losses. By accurately predicting changes in our markets and fine-tuning our ability to understand customer needs, business process and business model reforms are likely to translate into new value.

Masaya Kawai

Executive General Manager of Solution Business Division

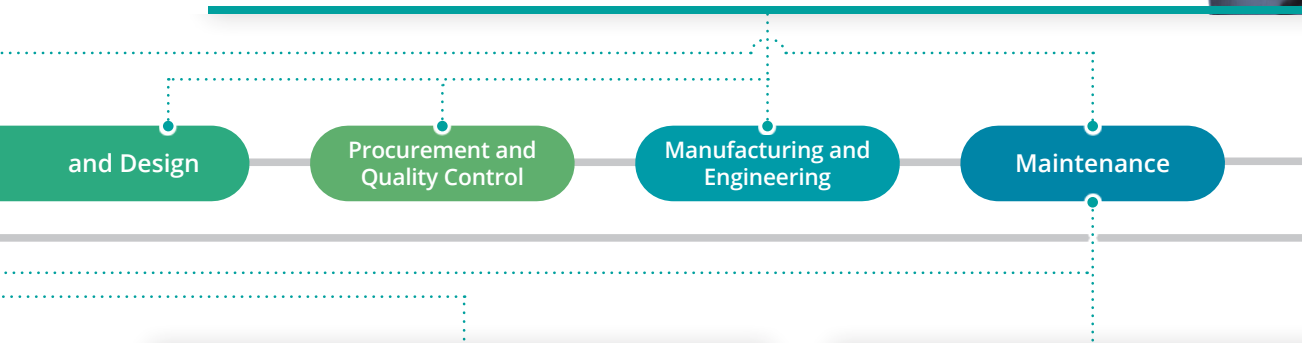


Delivering an Unprecedented Manufacturing User Experience to Customers

More than ever, society needs efficient manufacturing systems that ensure worker safety and business continuity. Our division is working to address those needs by harnessing digital transformation (DX) and human resources (HR) tech. In manufacturing, DX is focused on the construction of digital twin simulators (DTS) to drive the automation of design processes. DTS can be used to assemble virtual facilities based on customer specifications for water quality, facility scale and other criteria. It also allows designers to visualize facility expansion several years after construction and the potential for savings in running costs. All this information is shared with customers. Moreover, improvements in facility design using DTS can be combined with HR tech, which uses a scientific approach to optimize the management and development of human resources, resulting in the deployment of the right people and teams within the Engineering division. By seeing risks and changes as opportunities to overhaul production systems and strengthen cost control, we aim to become an evolving engineering group that always stays ahead of the competition by providing customers with an unrivaled user experience (UX).

Hirohiko Ejiri

Executive General Manager of Engineering Division



Driving DX in Water Treatment

In line with the MVP-22 medium-term management plan, the Kurita Group aims to create new products and technologies that will become the core of its total solutions. As part of those efforts, we are developing new water treatment technologies that utilize IoT and AI. The COVID-19 outbreak is spurring greater need for technology that allows customers to operate manufacturing and assembly sites with fewer personnel, which is likely to accelerate the pace of DX in order to boost productivity and ensure business continuity. That presents a major business opportunity for the Kurita Group. Conversely, the Group faces a number of risks if it lags behind peers in new technology development. To ensure that does not happen, we are working to develop innovative chemicals and units for water treatment and stepping up the development of remote monitoring and diagnostic systems, facility optimization control technology and water treatment simulation technology incorporating IoT and AI. Drawing on the Group's many years of expertise in water treatment, as well as engineering theory and data gathered from customers' sites, we plan to formulate mathematical models for complex water treatment phenomena and integrate them with IoT and AI to develop unrivalled, unique DX technologies. We aim to use those technologies to create solutions that provide real value to customers.

Tatsushi Kuramae

Executive General Manager of Research and Development Division



Reinforcing Our Global and Local Organizations

The Kurita Group plans to respond to customer needs by using its business platform established through M&A to create an optimum global and local framework. At the local level, we started work by integrating four subsidiaries in North America into a newly formed company called Kurita America Inc. in April 2020. In East and Southeast Asia, we are also deploying regional managers to oversee operations in each region and accelerate efforts to offer total solutions that cover water treatment chemicals, water treatment facilities and maintenance. At the global level, we plan to create a global network to provide services related to the RO membrane-related services supplied by Kurita subsidiary Avista Technologies. As the impact of COVID-19 becomes more widespread, the Group's businesses are increasingly seen as vital to society. In many countries, Kurita is being asked by customers to help them ensure their businesses continue to operate. To support business continuity plans, we are using online channels to respond to customers, while the provision of remote services is likely to create opportunities to develop new markets. We will also strive to fulfill our corporate social responsibility, globally and locally, by helping customers tackle and solve various issues while balancing efficiency and risks.

Yasuo Suzuki

Executive General Manager of Global Business Division



R&D and Intellectual Property

R&D Promotion Framework

The Kurita Group uses R&D to reinforce core business technologies, such as boiler and cooling water treatment technology, ultrapure water production technology, wastewater treatment technology, water reclamation technology, and soil and groundwater remediation technology. The Group also strives to enhance fundamental technologies that support those areas, such

as diagnostic technology, analysis technology and new materials development. The Group's development centers in Japan, Germany, Singapore and other countries work together in those areas by exchanging research engineers and conducting joint research in order to maximize the Group's technical and personnel resources.

Achievements in the Fiscal Year Ended March 31, 2020

Research and Development Bases	Kurita Global Technology Center (Japan), Kurita Europe GmbH (Germany), Kurita R&D Asia Pte. Ltd. (Singapore) and other sites	
R&D staff	Approx. 180	
R&D expenses	¥5.7 billion (2.1% of net sales)	
Main Results	Water Treatment Chemicals	<ul style="list-style-type: none"> ■ Developed an automated sludge dehydrating control system that optimizes the volume of chemical additives to improve sludge dehydration in wastewater treatment processes ■ Developed an onsite system to produce microorganism growth inhibitors in factory and air-conditioning cooling water systems and in blow-water reclamation and reuse systems ■ Developed chemicals to reduce the cost of manufacturing decorative paper and to make the paper stronger when wet
	Water Treatment Facilities	<ul style="list-style-type: none"> ■ Developed technology to reduce the time needed to restart production lines after installing or replacing water treatment membrane units in ultra-pure water production systems ■ Developed control system technology to ensure the stable generation of methane gas from various types of waste in biogas power generation facilities, which convert methane gas from the fermentation of food leftovers and other waste into energy ■ Developed technology to rapidly decontaminate highly polluted soil and groundwater below factories and other buildings, and simulation technology that forecasts the required decontamination time based on the level of pollution

Initiatives in the MVP-22 Medium-Term Management Plan

Under the MVP-22 plan, the Kurita Group is using R&D to create core products and technologies for the CSV business and total solutions, and to reinforce the Group's technological foundation. R&D is divided into four themes – product development, advanced technology development, advanced digital technology development, and reinforcing the Group's technological foundation – which are managed separately in line with the characteristics of each theme.

In product development, we are developing technologies for products and solutions to support the creation of service contract-based businesses that address the needs of society and our customers from the standpoint of water and energy efficiency and waste reduction. At the same time, in advanced technology development, we are stepping up efforts to create advanced technologies by prioritizing development resources on key projects to support our business strategy, while using also working with external research partners in Japan and overseas through open innovation.

In advanced digital technology development, we are mainly working on the development of technologies that use IoT and AI to

optimize and automate water treatment processes in order to improve the profitability of ultra-pure water supply facilities and service contract-based businesses.

To reinforce the Group's technological foundation, we focus on understanding the mechanisms and limitations of water treatment processes to support product development, and on creating mathematical models for IoT- and AI-based water treatment technologies. We are also working to establish ultra-pure water analysis technology, which will be required for next-generation semiconductors.

The Kurita Group plans to relocate the functions of the Kurita Global Technology Center to a newly constructed technology center in Akishima, Tokyo in April 2022. The relocation will allow Kurita to address issues with ageing facilities at the current site and accelerate the development of advanced technologies and total solutions related to water and the environment. Positioned as the core site in the Group's global R&D framework, the new technology center is designed to be an open research and development facility that drives innovation by drawing on ideas from interactions with customers and various other stakeholders.

TOPICS

Project Acorn: Kurita launches global project to develop RO membrane chemicals

In January 2020, the Kurita Group launched Project Acorn, a global initiative aimed at expanding its business by enhancing the capabilities of reverse osmosis (RO) membrane chemical solutions. Under the project, we aim to create a global product lineup and support network for RO membrane chemicals by combining the innovative products and technologies of US Group company Avista Technologies, Inc., a leading player in RO membrane chemicals, with the Group's products and technologies in Japan, Asia and Europe. These efforts will be backed by a brand marketing strategy and an optimized supply chain. In research and development, we have formed a single team of RO membrane chemical engineers from the US, Japan and Singapore. The team is leveraging the strengths of each Group research center to develop new chemical products, application evaluation technology and chemical application software.

R&D Framework and Key Roles of Each Location



Utilizing Intellectual Property

The Kurita Group strives to secure and appropriately manage intellectual property to increase the competitiveness of its core products and technologies in Japan and overseas. In the fiscal year ended March 31, 2020, we worked to acquire intellectual property rights to support the Company's efforts to promote total solutions and establish a global business framework. In promoting total solutions, we need to build solution models that incorporate products and sales methods and that can be deployed horizontally. However, to leverage these models as a strength of the Company, each model must be protected as intellectual property. In the fiscal year under review, we identified the sources of the Group's competitiveness from the solutions model development stage, earmarked them for patent protection and worked to create a patent network covering patents for fundamental technologies and patents for business models. We also adjusted the reward payment system for employee inventions and started operation of the system to support the development of solutions businesses.

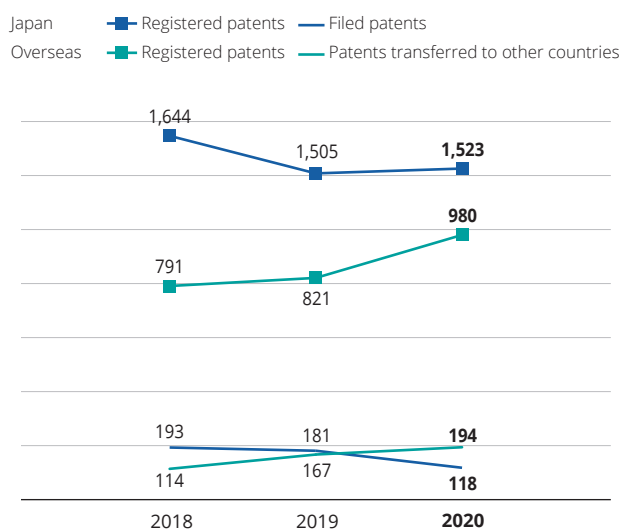
In the fiscal year ended March 31, 2020, the total number of domestic patent applications filed by the Company was 118, lower than in the previous fiscal year, but the number of solutions business-related patents increased. In addition, the Group transferred a record 194 patents* to other countries, spurred by the Group's overseas business expansion.

Going forward, we will continue to protect the Group's intellectual property by building a patent network for total solutions and by strengthening patent protection for strategic products overseas. In addition, the Group faces a growing risk of

intellectual property infringement as its global business expands. To mitigate that risk, we will establish rules and conduct training to ensure all Group employees comply with intellectual property rights.

* Total number of patents transferred to other jurisdictions under the Patent Cooperation Treaty (PCT) and patents filed in other countries and regions not party to the PCT.

Patent filings and registrations Fiscal years ended March 31



Review of Operations by Segment: **Water Treatment Chemicals**

Results in the Fiscal Year Ended March 31, 2020

Orders **¥113,777** million +10.5% ↑
Year-on-Year Change

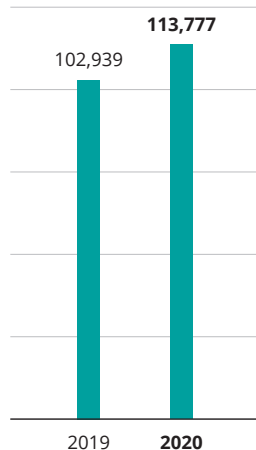
Business Profit **¥11,667** million +19.2% ↑
Year-on-Year Change

Net Sales **¥113,632** million +11.3% ↑
Year-on-Year Change

Operating Profit **¥10,127** million +137.8% ↑
Year-on-Year Change

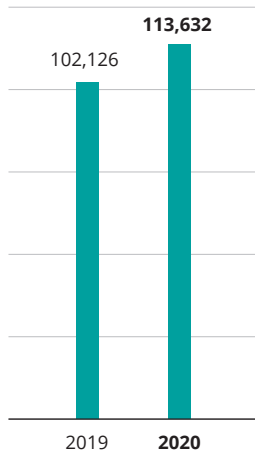
Orders

(Millions of Yen)



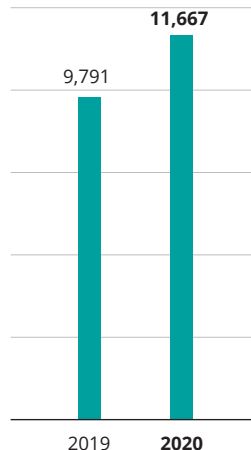
Net Sales

(Millions of Yen)



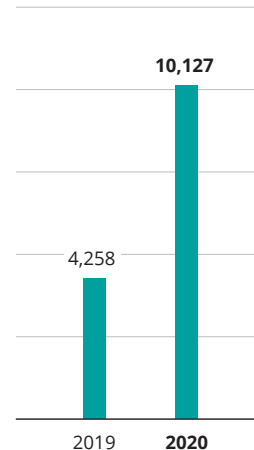
Business Profit

(Millions of Yen)



Operating Profit

(Millions of Yen)



Fiscal years ended March 31

Overview of the Fiscal Year Ended March 31, 2020

Orders and Net Sales

In Japan, orders declined slightly and net sales edged up 1% year on year. Demand was firm overall in the first half of the fiscal year, but demand started to weaken from the second half as the economy lost momentum. Overseas, orders and net sales both increased sharply, reflecting the consolidation of the water treatment chemicals business of U.S. Water Services, Inc., as well as Avista Technologies, Inc. and Avista Technologies (UK) Ltd. Excluding the consolidation of those businesses, net sales declined year on year. Three main factors weighed on net sales: the transfer of the aluminum compounds business in Europe at the end of the first half of the previous fiscal year, which led to lower sales in the first half of the year under review, yen appreciation against other currencies, and moves to streamline and rationalize low-margin product lines in each market as part of efforts to improve profitability. The COVID-19 outbreak had only a minimal impact on orders and net sales in the fiscal year under review.

Business Profit and Operating Profit

Business profit increased year on year despite the decline in sales after excluding new consolidations. Profit growth was supported by an improvement in the cost of sales ratio on the back of product line rationalization and other initiatives, and by tighter control of selling, general and administrative expenses. Again, there was only a modest impact on business profit from the COVID-19 outbreak.

Principal Products and Services

01

Boiler water treatment chemicals

Boilers are widely used for production processes in plants and air conditioning in office buildings. Boiler water treatment chemicals are used to prevent faults that may arise in boilers and ensure stable, efficient operation. They also help to save energy by preventing loss of heat efficiency in the boiler.



02

Cooling Water Treatment Chemicals

Cooling water treatment chemicals are used to treat cooling water used in plants and office buildings. By preventing problems in pipes and heat exchangers and inhibiting the growth of harmful Legionella bacteria in cooling towers, these chemicals help to save resources and energy and contribute to safer workplaces.



03

Wastewater Treatment Chemicals

Wastewater treatment chemicals are used to treat the many forms of industrial wastewater discharged by plants and domestic sewage to prevent any negative impact on the local environment. Proper treatment of wastewater contributes to the reduction of environmental impact.



04

Process Treatment Chemicals

Process treatment chemicals are used in manufacturing processes in the oil refining, petrochemical, steel, and pulp and paper industries, where they help to maintain and improve production efficiency and product quality.



05

Reverse Osmosis (RO) Membrane Treatment Chemicals

RO membrane treatment chemicals remove suspended solids that can reduce the filtering performance of RO membranes used in wastewater reclamation and seawater desalination facilities. By preventing clogging of the membranes, the chemicals contribute to stable, efficient operation of the facilities.



06

Treatment Chemicals for Automobile Painting Booths

Water treatment chemicals that separate residual paint contained in water in automobile painting booths ensure that circulating water is of appropriate quality, helping to improve productivity and reduce environmental impact.



07

Treatment Chemicals for Incinerators

Treatment chemicals for incinerators provide consistent treatment of hazardous substances, such as heavy metals contained in fly ash, and control emissions of dioxins, thereby helping to reduce environmental impact.



08

Treatment Chemicals for Civil Engineering

In civil engineering projects, the Group uses chemicals to develop greenspaces, treats construction sludge appropriately and reduces sprayed concrete dust, among other applications.



09

Chemical Dosing and Injection Equipment

The Kurita Group provides water treatment-related equipment for a wide range of applications, such as automatic water quality management systems that use chemical dosing and injection equipment and sensing technologies. By enabling stable operation of customers' facilities, this equipment contributes to labor saving and reduced environmental impact.



Review of Operations by Segment: **Water Treatment Facilities**

Results in the Fiscal Year Ended March 31, 2020

Orders **¥145,768** million Year-on-Year Change **−6.3%** ↓

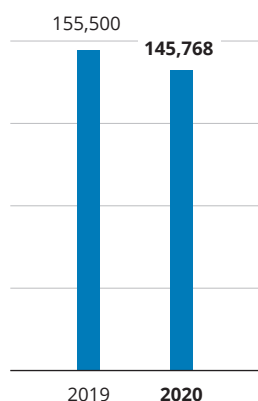
Business Profit **¥15,061** million Year-on-Year Change **−5.1%** ↓

Net Sales **¥151,174** million Year-on-Year Change **−2.6%** ↓

Operating Profit **¥17,390** million Year-on-Year Change **+12.1%** ↑

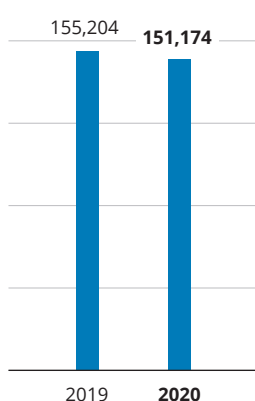
Orders

(Millions of Yen)



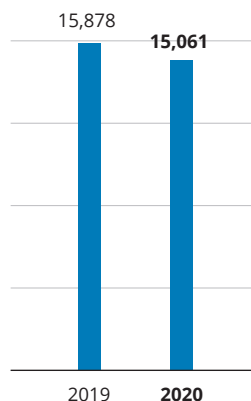
Net Sales

(Millions of Yen)



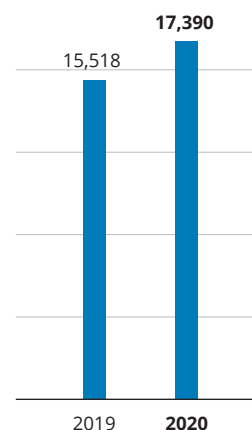
Business Profit

(Millions of Yen)



Operating Profit

(Millions of Yen)



Fiscal years ended March 31

Overview of the Fiscal Year Ended March 31, 2020

Orders and Net Sales

In Japan, orders and net sales for equipment supplied to the electronics industry declined year on year, reflecting a pullback from major projects booked in the previous fiscal year. Net sales from maintenance services provided to the electronics industry increased, supported by demand from customers that increased production capacity and upgraded facilities. Orders for water treatment systems for general industrial use declined due to a tighter focus on high-margin projects, but progress with work on major orders secured in the previous fiscal year led to higher sales. In soil remediation, orders and net sales declined, reflecting a drop-off in orders and net sales from major projects. In the domestic ultrapure water supply business, revisions to a contract for one customer pushed down sales, but sales increased overall due to the start of new water supply contracts.

Overseas, orders for water treatment facilities increased, mainly reflecting the consolidation of results from the water treatment facility business of U.S. Water Services, Inc. However, sales declined year on year due to a pullback from multiple major orders booked in the previous fiscal year and a negative impact on sales in yen terms amid yen appreciation against overseas currencies.

Business Profit and Operating Profit

Business profit declined year on year. The cost of sales ratio for water treatment facilities improved due to efforts to tightly control expenses after one-off additional costs were booked in the previous fiscal year, while profits from maintenance services for the public sector and from chemical cleaning also increased. However, those positives were outweighed by the impact of weaker sales from water treatment facilities for the electronics industry in Japan and overseas.

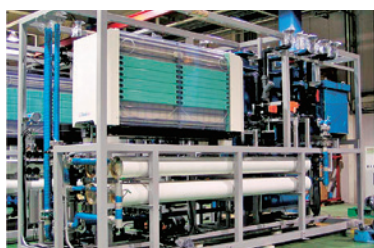
Operating profit increased year on year. The business recorded a loss on the sale of fixed assets related to the sale of research and development facilities, which was booked under other expenses, but that was outweighed by a gain on the sale of fixed assets related to the sale of some buildings and facilities in the ultrapure water supply business.

Principal Products and Services

01

Ultrapure Water Production Systems

Ultrapure water production systems remove ions, microscopic particles and bacteria from water to produce water that is as close as possible to theoretically pure H₂O—an essential ingredient in the production of semiconductors and FPDs.



02

Water Treatment Systems for General Industrial Use

Kurita provides water treatment systems to cover a wide range of industrial uses, including water for food products and beverages, and boiler water for use in the electric power and steel industries.



03

Wastewater Treatment Systems

Wastewater treatment systems detoxify the many forms of wastewater discharged by plants to ensure that it does not negatively impact the surrounding environment.



04

Wastewater Reclamation Systems

Kurita provides systems for reclaiming and recycling wastewater. Moreover, by reclaiming valuable substances included in the wastewater, the systems help to conserve resources and reduce costs.



05

Maintenance Services and Systems Management

Kurita provides maintenance services to prevent deterioration in performance and problems arising in water treatment facilities and to meet client needs for lower environmental impact and greater productivity. Kurita also manages systems and facilities for clients.



06

Ultrapure Water Supply Business

Kurita installs water treatment systems at customers' plants, handles the operation and maintenance of those systems, and charges customers for the supply of ultrapure water. This service reduces the level of investment required and the burden of system operation management for customers.



07

Tool Cleaning

Using its own facilities, Kurita cleans and removes any deposits that adhere to tools and jigs used by customers in the manufacture of semiconductors and FPDs. The provision of tool cleaning services helps customers to maintain and improve productivity.



08

Soil Remediation

Kurita conducts pollution assessments and remediation of soil and groundwater polluted by harmful substances. Using various decontamination methods, Kurita helps customers to hedge against the risk of soil pollution. Other services include support for the effective use or sale of restored land.



09

Chemical Cleaning

Kurita provides chemical cleaning services using chemicals and high-pressure water 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.



Directors, Members of the Audit & Supervisory Board, and Executive Officers (As of June 29, 2020)

Directors



President and Representative Director

Michiya Kadota

2016 President and Representative Director (to present)
2014 Director
2013 Executive Officer
1983 Joined Kurita Water Industries Ltd.



Executive Senior Managing Director and Representative Director

Kiyoshi Itou

2019 Executive General Manager of Corporate Planning and Control Division (to present)
2018 Executive Senior Managing Director and Representative Director (to present)
2013 Managing Director
2009 Director
2007 Executive Officer
1979 Joined Kurita Water Industries Ltd.



Managing Director

Yoshio Yamada

2019 Executive General Manager of Japan Sales Business Division and Chief Business Officer for Chemical Business (to present)
2018 Managing Director (to present)
2014 Director
2011 Executive Officer
1982 Joined Kurita Water Industries Ltd.



Managing Director

Hirohiko Ejiri

2020 Executive General Manager of Engineering Division and Chief Business Officer for Facility Business (to present)
2019 Managing Director (to present)
2016 Director
2014 Executive Officer
1985 Joined Kurita Water Industries Ltd.



Managing Director

Yasuo Suzuki

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



Director

Toshimi Kobayashi

2020 Senior General Manager of East Japan Group, Japan Sales Business Division (to present)
2018 Director (to present)
2011 Executive Officer
1982 Joined Kurita Seibi KK*
* Kurita Seibi KK was merged to Kurita Water Industries Ltd. in 1997.

Executive Officers

Koichi Iioka

Senior Executive Officer

Toshitaka Kodama

Senior Executive Officer
Executive General Manager of Digital Strategy Division

Shuji Shirode

Deputy Executive General Manager of Corporate Planning and Control Division

Tatsushi Kuramae

Executive General Manager of Research and Development Division

Kunihiro Kuse

Senior General Manager of Engineering Group, Engineering Division

External Directors



External Director

Tsuguto Moriwaki

- 2015 External Director of Kurita Water Industries Ltd. (to present)
- 2004 President and Representative Director of Shinsho Corporation
- 2002 Executive Vice President and Representative Director of Kobe Steel, Ltd.
- 1999 President and Representative Director of Kobelco Construction Machinery Co., Ltd.
- 1967 Joined Kobe Steel, Ltd.



External Director

Ryoko Sugiyama

- 2017 External Director of Kurita Water Industries Ltd. (to present)
- 2015 External Director of UACJ Corporation (to present)
- 2010 External Director and Audit and Supervisory Committee Member of LECIP Holdings Corporation (to present)
- 2010 Professor at the Faculty of Social and Environmental Studies of Fuji Tokoha University (current Tokoha University)
- 2007 Director of Sugiyama & Kurihara Environmental Consultants, Inc. (to present)
- 1996 Established Sugiyama & Kurihara Environmental Consultants, Inc., Representative Director



External Director

Keiko Tanaka

- 2019 External Director of Kurita Water Industries Ltd. (to present)
- 2018 Vice President of Nissan Financial Services Co., Ltd. (to present)
- 2014 Ambassador Extraordinary and Plenipotentiary of Japan to Uruguay
- 2013 Acted as Vice President of JATCO Ltd.
- 1984 Joined NISSAN MOTOR CO., LTD.

Members of the Audit & Supervisory Board



External Member of the Audit & Supervisory Board

Kenjiro Kobayashi

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



Member of the Audit & Supervisory Board

Yukihiro Mutou

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



External Member of the Audit & Supervisory Board (Part time)

Toshiaki Tada

- 2020 External Member of the Audit & Supervisory Board of Kurita Water Industries Ltd. (part time) (to present)
- 2012 Audit & Supervisory Board Member, ITOCHU Techno-Solutions Corporation (to present)
- 2005 Partner, HIBIYA SOGO LAW OFFICES (to present)
- 1996 Joined HIBIYA SOGO LAW OFFICES
- 1996 Registered as an attorney

Masaya Kawai

Executive General Manager of Solution Business Division

Takehiro Nozue

Senior General Manager of Marketing Group, Solution Business Division

Shingo Yamaga

Senior General Manager of Europe and the U.S. Business Group, Global Business Division

Hiroaki Mori

Senior General Manager of Administration Group, Japan Sales Business Division

Tatsuhiro Oosuga

Senior General Manager of West Japan Group, Japan Sales Business Division

Corporate Governance

Basic Concept

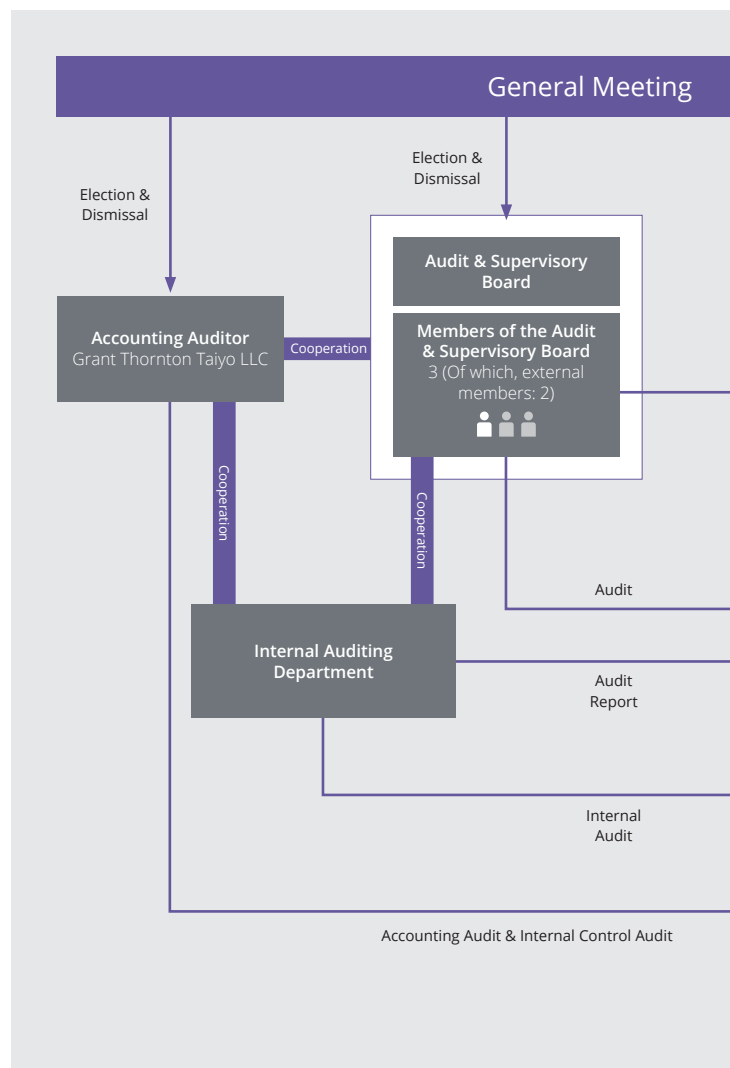
The Kurita Group aims to contribute broadly to society through corporate activities in the fields of water and the environment in accordance with the Kurita corporate philosophy, “Study the properties of water, master them, and we will create an environment in which nature and man are in harmony.” The Kurita Group will work to promote sustainable growth and enhance its corporate value in the medium and long term, deferring to the rights and position 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 striving to establish corporate governance, with the aim of realizing transparent, fair, prompt, and decisive decision-making measures and highly effective management supervision.

Corporate Governance Structure

As a company with an Audit & Supervisory Board, Kurita’s Board of Directors is responsible for decision-making and supervision of business execution. The Board sets the strategic direction for the Kurita Group and supervises management in general. It also makes decisions on business execution related to important investment and financing projects, the transfer of business, and other key matters. For other matters, business execution is decided by the Executive Committee, which is composed of management executives, or by management executives who have been given authority under the Internal Decision Approval and Review Rules.

Composition of the Board of Directors

The Board of Directors shall be organized in a way that complements the necessary knowledge, experience and diversity over the entire Board for appropriate management decision making and supervision of business execution. The Company will ensure that the Board will consist of personnel with a high degree of expertise in various business fields, management planning, finance and accounting, legal affairs, and technologies, etc., taking into consideration gender, international experience, etc.

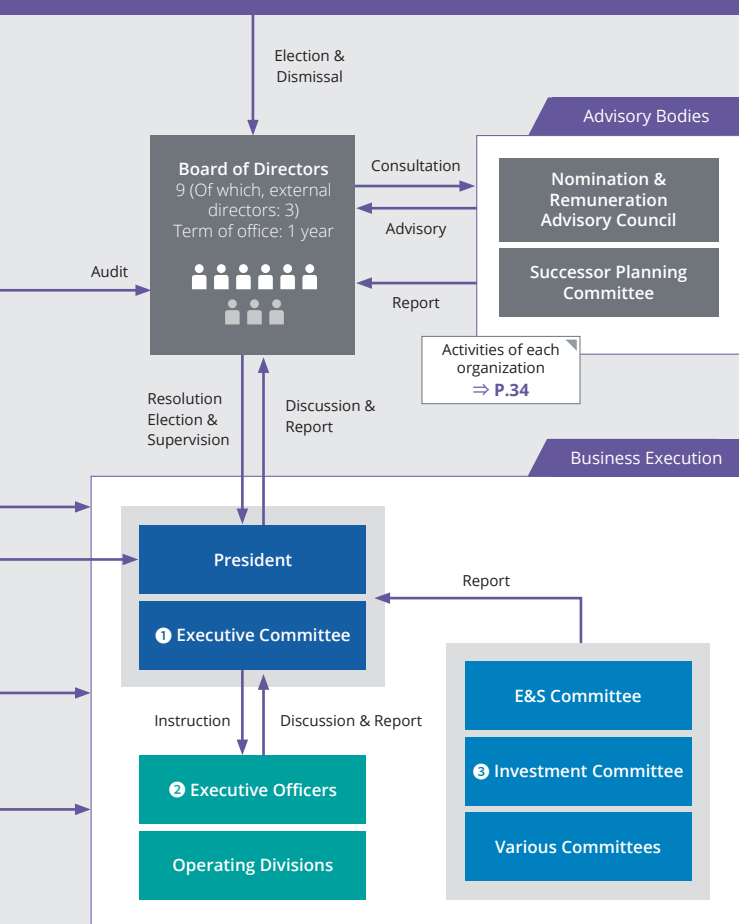


Distribution of Knowledge and Experience in the Board of Directors

Name	Sales		Management planning	Finance and accounting Legal affairs Human resources	R&D Production Technology	Knowledge and experience expected of external directors		
	Japan	Overseas				Corporate management	Environment	International
Michiya Kadota			●	●		—	—	—
Kiyoshi Itou			●	●		—	—	—
Yoshio Yamada	●				●	—	—	—
Hirohiko Ejiri	●	●	●		●	—	—	—
Yasuo Suzuki	●	●			●	—	—	—
Toshimi Kobayashi	●				●	—	—	—
Tsuguto Moriwaki (external director)	—	—	—	—	—	●		
Ryoko Sugiyama (external director)	—	—	—	—	—	●	●	
Keiko Tanaka (external director)	—	—	—	—	—	●		●

Note: This table is created based on the brief personal histories, positions and assignments in the Company, and reasons for deciding to make the person a candidate for director provided in Proposal No. 2 of the Notice of Convocation of the 84th Ordinary General Meeting of Shareholders.

of Shareholders



Business Execution Structure

① Executive Committee

The Executive Committee reviews matters to be resolved at Board of Directors meetings when necessary to expedite and facilitate the decision-making process. The Executive Committee consists of the president and representative director, directors at the level of managing director and above, the executive general manager of the Corporate Planning and Control Division, and directors and executive officers designated by the president.

② Executive Officers

The Company introduced an executive officer system in June 2005 to strengthen business execution capabilities. As of June 29, 2020, there were 10 executive officers, including two senior executive officers. Executive officers are employed based on appointment contracts. In the fiscal year ended March 31, 2020, the Company created the new post of senior executive officer to further strengthen business execution. Individuals who have served as managing director or in higher posts within the Company, or in posts with equivalent status at other companies, are eligible for the new position.

③ Investment Committee

To enhance and strengthen the screening of investments and financing of the Kurita Group, the Company established the Investment Committee in April 2017. The role of the Investment Committee is to pre-screen investment and financing projects to be discussed by the Board of Directors or the Executive Committee and report the pre-screening results and major discussion points to the Board of Directors and the Executive Committee. The Investment Committee has helped enhance the quality of discussions and the speed of investment decision-making by the Board of Directors and the Executive Committee by organizing major discussion points prior to meetings.

In accordance with the policy of striving to maintain return on equity (ROE) at levels above the cost of shareholders' equity, when making an investment decision, the Kurita Group sets a hurdle rate in consideration of risks for each investment project against the cost of shareholders' equity.

Roles and Results of the Investment Committee (The fiscal year ended March 31, 2020)

Roles	<ul style="list-style-type: none"> ■ Pre-screening of investment projects to be discussed by the Board of Directors or the Executive Committee ■ Report the pre-screening results and major discussion points to the Board of Directors or the Executive Committee 	
Constituent members	Chairperson: Deputy executive general manager of the Corporate Planning and Control Division Members: General manager of the Corporate Planning Department, general manager of the Risk Management Department, general manager of the Finance and Accounting Department, general manager of the International Finance Control Department, and general managers of business management departments in charge of sales and production	
Results in the fiscal year ended March 31, 2020	Number of meetings held	15
	Number of projects pre-screened	Equity investment and M&A projects: 9 Capital investment projects: 1 Financing and fund procurement projects: 2 Company establishments, relocations, reorganizations: 7 <div style="float: right; margin-top: -20px;"> Total: 19 </div>
	Results	Improved quality of discussion at the Board of Directors and the Executive Committee meetings. Enabled earlier filing of requests by requesting departments and increased request activity as a result
(Reference) Investment Standard	Hurdle rate calculated as "cost of capital + risk premium for each project"	

Corporate Governance

Advisory Councils for the Board of Directors

Nomination & Remuneration Advisory Council

The Company has in place a Nomination & Remuneration Advisory Council, a voluntary committee to increase transparency in the decision-making process regarding remuneration for directors and nomination of directors and members of the Audit & Supervisory Board. In the fiscal year ended March 31, 2020, the Council met four times to discuss nominations (directors and members of the Audit & Supervisory Board) and three times to discuss remuneration. The Council is chaired by an external director, with the main members

being the external directors and the external members of the Audit & Supervisory Board.

The chairperson of the Board of Directors consults with the Nomination & Remuneration Advisory Council beforehand when proposals are made to the Board of Directors regarding candidates for director or member of the Audit & Supervisory Board or remuneration for directors. Having received the request, the Council reports on the suitability or unsuitability of the candidates to the Board of Directors.

Profile of Nomination & Remuneration Advisory Council (Fiscal year ended March 31, 2020)

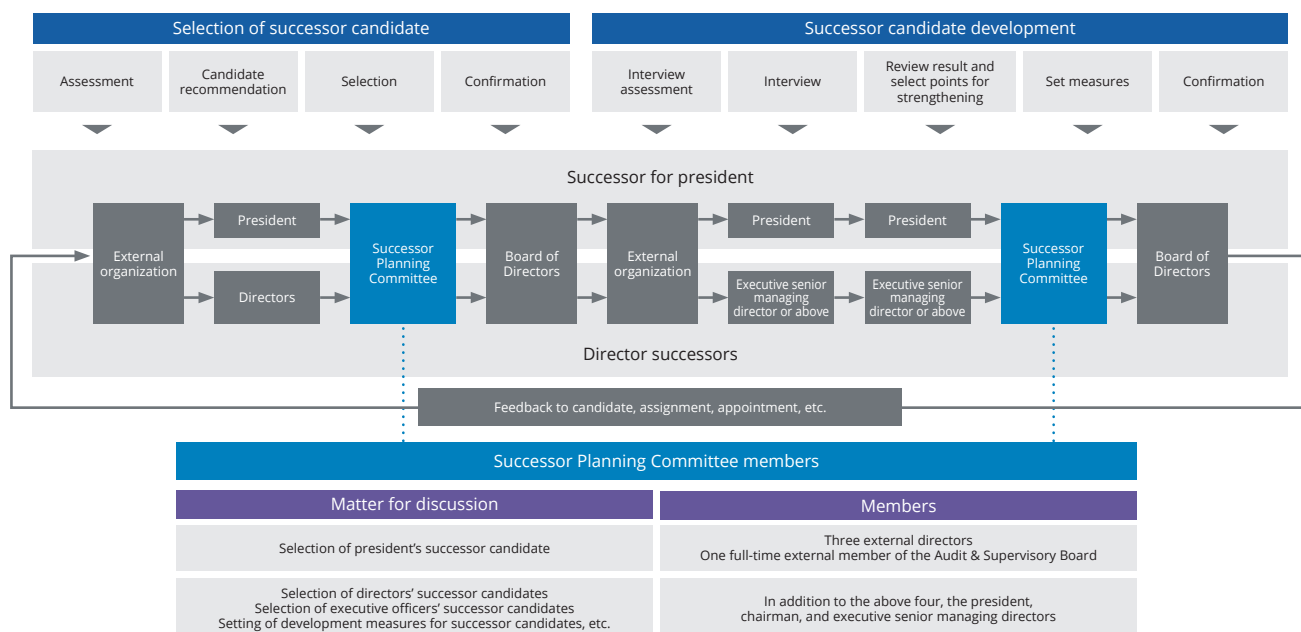
		Constituent members	Results in the fiscal year ended March 31, 2020
Nomination	Candidates for directors Candidates for representative directors Candidates for executive directors	<ul style="list-style-type: none"> Three external directors President One full-time external member of the Audit & Supervisory Board 	<ul style="list-style-type: none"> Determining the appropriateness of all candidates for director
	Candidates for members of the Audit & Supervisory Board	<ul style="list-style-type: none"> One full-time external member of the Audit & Supervisory Board President One full-time member of the Audit & Supervisory Board Executive general manager of the Corporate Planning and Control Division 	<ul style="list-style-type: none"> Determining the appropriateness of candidates for members of the Audit & Supervisory Board
Remuneration		<ul style="list-style-type: none"> Three external directors President One full-time external member of the Audit & Supervisory Board 	<ul style="list-style-type: none"> Performance evaluation of directors Discussion of the appropriateness of incentive remuneration Discussion of the appropriateness of fixed remuneration

Successor Planning Committee

The Company has in place the Successor Planning Committee, mainly comprising external officers, as an organization for selecting successor candidates for the president, directors, and executive officers and deciding on measures for their development. The committee references objective information such as external organization assessment results for the successor

candidates and selects successor candidates for the president, directors, and the executive officers, as well as setting the development measures for the successor candidate for president and directors, and reports these to the Board of Directors.

In the fiscal year ended March 31, 2020, the selection process was improved to include candidates from a wider range of employee ranks and positions.



(Fiscal year ended March 31, 2020)

Fulfilling the Function of the Audit & Supervisory Board Members

In the fiscal year ended March 31, 2020, the Audit & Supervisory Board held 11 meetings, which were attended by all members of the board. Key matters considered and discussed by Audit & Supervisory Board members included the formulation of audit policies and plans, the preparation of audit reports, selection of the Accounting Auditor, remuneration for the Accounting Auditor and details of proposals to be presented to the Annual General Meeting of Shareholders. The Board developed and implemented audit plans targeting priority areas, such as the internal control system (including internal control over financial reporting), the development and implementation of the risk management system and audits of progress regarding priority measures in business plans.

Cooperation with the Accounting Auditor, the Internal Auditing Department and External Directors

In regular meetings between the president and all members of the Audit & Supervisory Board, the president provides details about the Company's management policy, growth strategies, business issues and other topics, while members of the Audit & Supervisory Board provide recommendations based on audit activities. The members of the Audit & Supervisory Board also hold regular meetings with the Accounting Auditor to confirm the independence of the Accounting Auditor, verify the performance of their duties and discuss and exchange opinions about accounting audits. Regular meetings are also held with external directors to exchange opinions about the Company's business management in general.

The members of the Audit & Supervisory Board discuss internal audit plans with the Internal Auditing Department in charge of internal audits of the Company and exchange opinions with them about audit results and evaluations of internal control over financial reporting, risk management, etc.

Participation in Key Meetings and Audit of Group Companies

Full-time members of the Audit & Supervisory Board attend meetings of the Board of Directors, Executive Committee, the E&S Committee and other important meetings, and audit business execution by the directors and oversight duties of the Board of Directors. In addition, they conduct audits of key management departments and carry out field audits of business sites and Group companies to verify the asset position of the entire Kurita Group and the development and operation of the internal control system by directors at Group companies. Full-time members of the Audit & Supervisory Board share information from meetings of the Executive Committee and other key meetings and the details and results of audits and field audits with the part-time member of the Board on a timely basis. In addition, the part-time member of the Audit & Supervisory Board proactively provides opinions during meetings of the Board of Directors and during regular meetings with the president, drawing on their legal expertise and background.

Onsite audits of three domestic business sites scheduled for the start of the fiscal year were cancelled due to the COVID-19 outbreak. However, as an alternative, appropriate audits of the sites were conducted by reviewing audit evidence documentation. Additionally, business reports, financial documents and other materials were appropriately audited through increased use of online meetings and electronic files.

Experience, Capability, and Knowledge of the Audit & Supervisory Board Members

Name	Experience, Capability, and Knowledge	Attendance (Fiscal year ended March 31, 2020)	
		Board of Directors' meetings	Audit & Supervisory Board meetings
Kenjiro Kobayashi  	Mr. Kenjiro Kobayashi has been active in different fields to those of the Kurita Group's businesses and has high expertise in the areas of finance, management planning, new business development, M&As, etc., along with a wealth of international experience.	15 / 15	11 / 11
Yukihiko Mutou	Mr. Yukihiko Mutou has held important positions in the Administrative Division. He possesses a wealth of knowledge and experience in the areas of finance, accounting, and management.	12 / 12	8 / 8
Toshiaki Tada  	Mr. Toshiaki Tada has special knowledge as well as a wealth of experience and deep insight into corporate legal affairs as an attorney who has worked in Japan and overseas.	—	—

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	Self-Evaluation This 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) Collaboration with members of the Audit & Supervisory Board and 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 2019

Evaluation Results

According to the evaluation results for January to December 2019, 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. The "contributions of individual directors and members of the Audit & Supervisory Board" category received the highest evaluation, with limited variation in responses from internal directors, external directors and members of the Audit & Supervisory Board. However, in the "roles and responsibilities of the Board of Directors" category, certain items related to deepening discussion and providing specific goals on business strategies and involvement in the environment and society received relatively low valuations compared with other items.

Issue

Identify and deepen discussion on specific themes in order to support the creation of long-term corporate value.

Measures

We provided opportunities to consider value creation stories based on all aspects of integrated reporting and how management capital is used to realize those stories, drawing on input from executive officers, senior general managers and individuals in other positions who will take responsibility for the Company's future management. Outcomes of the process were discussed by the Board of Directors.

Status of Initiatives to Tackle Issues Raised in Evaluation Results in the Previous Fiscal Year

Based on evaluation results for the previous fiscal year, we identified the issue that "Further improvement of governance standards is required for the Kurita Group as a whole, including group companies in Japan and overseas." We implemented the following initiatives to tackle the issue.

- We developed a framework that allows the Company's Internal Auditing Department to monitor the implementation of the Kurita Group Business Policy and other policies by Group companies in Japan and overseas.
- We assessed the effectiveness of each domestic Group company's Board of Directors, identified specific issues at each company and provided support as necessary.
- As part of concrete initiatives to "reinforce systems to complete PMI*, including the increased deployment of Company personnel to acquired Group companies," which was identified as an issue from evaluations in the previous fiscal year, we established a specialist team to integrate and advance businesses in the North America region and enhanced cooperation with overseas Group companies.

*Post-Merger Integration

Remuneration for Directors and Members of the Audit & Supervisory Board

The Company's remuneration system for directors excluding external directors is composed of fixed remuneration as base remuneration, and incentive remuneration linked to business results. External directors and members of the Audit & Supervisory Board, who perform oversight functions, receive only fixed remuneration. Amounts of fixed remuneration are decided for each job title in the case of directors and for each work arrangement in the case of members of the Audit & Supervisory Board. A portion of the remuneration is appropriated for the directors' and Audit & Supervisory Board members' Shareholding Scheme to purchase the Company's shares so that directors and members of the Audit & Supervisory Board share the risk of stock price fluctuation with shareholders.

To provide an incentive to directors (excluding external directors) to continuously increase corporate value, the Company provides short-term and long-term incentive remuneration. The short-term incentive remuneration is variable depending on the degree to which consolidated

operating income achieves an annual business target and the performance of duties for which each person is responsible. For the long-term incentive remuneration, the Company has introduced a performance-linked stock compensation program under which points are awarded according to business performance and job title during the term of office, and shares of the Company are granted at the time of retirement in an amount corresponding to the number of accumulated points.

The system and level of remuneration and the performance evaluation of directors are adopted by resolution of the Board of Directors after consulting in advance with the Nomination & Remuneration Advisory Council. Based on reports provided by the Nomination & Remuneration Advisory Council, the Board of Directors decides the allocation of remuneration of the directors within the total amount determined by the Annual General Meeting of Shareholders. The allocation of remuneration for each member of the Audit & Supervisory Board is adopted by resolution of the Audit & Supervisory Board.

Remuneration System for Directors and Members of the Audit & Supervisory Board

Payment Ratio of Base Remuneration and Incentive Remuneration (Average)

Base remuneration		Performance-linked remuneration		Total
	Of which, payment to shareholding scheme	Short-term incentive remuneration	Long-term incentive remuneration	
50%-90%	10%-20%	0%-30%	10%-20%	100%

Remuneration for Directors and Members of the Audit & Supervisory Board

Total amount of remuneration, etc., for each officer classification, total amount by type of remuneration, etc., and number of eligible officers (Fiscal year ended March 31, 2020)

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	
Directors (excluding external directors)	415	283	131	10
Members of the Audit & Supervisory Board (excluding external members)	34	34	—	2
External officers	85	85	—	5

Corporate Governance

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 E&S Committee, the Solutions Business Committee, and the Health and Safety Committee. They also make onsite visits to gain a deeper understanding of operations for evaluating management.

As members of the Nomination & Remuneration Advisory Council and the Successor Planning Committee, external directors also help to enhance the suitability and transparency of discussions in both bodies and work to ensure appropriate evaluations of executive candidates through individual interviews with candidates.

Status of External Directors (As of June 29, 2020)

Post	Name	Number of meetings of the Board of Directors attended (Fiscal year ended March 31, 2020)	Reasons for election as a director
Directors	Tsuguto Moriwaki	Board of Directors' meetings: 15/15	Mr. Tsuguto Moriwaki is an individual who possesses a great deal of knowledge about manufacturing and corporate reform. The Company judged that he could take advantage of his knowledge and experience, having held important positions such as representative director in other companies, to deliver opinions from an outside perspective and increase the rationality and transparency of the Company's management.
	Ryoko Sugiyama	Board of Directors' meetings: 13/15	Ms. Ryoko Sugiyama is an expert on the environment and waste and has held important positions such as an external director of listed companies. The Company judged that she was capable of providing opinions from an outside perspective, different from those within the Company, and increasing its rationality and transparency.
	Keiko Tanaka	Board of Directors' meetings: 11/12	Ms. Keiko Tanaka has experience in business fields that differ from those of the Kurita Group and a great deal of knowledge about public relations and marketing, as well as international experience. The Company judged that she was capable of using these skills to express opinions from an outside perspective to increase the rationality and transparency of the Company's management.

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.

IR Activities

The Group strives to secure opportunities for dialogue with institutional investors in Japan and overseas and individual investors in Japan through various presentations, conferences, and individual meetings. The president is the main speaker at the financial results presentations. The executive general manager of the Corporate Planning and Control Division is responsible for routine dialogue, except during silent periods, and works with personnel responsible for IR and CSR activities.

IR Activities in the Fiscal Year Ended March 31, 2020

Dialogue events		Number of events
Institutional investors (including shareholders)	Financial results presentations (including teleconferences)	4 times
	Small group meetings	4 times
	Individual meetings	Total approx. 250 times
	Overseas roadshows	2 times
Individual investors (including shareholders)	Shareholders presentation after Annual General Meeting of Shareholders	1 time
	Letter to Shareholders	1 time

Communication with People Responsible for Exercising Voting Rights

The Company is working to increase opportunities for dialogue with institutional investors responsible for exercising voting rights to listen to their opinions and use them to improve management. In the fiscal year ended March 31, 2020, personnel responsible for investor and shareholder relations met with major investors in Japan eight times to hear the voting policies of institutional investors and to exchange opinions on improving the Group's management and corporate governance. The opinions and requests of institutional investors were swiftly relayed back to management.

Initiatives to Continuously Improve Convenience for Exercising Voting Rights

Initiative	Starting time
Adoption of full-color convocation notices	June 2018
Increase in English translation scope of the convocation notice	June 2018
Preparation of English version of the corporate governance report	October 2016
Early disclosure prior to distribution of convocation notice	June 2016
Preparation of English-language convocation notice (reference documents)	June 2013
Shareholder relations visits	November 2011
Adopted electronic voting for exercise of voting	June 2006
Joined Electronic Voting Platform for exercise of voting rights	June 2006

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 by comparing expected gains based on capital cost and gains from holding the shares. We also examine the relationships with companies whose shares the Company holds by carefully examining our transaction histories

with them. Based on the results of this examination, the Board of Directors reviews the appropriateness of holdings periodically and at other times as necessary, and reduces the number of shares held. Funds gained from the sale of the shares are allocated to capital investment and M&As.

Policy	<ul style="list-style-type: none"> ■ 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 aims 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. 	
Review of shareholdings	Frequency	■ Once a year or as necessary
	Standard	<ul style="list-style-type: none"> ■ Total of operating profit and dividends received is less than expected return for five consecutive years ■ An improper incident occurs, etc.
Record of sales	Fiscal year ended March 31, 2018	■ 9 of 46 stocks
	Fiscal year ended March 31, 2019	■ 13 of 37 stocks (includes partial sales)
	Fiscal year ended March 31, 2020	■ 2 of 28 stocks

Governance Discussion with External Directors



Succession planning and director appointments

Moriwaki Discussions by the Board of Directors are very dynamic. The Kurita Group has also taken a number of innovative steps over the years to enhance corporate governance. However, to keep moving forward, I think Kurita needs to raise the level of discussion surrounding succession planning and the appointment of directors.

Tanaka I was appointed as an external director in June 2019. My impression is that Kurita's governance mechanisms are already robust. In terms of succession planning, I thought the opportunity to interview each candidate face to face was very useful. The use of

outside consultants to identify and cultivate future leaders is also commendable.

Sugiyama From my experience, outside consultants are not very useful in some cases, depending on what role they are given, but Kurita seems to be making good use of them in succession planning. When used to complement internal views, as in this case, outside consultants add value to the planning process. I attend both the Nomination & Remuneration Advisory Council and the Successor Planning Committee, and they liaise well with each other on identifying future leaders.

Moriwaki However, I think we can improve the discussions by using more input from people nominating the candidates and by providing more detail about why certain candidates have been selected. I think that's one area that could be tackled to improve corporate governance.

Creating a diverse Board of Directors

Tanaka I'm the second woman to be appointed to the board, but there's more that Kurita can do, such as actively supporting the careers of women already working in the Group. I think the Company needs to proactively hire and cultivate female engineers, using Kurita's reputation as a company that contributes to the environment.

Sugiyama I agree. We need to offer more opportunities for women in the workplace. In terms of skill levels, I think it would be good if some members of the board had a specialist background in the field of digital transformation.





Moriwaki To cultivate business leaders from an engineering background, it might be worthwhile placing some of our engineers with venture capital firms, where they can undergo training that gives them the skills to evaluate the quality of business management as well as technologies.

Tanaka Diversity also refers to non-Japanese staff. Kurita has acquired various overseas companies in recent years, so the Company needs to think about promoting foreign personnel from the ranks of executives at those firms to increase motivation. Promoting non-Japanese personnel to higher positions in the Group would also give the Board deeper insights into its businesses.

The role of external directors and support from the Company

Moriwaki The number of external directors has increased from two to three, which is not a big difference from when Kurita appointed a second external director, but I feel that our voice in management has increased.

Sugiyama We were still free to express our opinions when there was just two of us, but a group of three external directors means we can provide a broader range of ideas and opinions in discussions. For me, briefings about agenda items before Board of Director meetings are a valuable opportunity to access key information and share opinions.

Tanaka The Company provides support in that respect. To gain a deeper understanding of Kurita, we attend research and development workshops and participate in Environmental & Social (E&S) Committee meetings and other events, which is helping me get up to speed on the Kurita Group. We've also been taken on a tour of an ultrapure water supply business site.

Moriwaki I'm satisfied with the amount of information I can access to keep me informed, as I'm well-versed in where to look for the right information after five years as an external director. In fact, there's almost too much information, making it hard for external directors to know where to draw the line. When I've attended meetings of Kurita's committees, I've found that the level of discussion can be very complex. That means we need to think about how best to communicate the nature of discussions to ordinary employees.

Role of the Investment Committee

Moriwaki The main role of the Investment Committee is to

encourage detailed, frank discussions about investment projects between personnel, who may not necessarily be involved in the project, and staff who are leading the project. In my view, the people with the most knowledge of the project should lead the discussions, regardless of their position inside the Company. Steps need to be taken to prevent the committee from becoming a venue for people simply to air outspoken opinions.

Sugiyama Discussions about investment projects by the Board of Directors feature detailed explanations about projects and related risks, as well as input from inside directors. However, I think the board could make better-informed decisions if they receive information beforehand about the background and process of discussions within the Investment Committee, particularly negative opinions expressed by the committee.

The Kurita Group's longer-term growth strategy

Tanaka As the president likes to say, Kurita has to disrupt existing ideas and approaches. But I think that's quite hard to do for a relatively successful company like Kurita. For companies that face a crisis such as bankruptcy, employees have to take the initiative and tackle the crisis head on, or the company could go bust. In our case, the medium-term management plan (MVP-22) communicates in simple terms what each part of the Company needs to do, from management down to each division and department. Taking a lead from the plan, every employee needs to take the initiative and decide what they need to do individually to contribute to the plan's goals.

Sugiyama The Group is currently working hard to complete its total solutions business model. Achieving the medium-term plan targets in the fiscal year ending March 31, 2023 will lay the groundwork for the next stage. However, we have to consider how total solutions fit with CSR and CSV – long-term initiatives for the Group – and whether CSR and CSV are objectives in themselves or approaches we should follow.

Moriwaki The people who wrestled with the development and implementation of the current medium-term management plan are now starting to see the fruits of their labor, which should lead to improvements in the next five-year plan. Creating a new business model will be challenging, but if more employees can switch to a value-creating mindset, I'm confident Kurita can achieve its aims.



Risk Management

The Kurita Group defines risk as any event that makes its sustainable growth and enhancement of the Group's corporate value uncertain. We identify risks that need to be addressed while minimizing losses and damage by taking measures to avoid and mitigate risks, so that we can continue securing business opportunities for further growth.

Risk Management System

The executive general manager of the Corporate Planning and Control 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, conducts ongoing monitoring based on the Company-wide risk map, and takes steps to prevent risks from occurring.

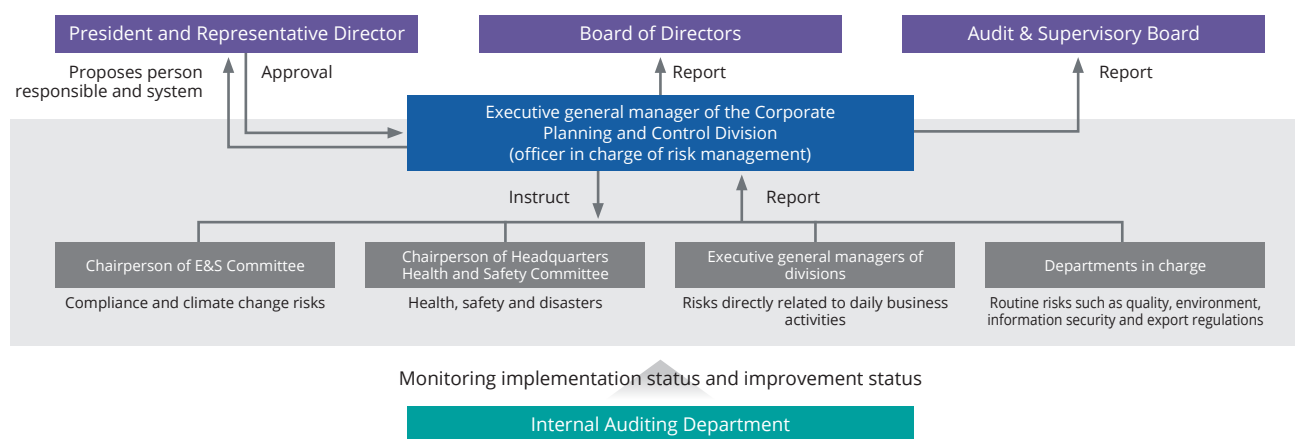
In the event of a risk that could have a serious impact on Kurita's business, the general manager formulates systems with those responsible for responding to the risk, obtains approval from the president and the representative director, and immediately issues instructions. Those responsible for responding to the risk promptly take action and report to the president and the representative director and the executive general manager of the Corporate Planning and Control Division regarding the impact of the risk, progress with mitigation and measures to prevent reoccurrence.

The E&S 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 disasters. The executive general manager of each division is responsible for responding to risks directly associated with day-to-day business operations. Also, responding to commonly seen risks relating to quality, the environment, information security, export controls, and so on are handled by the respective divisions responsible.

The executive general manager of the Corporate Planning and Control 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 and the Audit & Supervisory Board 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 quantitative and qualitative impact of those risks and the likelihood of them occurring.

Material risks are mapped and specific response measures developed for each division. Risks are also reflected in business plans for each division and progress with risk response measures is monitored. Progress is regularly reported to the Board of Directors, which discusses and formulates material risk response measures for the next fiscal year, including responses to emerging risks caused by changes in the operating environment.

Risk Management PDCA Cycle



Kurita Group Risk Map

Risk category	Main risks	Report section / information related to response measures
Operating environment risk	<ul style="list-style-type: none"> Changes in demand due to fluctuations in factory operating rates and capital investment in client industries Decline in prices for products and services due to intensifying competition Price fluctuations for raw materials and other inputs Impact on overseas operations due to changes in exchange rates and other factors 	<ul style="list-style-type: none"> Opportunities and Risks P22
Country risk	<ul style="list-style-type: none"> Changes in regulatory frameworks and political and economic instability in Kurita's markets 	—
Disaster risk	<ul style="list-style-type: none"> Human and business losses caused by pandemics or natural disasters 	<ul style="list-style-type: none"> BCM Policy P43
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 client 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"> Interview with the President P10 Medium-Term Management Plan P16 Opportunities and Risks P22
Business risk	<ul style="list-style-type: none"> Failure to provide competitive products, services or solution models in a timely manner Claims for damages due to defects in products or services and delays with productivity improvements Loss of competitiveness due to outflow of technical expertise 	<ul style="list-style-type: none"> Opportunities and Risks P22
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 affiliated companies Write-down of goodwill caused by weak earnings at acquired companies 	<ul style="list-style-type: none"> Corporate Governance P32 Medium-Term Management Plan P16 Basic Policies for Constructing an Internal Control System —
Labor risk	<ul style="list-style-type: none"> Health issues caused by long working hours Decline in ability to adapt diversity and other changes in operating environment 	<ul style="list-style-type: none"> Human Resources Management P44
Legal and compliance risk	<ul style="list-style-type: none"> Infringement of intellectual property rights Loss of public trust due to legal, regulatory or compliance violations and data breaches 	<ul style="list-style-type: none"> R&D and Intellectual Property P25 Compliance P47

• 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 Securities Exchange Report that could have material impact on investor decisions.

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

Business Continuity Management (BCM) Policy

The Kurita Group has formulated a Business Continuity Management (BCM) Policy to set out the Kurita Group's principles for handling emergencies that pose a risk to the continuity of the Group's businesses, such as severe earthquakes, typhoons or pandemics. The policy enables Kurita Group officers and employees to make judgements and act appropriately by clarifying our basic approach as follows:

1. Highest priority on ensuring the preservation of human life

The Kurita Group will place highest priority on ensuring the peace of

mind and safety and security of officers and employees and their family members.

2. Early restoration of business operations

The Kurita Group will endeavor to quickly restore operations at its own facilities, completed projects and projects under construction. In this way, it will make efforts to supply products and services in a stable manner and to support recovery efforts at clients.

3. Community support

The Kurita Group will support reconstruction of the local community while working to prevent secondary disasters at its own sites

Measures to Ensure Business Continuity During the COVID-19 Outbreak

Infections caused by coronavirus disease 2019 (COVID-19) have been increasing since February 2020. In response, the Kurita Group has introduced a backup personnel system for officers, division managers and other individuals involved in business execution in the event that they become infected. Reporting lines with Group companies have also been established to rapidly and accurately gather information.

In addition, Kurita has identified operations within each organization that are essential to ensure business continuity for clients and the Group and to fulfill its responsibilities to society. Infection prevention measures and backup personnel systems have been developed for employees working at Group companies

and partner companies involved in essential operations.

Also, amid calls from the government for the public to stay at home, Kurita implemented rules on home working in regions where stay-at-home requests were in place. In principle, all employees in those regions were required to work at home unless they were involved in essential operations.

The Kurita Group will continue to flexibly adapt work systems in response to infection trends in each country and the needs of society and clients, while also developing new internal systems and reviewing work practices to align with the new realities of everyday life and changes in work styles.

Human Resources Management

 Please visit our website for more information.

Respect Human Rights https://www.kurita.co.jp/csr/csr_activity_basic/human_rights/index.html

Kurita established a committee in April 2020 to cultivate engineers and other personnel. The Committee is chaired by the senior general manager of the Production Group in the Engineering Division.

In addition to training run by departments responsible for human resources development, Kurita Water Industries offers a paid study sabbatical system to provide employees with opportunities to study at educational and research institutions in Japan and overseas in areas relevant to the Group's business. We also offer a scholarship program to provide financial aid to students who meet certain criteria. Furthermore, we run in-house training courses such as our Specialist Technical Courses, in which leading personnel from each technical field act as in-house instructors to pass on technical knowledge. In addition, we offer over 200 correspondence education and classroom-based courses to give employees the opportunities to acquire a wide range of knowledge and skills.

All target employees Selective Business Group training



Fair Personnel Systems

To help employees achieve their potential, companies need to conduct fair evaluations of each employee based on their roles and performance and provide appropriate remuneration and education in line with their performance. At Kurita Water Industries, employees have interviews with supervisors to confirm their results and issues as part of transparent and fair evaluations.

Kurita Water Industries has introduced a Self-Reporting System for employees to provide feedback about their duties and workplaces and their intentions regarding career development and fulfilling their potential. Once a year, supervisors meet with employees to discuss their suitability for current duties, transfers to develop their careers, family status and other matters. This

enables the Company to understand the employee's thinking. Information from the meetings is used to assist personnel development and motivate teams.

Attracting Diverse Human Resources

The Company and its domestic Group companies work to attract and retain diverse personnel by providing a wide range of employment opportunities for people with disabilities, senior citizens and foreign nationals. Specifically, we recruit people with disabilities through Group company With Kurita Ltd. and hire employees who have reached mandatory retirement age and overseas students living in Japan.

Developing Human Resources Post-COVID-19

The COVID-19 crisis has changed how people live and work worldwide. The Kurita Group believes that presents a good opportunity to overhaul its employment systems and human resources management. We have accelerated the adoption of digital tools and rapidly built systems to enable work in virtual environments. As a result, working from home and mobile working has become established across the Group. This new approach, which is not constrained by time or place, is unlikely to be completely wound back after the crisis.

Teleworking is likely to result in gaps in productivity between employees due to differences in working conditions, including the self-management skills of individual employees. In human resources management and evaluation, we anticipate a growing trend in Japan towards job-based employment systems (people hired individually for specific roles) to enable equitable assessment of work performance.

The Kurita Group's strengths are derived from the trust society and clients place in us, backed by customer intimacy. That trust is anchored by our cohesive workforce (the ability to rapidly resolve issues by working together) and our steadfast approach (a commitment to seeing through every job to completion, no matter how difficult). The Group's strengths have been built up over time through our membership-based employment system (people hired as a group for various roles as "members" of the company). As teleworking becomes a normal part of work, Kurita will need to focus on how to get the best out of each employee and how to support their individual development, while maintaining the Group's strengths and retaining some aspects of the membership-based employment system.

We will also need to address two important issues related to changing work styles – how to ensure the Company remains a place where employees feel affinity with their colleagues, and what training systems and personnel management systems to create to increase productivity,

given that new work styles are likely to lead to gaps in output between employees.

As part of that process, I want employee happiness and well-being to become the basis for personnel management. That's because, as views on work styles and work in general become more diverse, employee happiness and well-being can be the central focus of affinity, and highly satisfied employees are likely to be people who want to make a difference and who take the initiative when faced with a challenge, rather than relying on others. For an organization like Kurita, which is underpinned by trust from society and customers, employee happiness and well-being is the kind of value we will need to foster to help us build customer intimacy. Of course, happiness and well-being means different things to different people, but our goal in personnel management and human resources development is to create an organization of highly motivated people who want to play a meaningful role in society and who have a clear understanding of what happiness and well-being means to them personally.



Kiyoshi Itou

Executive General Manager of
Corporate Planning
and Control Division

Human Resources Management

Creating a Flexible Work Culture

The Company is taking steps to support employees who want to balance their careers and family life by creating a flexible working environment for employees.

(fiscal years ended March 31)

Status of System Use (Number of people)		2019	2020
Parental leave for childcare	Male	6	21
	Female	25	25
Caregiving leave system	Male	1	1
	Female	0	0
Work less hours for caregiving system	Male	0	0
	Female	0	0

*In addition to the above systems, Kurita provides a short-term nursing leave system.

Status of System Use (Number of people)		2019	2020
Short-term caregiving leave system	Male	10	9
	Female	5	7
Leave system due to spouse being transferred	Male	0	0
	Female	2	2
Volunteer leave system	Male	3	1
	Female	2	2

Promoting Women's Participation and Advancement in the Workplace

The average number of years of service for female employees is 16.8, indicating a working environment that encourages women to remain with the Company for a relatively long period. However, for many years, little progress was made in appointing women to management positions. However, with Japan facing a shrinking population, the ability to successfully encourage women's participation and advancement in the workplace has become an urgent issue for the Company from the standpoint of securing management resources. In response, we are working to improve this situation under an action plan based on the Act on Promotion of Women's Participation and Advancement in the Workplace and the Act on Advancement of Measures to Support Raising Next-Generation Children. Kurita Water Industries is a constituent stock in the MSCI Japan Empowering Women (WIN) Index.

(fiscal years ended March 31)

		2019	2020
Ratio of female personnel (%)	Management	1.1	2.1
	Employees	14.1	14.5
Average years of service for female personnel			16.8

Action Plan Based on the Act on Promotion of Women's Participation and Advancement in the Workplace

In the five-year plan for the period from April 2018 to March 2023, Kurita Water Industries has set the following targets.

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

We will continue taking the following initiatives in order to achieve these targets.

- (1) Career planning support for women in career track positions
- (2) Increase the ratio of female recruits
- (3) Expand the roles of female employees
- (4) Support career development through the self-reporting system

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

In the five-year plan for the period from April 2018 to March 2023, Kurita Water Industries has set the following targets.

- (1) Ease workplace regulations
- (2) Promote use of annual paid leave
- (3) Promote male participation in childcare
- (4) Provide time for childcare

Work Style Reforms

The Company is promoting work style reforms centered on reducing long working hours with a view to maintaining the physical and mental health of employees and increasing their productivity.

Reducing Long Working Hours

Kurita is taking steps to reduce long working hours.

Measures	
Restrict working hours	<ul style="list-style-type: none"> ■ Established no overtime day (Wednesday) ■ Set the hours that the Company's Headquarters facilities can be used (until 8:00 p.m.)
Promote use of paid annual leave	<ul style="list-style-type: none"> ■ Encourage employees to take at least five days of continuous leave in the summer holiday period (June-October)
Change employee mindset	<ul style="list-style-type: none"> ■ Provide Work Style Reform Seminars for engineers ■ Run e-learning programs for acquisition of time-management skills and efficient meeting operation
Reform and introduction of systems and mechanisms	<ul style="list-style-type: none"> ■ Use satellite offices ■ Run trial of interval system to break up work hours


The Basis for Management Activities

Compliance

The Kurita Group conducts compliance activities that go beyond fundamental legal compliance, aiming to be a corporate group trusted by society and held in high esteem by all Group members.

Basic Concept

The Kurita Group has formulated the Kurita Group Code of Conduct, which sets out how all Kurita Group officers and employees should conduct themselves in business activities and what conduct is prohibited. The Code is positioned as the Group's basic policy on compliance and is translated into several languages and shared across the entire Group. To deepen understanding of the Code and ensure it is implemented, each organization develops and regularly reviews its own more specific Compliance Guidelines that highlight key areas of behavior that must be complied with and put into practice in the course of work duties.

 **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 the E&S Committee and the Group E&S Committee as organizations to oversee compliance activities. Both committees are chaired by an Executive Senior Managing Director of the Company, and the Group E&S Committee's members are representatives of Group companies. The committees are tasked with deciding policies and key measures related to compliance activities, which are conveyed to all employees through subcommittees in each Company division and Group company.

Main Initiatives

Promoting Fair Business Practices

The Kurita Group has formulated the Kurita Group Anti-Bribery Policy and the Kurita Group Antitrust Policy to ensure fair business practices are promoted throughout the entire Group. These policies have been translated into several languages to raise awareness among all Kurita Group officers and employees and are used as part of regular training activities. In the fiscal year ended March 31, 2020, all officers and employees at the Company and its domestic Group companies took part in an anti-bribery and anti-corruption e-learning program.

All-Employee Survey

The Kurita Group conducts an annual Compliance Behavior Survey of all Group employees and dispatch 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, 2020, 7,054 employees and temporary staff took the survey, equating to a response rate of 99.1%.

Preventive Compliance Measures

The Kurita Group develops compliance improvement targets and measures to prevent issues with compliance before they occur. Specifically, based on a Non-Compliance Risk Map, which is a list of roughly 60 legal infringement risks, the Company divisions and Group companies set priority measures tailored to their respective characteristics, referencing the results of the Compliance Behavior Survey conducted in the previous fiscal year.

Whistle-Blowing and Consultation Desk

To ensure Kurita Group employees and dispatch staff feel comfortable in the workplace, the Kurita Group has established a consultation desk in the Group and outside organizations to provide advice about questions or concerns related to the Kurita Group Code of Conduct or laws and the Group 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. In the fiscal year ended March 31, 2020, the consultation desk was accessed 24 times in Japan and four times overseas.

Promoting Equitable Relationships with Business Partners

Kurita conducts an annual business transaction survey of small and mid-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. In the fiscal year ended March 31, 2020, Kurita surveyed 1,058 business partners.

Environmental Improvement Activities

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

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>

Environmental Initiative Promotion System

The Kurita Group has established the E&S Committee, which is chaired by an executive senior managing director of the Company, and the Group E&S Committee, chaired by the same director and composed of representatives of Group companies. These committees oversee environmental improvement initiatives in the Kurita Group. The committees formulate unified medium-term goals for the Kurita Group's environmental improvement initiatives and action plans for each fiscal year. Personnel responsible for

promoting the initiatives (committee members or personnel designated by representatives of each company) are tasked with driving efforts to achieve environmental improvement initiative targets at their assigned company or organization. They report the status and results of the activities to the E&S Committee.

The E&S Committee ascertains stakeholder expectations and concerns and reports them to the Board of Directors along with outcomes from the Kurita Group's CSR activities once a year.

Environmental Improvement of Customers' Operations (Promotion of CSV Business)

The Kurita Group defines products, technologies and business models that make significant contributions to water-saving, CO₂ emissions reduction and waste reduction compared with previous levels as "CSV businesses." The advantages of CSV businesses are expressed as coefficients in relative terms. The reduction of environmental impact from customers' operations is calculated based on these CSV business coefficients and outcomes. CSV businesses are also constantly reviewed in light of the development status of more competitive products, technologies and business models.

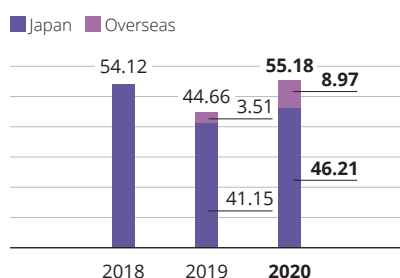
CSV Business Selection Standards

CSV businesses demonstrate the following standards with regard to water-saving, CO₂ emissions reduction and waste reduction:

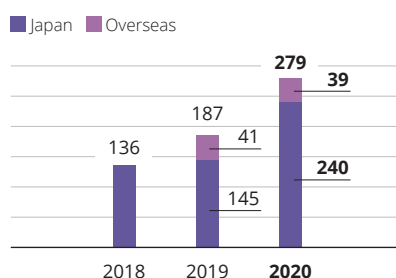
- 1) Significantly more effective than previous or competing technologies.
- 2) New technologies or applications of existing technologies in new markets.
- 3) Contribute to action plans aimed at achieving the SDGs.

Reduction of Environmental Impact at Customers* Years ended March 31

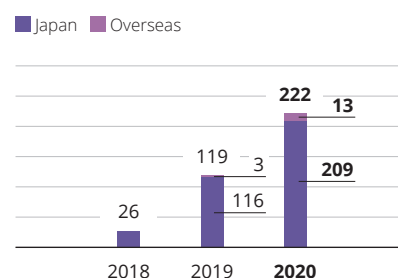
Water intake reduction (million m³)



CO₂ emission reduction (1,000 t)



Waste reduction (1,000 t)



*Reduction of environmental impact at overseas Group companies has been ascertained since the fiscal year ended March 31, 2019

TOPICS

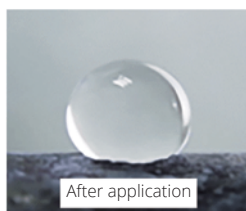
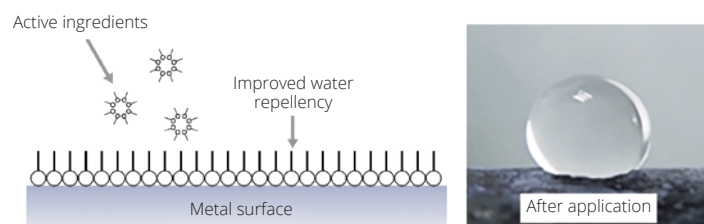
Kurita Wins Energy Conservation Prize for Kurita Dropwise Condensation Technology

Kurita Water Industries was awarded the Agency of Natural Resources and Energy Director-General's Award in the Product and Business Model category of the 2019 Energy Conservation Grand Prize, organized by The Energy Conservation Center, Japan (backed by the Ministry of Economy, Trade and Industry). The prize was awarded for our dropwise condensation technology, which improves heat transfer efficiency.

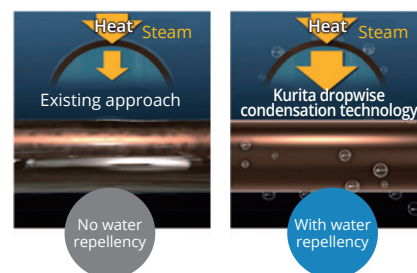
Condensation typically causes a layer of water to form on metal surfaces at the steam end of heat exchangers that use steam generated by boilers. While extremely thin, the layer of water drastically reduces heat transfer efficiency, resulting in

higher energy consumption and lower productivity due to the larger volume of steam that needs to be used. Our dropwise condensation technology adds water repellent properties to metal surfaces in heat exchangers, eliminating the layer of water and improving heat transfer efficiency. This in turn saves energy thanks to a reduced amount of steam required, boosting productivity. Moreover, since the effect is produced by simply adding a water treatment chemical with water-repellent properties to the steam line immediately before the heat exchanger, the technology can be introduced while production facilities are operating.

Kurita Dropwise Condensation Technology Mechanism



Comparison with existing approach



Internal Environmental Improvement Activities

The Kurita Group works to reduce water usage, energy usage and waste, while adhering to the environmental laws and ordinances of each country and region that apply to the Group's business activities. These activities, including assessments related to compliance with environmental rules and regulations, are implemented in accordance with the Kurita Group Environmental Policy in order to achieve targets related to the CSR Policy.

Evaluation of Water Risk at Internal Facilities

Kurita Water Industries assesses and ascertains water risk for areas where Group production bases are located once a year using the Aqueduct Water Risk Atlas provided by the World Resources Institute. In the fiscal year ended March 31, 2020, we surveyed production sites that use large amounts of water and identified four sites located in areas ranked "High risk" or above. We found that the total amount of water intake for these sites equated to 3% of water intake for all the Group's production sites.

Participation in the Ministry of the Environment's Water Project

Kurita Water Industries participates in the Water Project run by the Ministry of the Environment, which provides an opportunity to disseminate information about the Group's technologies and business activities related to efficient use of water resources and the preservation of the water environment.

Participation in Keidanren's Challenge Zero Initiative

Kurita is taking part in Challenge Zero, an initiative run by Keidanren (Japan Business Federation) to develop innovative net zero greenhouse gas emission technologies. As of July 2020, 137 companies and groups had signed up to the initiative, aiming to rapidly achieve the net zero greenhouse gas emissions targets in the Paris Agreement.



Environmental Improvement Activities

Scope 3 Emissions Data Account and Initiatives

From the fiscal year ended March 31, 2020, the Kurita Group has ascertained data on Scope 3 emissions as part of efforts to address climate change in line with international standards. We found that Scope 3 emissions account for 98.9% of the Kurita Group's combined emissions in the Scope 1-3 categories, with "use of sold products" such as pumps and motors generating a high proportion of Scope 3 emissions.

Using this data, we will set medium- and long-term targets for reducing greenhouse gas emissions in line with the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and develop measures to achieve those targets. In addition, we will increase the Group's competitiveness by switching to solutions with a smaller carbon footprint.

	Fiscal year ended March 31, 2020	
	CO ₂ emissions (t)	Ratio of total CO ₂ emissions (%)
Scope 1	9,384	0.3%
Scope 2	25,520	0.8%
Scope 3	3,041,803	98.9%
Scopes 1+2+3	3,076,707	100.0%

Participation in the Japan Society of Industrial Machinery Manufacturers' Basic Environmental Action Plan

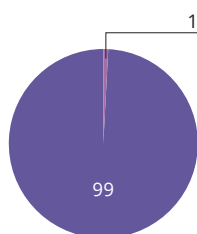
Kurita Water Industries participates in the basic environmental action plan of the Japan Society of Industrial Machinery Manufacturers, which is working on countermeasures for global warming. We report regularly on the status of our response to climate change.

Requesting Business Partners to Make Environmental Improvements

The Kurita Group believes it is vital to reduce environmental impacts across the entire supply chain with the cooperation of business partners. To this end, we have established the Kurita Group CSR Procurement Guidelines and have also asked business partners to comply with environmental laws and regulations, take steps to reduce their environmental impact by setting voluntary standards to reduce water and energy usage, and to provide information appropriately. In particular, we ask major business partners to conduct a self-evaluation based on the guidelines and to implement improvement measures.

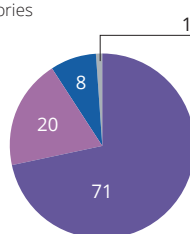
Ratio of total CO₂ emissions (%)

Scope 3
Scopes 1+2



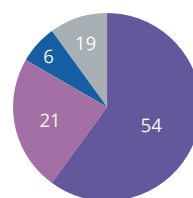
Scope 3 emissions by category (%)

Category 11 (use of sold products)
Categories 1, 4, 9 (purchased goods and services, transportation and distribution)
Category 13 (downstream leased assets)
Other categories



Breakdown of Category 11 emissions (%)

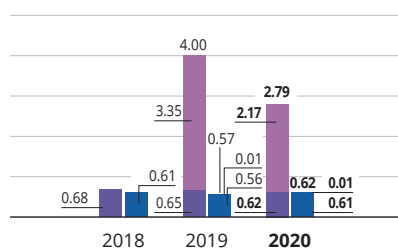
Pumps
Motors
Blowers
Other



Internal Promotion of Environmental Improvements*1 Years ended March 31

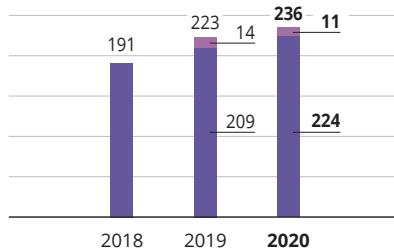
Water intake and reclaimed amount (million m³)

Water intake (Japan)
Water intake (Overseas)*1
Reclaimed amount (Japan)
Reclaimed amount (Overseas)*1



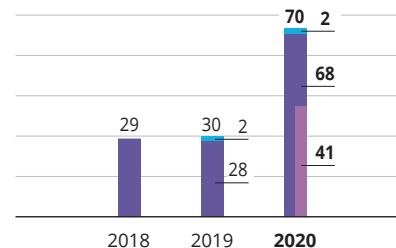
CO₂ emissions (1,000 t)*2

CO₂ emissions (Japan)
CO₂ emissions (Overseas)*1



Waste amount (1,000 t)

Waste amount (Japan)
Waste amount (Construction sites in Japan) *3
Waste amount (Overseas)*1



*1 Environmental impact at overseas Group companies has been ascertained since the fiscal year ended March 31, 2019.

*2 Please see page 20 for the Company's thinking on CO₂.

*3 Waste emissions from construction sites at Kurita Water Industries and domestic Group companies have been ascertained since the fiscal year ended March 31, 2020.

TOPICS

Initiatives at Kurita do Brasil LTDA.

Kurita do Brasil LTDA. is an overseas Group company that produces Kurita Group water treatment chemicals by blending previously manufactured chemical substances. The company sells the water treatment chemicals and supplies technical services in South America. Overseas Group companies are also actively implementing internal environmental improvement activities.

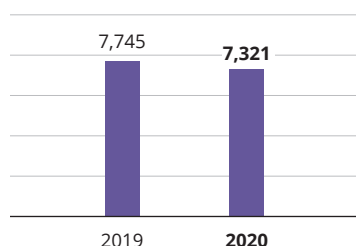
Reducing Water Usage

Most of the water used at the company's plant is for the manufacture of water treatment chemicals, but water is also used for cleaning production equipment and for experiments.

The company carried out an investigation to assess water use in its plant in order to reduce water consumption in non-product areas. The investigation found that a large amount of water was being used to clean part of a production line. Kurita do Brasil LTDA. took a number of steps to address the issue in the fiscal year ended March 31, 2020, including making improvements to facilities, such as adjusting production lines and maintaining equipment, optimizing cleaning methods and raising employee awareness about the importance of conserving water. Those steps reduced water consumption by 5% year on year.

Water consumption (m³)

Years ended March 31



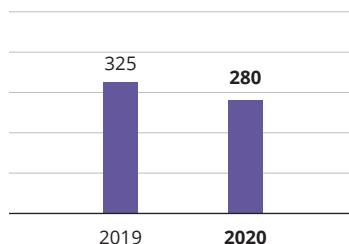
Reducing CO₂ emissions

The company's CO₂ emissions are derived from electricity used in production facilities and offices and from fuel in customer support vehicles.

To reduce CO₂ emissions in the fiscal year ended March 31, 2020, the company adopted LED lighting, mainly in production areas, and switched from gasoline to ethanol fuel in customer support vehicles. Many vehicles in Brazil are compatible with ethanol fuel, as the country has a long history of producing bioethanol from sugar cane. Those initiatives reduced CO₂ emissions by 14% year on year.

CO₂ emissions (t)

Years ended March 31



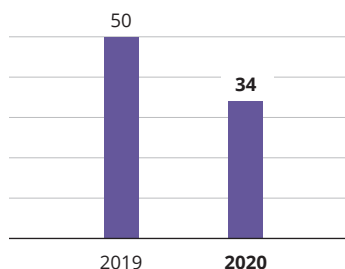
Reducing waste

Waste generated by Kurita do Brasil LTDA. includes packaging for water treatment chemical raw materials, non-compliant water treatment chemicals and leaks of chemicals that generate industrial waste.

To reduce waste volume in the fiscal year ended March 31, 2020, the company requested suppliers of key raw materials to switch to reusable packaging, made improvements to production processes to prevent the output of non-compliant products and established a maintenance routine to prevent leaks and losses of chemicals. As a result, waste volume was reduced by 32% year on year.

Waste volume (t)

Years ended March 31



ISO 14001 Certified Sites

Company	Office
Kurita Water Industries Ltd.	Shizuoka, Yamaguchi, Toyoura and Tsuruga plants; Sakai Sub-branch
Kurita Chemical Manufacturing Ltd.	Head Office, Ako plant
Kurita Buil-Tech Co., Ltd.	Head office
Kuritz Co., Ltd.	Head office, West Japan branch office and nine other business sites
Kuritec Service Co. Ltd.	Iga, Mie, West Japan, Oita and East Japan plants
Kurita-GK Chemical Co., Ltd.	Head office and Rayong branch
Kurita (Taiwan) Co., Ltd.	
Kurita Water Industries (Dalian) Co., Ltd.	
Kurita Water Industries (Jiangyin) Co., Ltd.	

Company	Office
Hansu Co., Ltd.	Head office and two other business sites
Kurita Europe GmbH	Head office and two other business sites
Kurita Turkey Kimya A.S.	Head office and one other business site
Kurita do Brasil LTDA.	Head office and three other business sites
Hansu Technical Service Ltd.	
Kurita (Singapore) Pte. Ltd.	
Kurita Water (Malaysia) Sdn. Bhd.	
PT Kurita Indonesia	
Kurita America Inc.	

Quality Initiatives

The Kurita Group recognizes that continuing its business and growing as a company depends on maintaining its status as a trusted supplier for its customers. We therefore strive to manage quality at every stage, from the development of products and services to their manufacture and delivery. We have established the “Kurita Group Product Quality Policy” as a groupwide policy for promoting these initiatives.

 Please see the following website for our product quality policy.

Kurita Group Product Quality Policy

<http://www.kurita.co.jp/english/csr/group/materiality/customer/index.html>

Quality Initiative Promotion System

In developing products and services, we consider safety, health and environmental impact throughout the product lifecycle. Specifically, the Solutions Business Committee evaluates high-performance material and units, as well as development themes for solution technologies, narrowing them down to the themes that are expected to be most effective. The themes are used to develop products and services by the Research and Development Division and the Solution Business Division.

Quality management is carried out on a continuous basis from manufacturing through to product supply by dedicated quality management departments at each Group company, while the Quality Management Committee is tasked with overseeing efforts to raise quality levels across the entire organization, including at Group companies. The Committee confirms and evaluates progress against quality-related targets and reports the results annually to the Board of Directors.

Main Initiatives

Product Safety Evaluation

The Company has a rule that, when it uses a new chemical substance in the product development stage, it assesses the risk the chemical substance poses to the environment and health based on internal rules. In addition, when we manufacture a product, we submit mandatory notifications and reports in accordance with certain laws and regulations, including the Industrial Safety and Health Act, the Act on the Evaluation of Chemical Substances and Regulation of Their Manufacture, etc., and the Fire Service Act. We also provide information to customers via product labels and safety data sheets.

Conducting CS Survey

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

Question items	Number of Surveys Conducted	
8 items, including specification, quality management, and construction	Fiscal year ended March 31, 2019	14
	Fiscal year ended March 31, 2020	12

Courses and Training

In order to raise the quality of services provided to customers, the Company runs training courses to improve the expertise and skills of all Kurita Group employees. The courses comprise units on a range of topics, including basic knowledge about water treatment chemicals, technical training about water and wastewater treatment, safety and legal training, communication skills and problem-solving.

The Company runs a product safety e-learning course for all employees except those in its administrative division. The course is designed to deepen employee understanding about product safety.

Response to Problems

Problems that arise prior to installation at customers and complaints received from customers are entered in the in-house “problem information” database and that information is shared widely throughout the Company. In addition, to improve the quality of product design, Kurita became the first engineering company in Japan to introduce a Stress-Strength Model (SSM)* in order to prevent design flaws and stop issues from reoccurring.

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

The Basis for Management Activities

Safety Initiatives

Kurita has positioned occupational health and safety as the top priority in business operations. We are working to ensure the safety and support the health of Kurita Group officers and employees, as well as employees of subcontractors, to create working environments where they can work with peace of mind. We have formulated the Kurita Group Occupational Health and Safety Policy and we continuously promote initiatives based on shared policies across the Group.

Please see the following website for our Occupational Health and Safety Policy.

Kurita Group Occupational Health and Safety Policy

https://www.kurita.co.jp/english/csr/management/policy/health_and_safety/index.html

Safety Initiative Promotion System

The Company and its domestic Group companies have established a health and safety management system based on labor safety laws and regulations such as the Industrial Safety and Health Act. Under the Headquarters Health and Safety Committee, a joint labor-management committee chaired by Executive Senior Managing Director, each Kurita business site, division and Group company has established a Health and Safety Committee, which work to maintain and enhance the workplace environment. The

Headquarters Health and Safety Committee confirms and evaluates progress against safety-related targets and reports the results annually to the Board of Directors. .

The Securing Safety Center, a specialist safety department in the Engineering Division, supports safety initiatives at worksites, develops and implements measures to prevent work-related accidents and follows up on initiatives by Health and Safety Committees.

Main Initiatives

Safety Patrols to Prevent Work-related Accidents

Kurita uses external specialists and the Securing Safety Center to carry out worksite safety patrols to identify and mitigate risks and to raise safety awareness among employees and at subcontractors. Safety patrols use a points-based system to evaluate worksite safety measures, with results provided as feedback to employees and subcontractors to help them improve or correct any issues. If accidents do occur, a specialist department tasked with improving worksite safety visits the site to investigate the cause of the accident, develops measures to prevent recurrence and shares the information with the Company and domestic Group companies. Kurita also started implementing safety patrols at overseas worksites from the fiscal year ended March 31, 2018.

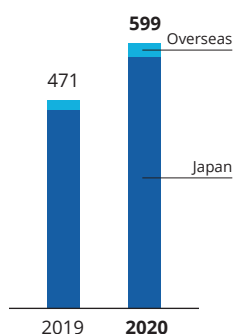
In addition, Kurita has started using virtual reality (VR) tools on a trial basis in safety training to create a more realistic experience of what it feels like to face a crisis situation.

Health Management

The Company ensures that all employees receive regular health examinations, and all employees who handle items such as organic solvents and designated chemicals receive special health examinations. In addition to promoting health management, the Company offers mental health training to prevent mental health disorders and provides Stress Checks for all employees to help them be more mindful of personal signs of stress, which can be hard to notice.

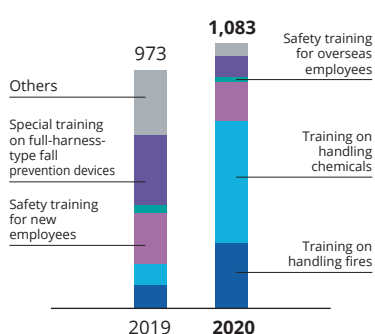
Number of Safety Patrols

(Kurita Water Industries)



Number of Participants in Safety Education


(Kurita Water Industries)



	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Ratio of employees receiving regular health examinations (%)	100	100	100
Ratio of employees receiving special health examinations (%)	100	100	100
Number of health-related seminars	2	10	20
Number of health-related events	13	40	46
Number of mental health seminars	15	16	19
Ratio of employees receiving stress checks (%)	99.6	98.4	98.5

Corporate Citizenship Initiatives

The Kurita Group runs a number of ongoing corporate citizenship initiatives aimed at creating shared value with society. The Group's corporate citizenship initiatives are centered on four fields: promotion of science and technology, development of human resources, humanitarian support, and regional and community activities.

 For more details, please visit the site below.

Corporate Citizenship Initiatives https://www.kurita.co.jp/english/csr/csr_activity_society/index.html

Key Initiatives in Priority Fields

Promotion of Science and Technology

The Kurita Group works to promote science and technology related to water and the environment through its support for the Kurita Water and Environment Foundation. In the fiscal year ended March 31, 2020, the foundation provided research grants to 112 projects in Japan and Asia working in the fields of water and water environments to assist with their research activities. As international exchange support projects, the Foundation supports the Nepalese NPO, Center of Research for Environment, Energy and Water (CREEW), and provides support for research and international exchange to master's course students at the Asian Institute of Technology.

Development of Human Resources

The Kurita Group utilizes its specialist knowledge, skills and networks related to water and the environment to cultivate human resources who can help create a society where people live in harmony with nature.

In the fiscal year ended March 31, 2020, Kurita worked to provide learning opportunities to students to help them understand the importance of water and the environment and to encourage an interest in science. Working with the Japan Aerospace Exploration Agency (JAXA) and customers, we ran workshops for students at elementary, junior high and senior high schools and provided work experience opportunities at Group business sites in Japan and overseas. Kurita also supported experience-based learning events at the National Museum of Emerging Science and Innovation and through the Japan Science & Engineering Challenge (JSEC), which runs a science and engineering independent research competition for high school students. In the JSEC competition, the Kurita Water Industries Prize was awarded to a student from Notre Dame Seishin Girls' High School who conducted research into the water absorption structure of rice shoots. Kurita employees also held a seminar about the Group's research activities to provide advice and encouragement to students interested in pursuing a career in science.



Winner of the Kurita Water Industries Prize at JSEC

Humanitarian Support

Supporting Access to Water

The Kurita Group works with NPOs and NGOs to support disadvantaged members of society who find it difficult to obtain access to safe water due to conflict, poverty or poor supplies of usable fresh water. In the fiscal year ended March 31, 2020, we made donations to NPO Reach Alternatives (REALs) and to WaterAid Japan to support initiatives in the Republic of South Sudan and the Republic of Mozambique to improve access to clean water and create hygienic living environments.



Toilets and washrooms at a refugee camp in South Sudan

Support for Areas Affected by Disasters

The Kurita Group provides assistance to areas affected by severe natural disasters worldwide, taking into account the scale of the disaster and the Group's connections to the area. In the fiscal year ended March 31, 2020, we provided emergency water supplies to areas in Japan that experienced water outages after typhoons and made donations through the Japanese Red Cross Society.

Regional and Community Activities

The Kurita Group aims to develop with local communities as a valuable member of those communities by implementing various environmental, health, welfare and disaster prevention activities that help to stimulate the local area.

On September 28, 2019 at the Kurita Water Industries Akishima Ground in Tokyo, Kurita's rugby club and Akishima City ran a children's rugby day. Roughly 200 children attended, from preschoolers to upper-grade elementary school students.

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Management Indicators

For the years ended March 31

	(Millions of Yen)	
	2019	2020
Orders	258,439	259,545
Net Sales	257,331	264,807
Business Profit	25,667	26,654
Business Profit Margin (%)	10.0	10.1
Profit Attributable to Owners of Parent	12,050	18,287
Return on Sales (%) ^{Note 1}	4.7	6.9
Total Assets (At Fiscal Year-End)	359,500	387,749
Total Assets Turnover (Times) ^{Note 2}	0.74	0.71
Equity Attributable to Owners of Parent (At Fiscal Year-End) ^{Note 3}	237,282	242,442
Equity Ratio (%) ^{Note 4}	66.0	62.5
Return on Assets (%) ^{Note 5}	3.5	4.9
Return on Equity (%) ^{Note 6}	5.1	7.6
Capital Expenditures (Excluding Intangibles)	40,004	31,729
Depreciation	15,588	15,804
R&D Expenses	5,490	5,693
	(Yen)	
Basic earnings per share ^{Note 7}	107.33	162.86
Equity per Share ^{Note 8}	2,113.32	2,158.96
Dividends per Share	54.0	62.0
Dividend Payout Ratio (%)	50.3	38.1
Number of Employees	6,613	6,737

Notes:

1. Return on sales = Profit attributable to owners of parent ÷ Net sales
2. Total assets turnover = Net sales ÷ Total assets (Average)
3. Equity attributable to owners of parent = Total equity less Non-controlling interests
4. Equity ratio = Equity attributable to owners of parent ÷ Total assets × 100
5. Return on assets = Profit attributable to owners of parent ÷ Total assets (Average) × 100
6. Return on equity = Profit attributable to owners of parent ÷ Equity attributable to owners of parent (Average) × 100
7. Calculation of Basic earnings per share is based on average number of shares outstanding (excluding treasury stock).
8. Calculation of Equity per share is based on the number of shares at fiscal year-end (excluding treasury stock).

Segment Information

For the years ended March 31

	(Millions of Yen)	
	2019	2020
Orders	Water treatment chemicals 102,939	113,777
	Water treatment facilities 155,500	145,768
	Total 258,439	259,545
Net Sales	Water treatment chemicals 102,126	113,632
	Water treatment facilities 155,204	151,174
	Total 257,331	264,807
Business Profit	Water treatment chemicals 9,791	11,667
	Water treatment facilities 15,878	15,061
	Adjustment (3)	(74)
	Total 25,667	26,654
Operating Profit	Water treatment chemicals 4,258	10,127
	Water treatment facilities 15,518	17,390
	Adjustment 83	(38)
	Total 19,860	27,479
Assets Employed	Water treatment chemicals 115,017	119,960
	Water treatment facilities 200,975	209,015
	Adjustment 43,507	58,774
	Total 359,500	387,749
Capital Expenditures	Water treatment chemicals 4,182	6,853
	Water treatment facilities 37,071	26,428
	Total 41,254	33,281
Depreciation and Amortization	Water treatment chemicals 4,502	5,496
	Water treatment facilities 13,369	13,204
	Total 17,872	18,700
R&D Expenses	Water treatment chemicals 1,899	2,002
	Water treatment facilities 3,590	3,691
	Total 5,490	5,693

Consolidated Statement of Financial Position

(Millions of Yen)

As of March 31	2019	2020
ASSETS		
Current Assets		
Cash and cash equivalents	35,547	50,215
Trade and other receivables	100,497	96,974
Other financial assets	1,709	2,562
Inventories	9,273	9,247
Other current assets	4,036	3,847
Total current assets	151,065	162,847
Non-current Assets		
Property, plant and equipment	103,366	106,358
Right-of-use assets	12,274	17,784
Goodwill	43,758	47,033
Intangible assets	12,355	13,381
Investments accounted for using equity method	956	7,469
Other financial assets	28,629	28,465
Deferred tax assets	6,877	4,295
Other non-current assets	216	113
Total non-current assets	208,434	224,902
Total Assets	359,500	387,749

(Millions of Yen)

As of March 31	2019	2020
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables	49,977	35,680
Borrowings	385	35,371
Lease liabilities	3,818	4,234
Other financial liabilities	1	219
Income taxes payable	5,887	1,998
Provisions	1,338	1,557
Other current liabilities	12,112	15,345
Total current liabilities	73,521	94,408
Non-current Liabilities		
Borrowings	1,717	1,305
Lease liabilities	9,628	13,701
Other financial liabilities	1,771	2,562
Retirement benefit liability	16,580	16,913
Provisions	491	499
Deferred tax liabilities	1,219	1,346
Other non-current liabilities	15,385	12,903
Total non-current liabilities	46,793	49,232
Total Liabilities	120,315	143,640
Equity		
Share capital	13,450	13,450
Capital surplus	10,265	8,212
Treasury shares	(10,932)	(10,893)
Other components of equity	4,838	216
Retained earnings	219,660	231,456
Equity attributable to owners of parent	237,282	242,442
Non-controlling interests	1,902	1,666
Total equity	239,184	244,108
Total Liabilities and Equity	359,500	387,749

Consolidated Statement of Profit or Loss

(Millions of Yen)

For the years ended March 31	2019	2020
Net Sales	257,331	264,807
Cost of sales	174,670	172,092
Gross Profit	82,661	92,715
Selling, general and administrative expenses	56,994	66,060
Other income	1,024	5,832
Other expenses	6,831	5,006
Operating Profit	19,860	27,479
Finance income	781	569
Finance costs	521	1,417
Share of profit of investments accounted for using equity method	146	60
Profit before Tax	20,267	26,691
Income tax expense	8,279	8,378
Profit	11,987	18,312
Profit Attributable to		
Owners of parent	12,050	18,287
Non-controlling interests	(63)	25
Profit	11,987	18,312
Earnings per Share		
Basic earnings per share (Yen)	107.33	162.86
Diluted earnings per share (Yen)	—	—

Financial Information

Consolidated Statement of Comprehensive Income

(Millions of Yen)

For the years ended March 31	2019	2020
Profit	11,987	18,312
Other Comprehensive Income		
Items that will not be reclassified to profit or loss		
Net change in fair value of financial assets measured at fair value through other comprehensive income	(1,044)	(462)
Remeasurements of defined benefit plans	(72)	62
Total of items that will not be reclassified to profit or loss	(1,116)	(400)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(4,593)	(4,316)
Cash flow hedges	308	192
Share of other comprehensive income of investments accounted for using equity method	(153)	(94)
Total of items that may be reclassified to profit or loss	(4,437)	(4,219)
Other comprehensive income, net of tax	(5,554)	(4,619)
Comprehensive Income	6,432	13,693
Comprehensive Income Attributable to		
Owners of parent	6,543	13,717
Non-controlling interests	(110)	(24)
Comprehensive Income	6,432	13,693

Consolidated Statement of Changes in Equity

For the year ended March 31, 2019

(Millions of Yen)

	Equity attributable to owners of parent											
	Other components of equity											
	Share capital	Capital surplus	Treasury shares	Exchange differences on translation of foreign operations	Cash flow hedges	Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total	Retained earnings	Total	Non-controlling interests	Total
Balance as of April 1, 2018	13,450	10,959	(10,943)	—	2	16,783	—	16,785	207,005	237,257	2,048	239,305
Profit	—	—	—	—	—	—	—	—	12,050	12,050	(63)	11,987
Other comprehensive income	—	—	—	(4,699)	308	(1,046)	(70)	(5,507)	—	(5,507)	(47)	(5,554)
Other comprehensive income	—	—	—	(4,699)	308	(1,046)	(70)	(5,507)	12,050	6,543	(110)	6,432
Purchase of treasury shares	—	—	(2)	—	—	—	—	—	—	(2)	—	(2)
Dividends	—	—	—	—	—	—	—	—	(5,968)	(5,968)	(38)	(6,006)
Share-based remuneration transactions	—	158	—	—	—	—	—	—	—	158	1	159
Changes in ownership interest in subsidiaries	—	(294)	—	28	—	—	—	28	—	(265)	1	(264)
Transfer from other components of equity to retained earnings	—	—	—	—	—	(6,538)	70	(6,467)	6,467	—	—	—
Other	—	(558)	14	—	—	—	—	—	104	(439)	—	(439)
Total transactions with owners	—	(694)	11	28	—	(6,538)	70	(6,439)	604	(6,518)	(35)	(6,553)
Balance as of March 31, 2019	13,450	10,265	(10,932)	(4,671)	310	9,199	—	4,838	219,660	237,282	1,902	239,184

For the year ended March 31, 2020

(Millions of Yen)

	Equity attributable to owners of parent											
	Other components of equity											
	Share capital	Capital surplus	Treasury shares	Exchange differences on translation of foreign operations	Cash flow hedges	Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total	Retained earnings	Total	Non-controlling interests	Total
Balance as of April 1, 2019	13,450	10,265	(10,932)	(4,671)	310	9,199	—	4,838	219,660	237,282	1,902	239,184
Profit	—	—	—	—	—	—	—	—	18,287	18,287	25	18,312
Other comprehensive income	—	—	—	(4,362)	192	(462)	63	(4,569)	—	(4,569)	(49)	(4,619)
Other comprehensive income	—	—	—	(4,362)	192	(462)	63	(4,569)	18,287	13,717	(24)	13,693
Purchase of treasury shares	—	—	(3)	—	—	—	—	—	—	(3)	—	(3)
Dividends	—	—	—	—	—	—	—	—	(6,521)	(6,521)	(24)	(6,546)
Share-based remuneration transactions	—	103	42	—	—	—	—	—	—	145	8	154
Changes in ownership interest in subsidiaries	—	(1,385)	—	0	—	—	—	0	—	(1,385)	(196)	(1,581)
Transfer from other components of equity to retained earnings	—	—	—	—	—	10	(63)	(52)	52	—	—	—
Other	—	(771)	—	—	—	—	—	—	(21)	(792)	—	(792)
Total transactions with owners	—	(2,053)	38	0	—	10	(63)	(52)	(6,490)	(8,557)	(211)	(8,769)
Balance as of March 31, 2020	13,450	8,212	(10,893)	(9,033)	503	8,747	—	216	231,456	242,442	1,666	244,108

Consolidated Statement of Cash Flows

(Millions of Yen)

For the years ended March 31	2019	2020
Cash Flows from Operating Activities		
Profit before tax	20,267	26,691
Depreciation and amortization	17,872	18,700
Share of loss (profit) of investments accounted for using equity method	(146)	(60)
Loss (gain) on sale of fixed assets	559	(2,471)
Decrease (increase) in inventories	(259)	(169)
Decrease (increase) in trade and other receivables	(9,059)	4,527
Increase (decrease) in trade and other payables	14,504	(1,893)
Other	5,815	2,652
Subtotal	49,553	47,977
Interest received	165	141
Dividends received	712	410
Interest paid	(371)	(305)
Income taxes paid	(8,915)	(10,847)
Net cash provided by operating activities	41,143	37,376
Cash Flows from Investing Activities		
Payments into time deposits	(19,408)	(1,951)
Proceeds from withdrawal of time deposits	19,999	1,545
Purchase of property, plant and equipment	(28,600)	(31,168)
Proceeds from sale of property, plant and equipment	479	5,942
Purchase of intangible assets	(1,235)	(1,534)
Proceeds from sale and redemption of investments	13,335	41
Payments for acquisition of businesses (after deduction of cash and cash equivalents included in acquired assets)	(33,374)	(8,501)
Purchase of investments in associates	—	(5,915)
Other	(3,096)	(2,140)
Net cash used in investing activities	(51,902)	(43,683)
Cash Flows from Financing Activities		
Net increase (decrease) in short-term borrowings	(2,417)	35,001
Repayments of long-term borrowings	(594)	(384)
Repayments of lease liabilities	(3,338)	(4,514)
Dividends paid	(6,011)	(6,539)
Purchase of investments in subsidiaries not resulting in change in scope of consolidation	(1,094)	(1,588)
Other	3	7
Net cash provided by (used in) financing activities	(13,453)	21,981
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(771)	(1,006)
Net Increase (Decrease) in Cash and Cash Equivalents	(24,984)	14,667
Cash and Cash Equivalents at Beginning of Period	60,531	35,547
Cash and Cash Equivalents at End of Period	35,547	50,215

Corporate Information

Stock Information

(As of March 31, 2020)

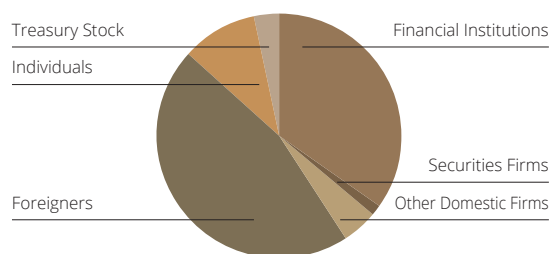
Stock Exchange Listing:	Tokyo Stock Exchange, First Section
Number of Authorized Shares:	531,000,000
Number of Shares Outstanding:	116,200,694 (Including 3,591,697 shares of treasury stock)
Number of Shares Per Lot:	100
Number of Shareholders:	24,346
Independent Accounting Auditor:	Grant Thornton Taiyo LLC Akasaka K-tower 22F, 1-2-7, Motoakasaka, Minato-ku, Tokyo 107-0051, Japan
Transfer Agent:	Sumitomo Mitsui Trust Bank, Ltd. 1-4-1, Marunouchi, Chiyoda-ku, Tokyo 100-8233, Japan

Major Shareholders

	Shareholdings (Number of shares)	Percentage of total shares issued (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	7,581,200	6.52
Japan Trustee Services Bank, Ltd. (Trust Account)*	7,545,900	6.49
Nippon Life Insurance Company	5,979,883	5.14
Kurita Water Industries Ltd.	3,591,697	3.09
Japan Trustee Services Bank, Ltd. (Trust Account 5)	2,202,100	1.89
Tokio Marine & Nichido Fire Insurance Co., Ltd.	2,155,826	1.85
MUFG Bank, Ltd.	2,056,131	1.76
State Street Bank and Trust Company 505025	2,056,110	1.76
JP Morgan Chase Bank 385151	1,935,305	1.66
Japan Trustee Services Bank, Ltd. (Trust Account 9)	1,913,800	1.64

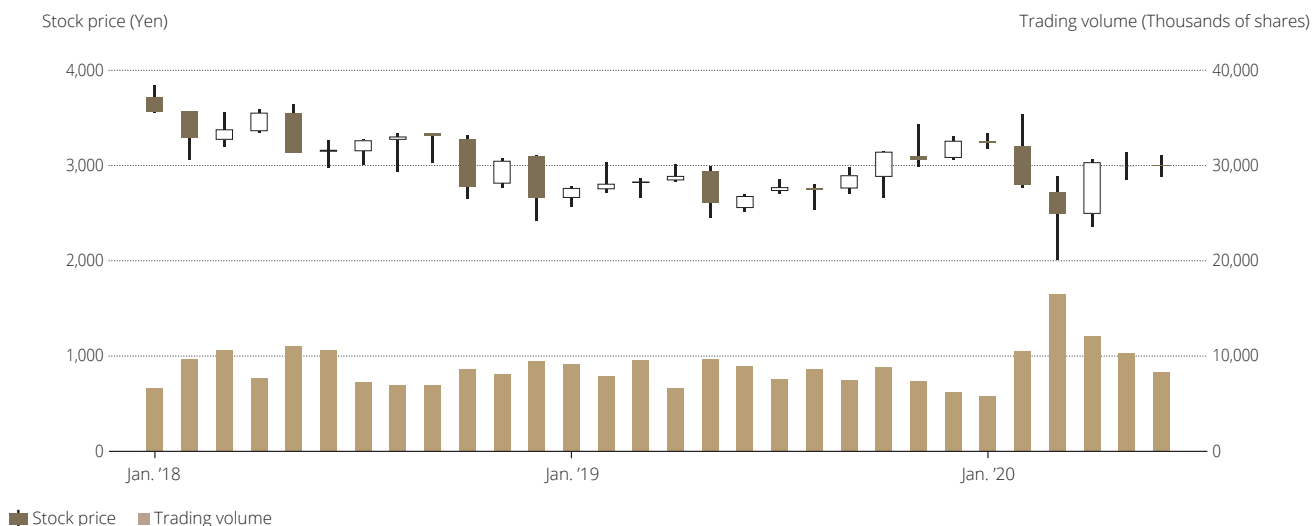
* Japan Trustee Services Bank, Ltd. (Trust Account) includes 312,900 shares in the board incentive plan.

Distribution of Shares by Shareholder Type



	Shareholdings (Number of shares)	(%)
Financial Institutions	40,590,680	34.9
Securities Firms	1,598,721	1.4
Other Domestic Firms	5,339,266	4.6
Foreigners	53,358,087	45.9
Individuals	11,722,243	10.1
Treasury Stock	3,591,697	3.1
Total	116,200,694	100.0

Stock Price Range and Trading Volume



Corporate Data

Company Name	Kurita Water Industries Ltd.	Kurita Global Technology Center:
Address	10-1, Nakano 4-chome, Nakano-ku, Tokyo 164-0001, Japan	1-1, Kawada, Nogi-machi, Shimotsuga-gun, Tochigi 329-0105, Japan Tel: 81 (280) 54-1511
Date of Establishment	July 13, 1949	Engineering Center:
Paid-in Capital	¥13,450,751,434	MCC Mitaka Building, 8-7-2, Shimorenjaku, Mitaka-shi, Tokyo 181-0013, Japan Tel: 81 (422) 29-6200
Number of Employees	6,737 (on a consolidated basis); 1,541 (parent company) (As of March 31, 2020)	Other Offices:
Major Domestic Offices	Head Office: 10-1, Nakano 4-chome, Nakano-ku, Tokyo 164-0001, Japan Tel: 81 (3) 6743-5000 Osaka Office: 2-22, Kitahama 2-chome, Chuo-ku, Osaka-shi, Osaka 541-0041, Japan Tel: 81 (6) 6228-4800	Shizuoka Plant, Tohoku Office, Nagoya Office, Hiroshima Office, Kyushu Office, etc.

Main Domestic Consolidated Group Companies (As of March 31, 2020)

<p>■ Sale of water treatment chemicals</p> <p>Kurita Buil-Tech Co., Ltd.</p> <p>Kurita BMS Co., Ltd.</p> <p>Kurita Chemicals Hokkaido Ltd.</p> <p>Kurita Chemicals Kantou Co., Ltd.</p> <p>Kurita Chemicals Tokai Ltd.</p> <p>Kurita Chemicals Hokuriku Ltd.</p> <p>Kurita Chemicals Kansai Ltd.</p> <p>Kurita Chemicals Sanyo Ltd.</p> <p>Kurita Chemicals West Japan Ltd.</p>	<p>■ Sales & maintenance of water treatment facilities</p> <p>Kurita Meiki Ltd.</p>
<p>■ Sale of water treatment chemicals and maintenance of water treatment facilities</p> <p>Kurita Kitakantou Co., Ltd.</p>	<p>■ Operation & maintenance of systems and facilities</p> <p>Kuritaz Co., Ltd.</p>
<p>■ Manufacture of water treatment chemicals</p> <p>Kurita Chemical Manufacturing Ltd.</p>	<p>■ Soil remediation services</p> <p>Land Solution Inc.</p>
<p>■ Water quality and environmental analysis</p> <p>Kurita Analysis Service Co. Ltd.</p>	<p>■ Chemical cleaning services</p> <p>Kurita Engineering Co., Ltd.</p> <p>Miyoshi Industries Co., Ltd.</p>
	<p>■ Tool cleaning services</p> <p>Kuritec Service Co. Ltd.</p> <p>San-ei Industries Co., Ltd.</p> <p>Nippon Fine Co., Ltd.</p> <p>Aoi Industries Co., Ltd.</p>
	<p>■ Manufacture & sales of water treatment equipment and products for general households</p> <p>Kurita Creation Co., Ltd.</p>

Main Overseas Group Companies (As of April 1, 2020)

Region	Overseas Consolidated Subsidiaries and Affiliated Companies	Year of Establishment	Paid-in Capital (Millions)	Equity Ownership (%)	Business segment		
					Water Treatment Chemicals	Water Treatment Facilities	Others
Asia	Kurita Water Industries (Dalian) Co., Ltd.	1995	¥550	90.1	●		
	Kuritec (Shanghai) Co., Ltd.	2001	¥30	100.0		●	
	Kurita Water Industries (Suzhou) Ltd.	2004	¥530	100.0		●	
	Kurita Water Industries (Jiangyin) Co., Ltd.	2015	US\$16	100.0	●		
	Hansu Co., Ltd.	1974	W2,500	100.0	●		
	Hansu Technical Service Ltd.	1988	W26,400	100.0		●	
	Kurita (Taiwan) Co., Ltd.	1987	NT\$20	100.0	●		
	Kurita Water Technology (Taiwan) Ltd.	2017	NT\$160	100.0		●	
	Kurita (Singapore) Pte. Ltd.	1978	S\$11	100.0	●	●	
	Kurita-GK Chemical Co., Ltd.	1989	BAHT204	85.0	●		
	Kurita-GK Vietnam Co., Ltd.	2016	US\$0.50	85.0	●		
	P.T. Kurita Indonesia	1986	US\$2	92.5	●	●	
	Kurita Water (Malaysia) Sdn. Bhd.	1994	RM\$0.6	100.0	●	●	
	Kurita R&D Asia Pte. Ltd.	2017	S\$3	100.0			●
North America	Kurita America, Inc.	2020	US\$0.00001	100.0	●	●	
	Pentagon Technologies Group, Inc.	1998	US\$0.002	51.0		●	
	Kurita Fracta Holdings, Inc.	2017	US\$73	60.9			●
	Avista Technologies, Inc.	1999	US\$0.003719	100.0	●		
EMEA	Kurita Europe GmbH	2014	EUR50	100.0	●		
	Kurita France S.A.S.	2015	EUR5	100.0	●		
	Kurita Iberica SL	2015	EUR1	100.0	●		
	Kurita Turkey Kimya A.S.	2015	TRY5.7	100.0	●		
	Kurita Sverige AB	2015	SEK0.1	100.0	●		
	Kurita Polska SP.z.o.o.	2016	EUR3.27	100.0	●		
	Kurita Middle East FZE	2016	AED2	100.0	●		
	Avista Technologies (UK) Ltd.	2001	£ 0.000065	100.0	●		
Others	Kurita do Brasil LTDA.	1975	R\$6.9	100.0	●		



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



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