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Kurita Water Industries Ltd.

President and Representative Director: Michiya Kadota

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Securities Code: 6370

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

The corporate governance of Kurita Water Industries Ltd. is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

1. Basic Views

Kurita Water Industries Ltd. and its consolidated subsidiaries (hereinafter the “Kurita Group,” and Kurita Water Industries Ltd. on a non-consolidated basis shall be hereinafter referred to as the “Company”) aim to contribute broadly to society through corporate activities in the fields of water and 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 make efforts 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 will establish corporate governance, with the aim of realizing transparent, fair, prompt, and decisive decision-making measures and highly effective management supervision.

[Basic Policies]

(1) Ensuring the rights and equality of shareholders

The Kurita Group will work to develop an environment in which the shareholders are able to appropriately exercise their rights, such as voting rights at a general meeting of shareholders, and provide the information needed to exercise of their rights in a timely and accurate manner in order to secure the substantive equality of the rights of shareholders, including minority and foreign shareholders.

(2) Appropriate level of cooperation with stakeholders other than shareholders

The Kurita Group will work to ensure an appropriate level of cooperation with stakeholders such as customers, business partners, employees, and local communities under the leadership of the Board of Directors. To achieve this aim, the Kurita Group will properly respond to issues related to sustainability, and make actions based on compliance with laws, regulations, and social ethics a prerequisite for all corporate activities.

(3) Ensuring appropriate information disclosure and transparency of information

The Kurita Group will develop an environment in which the Audit & Supervisory Board, the members of the Audit & Supervisory Board, and the accounting auditor are able to conduct audits properly. It will also disclose information in accordance with the laws related to information disclosure, such as the Companies Act and the Financial Instruments and Exchange Act, and regulations for the timely disclosure of corporate information established by the Tokyo Stock Exchange. The Kurita Group will actively and fairly disclose information that is deemed to be effective for facilitating understanding of the Kurita Group among shareholders and investors. This information will comprise financial information including financial conditions and results of operations,

management strategies including risks, corporate governance and matters related to social and environmental issues, and policies for capital efficiency.

(4) Duties of the Board of Directors and the Audit & Supervisory Board, etc.

The Board of Directors will fulfill its fiduciary responsibility and accountability to shareholders. It will strengthen the orientation of corporate strategies, decision-making on important matters related to operational execution, the supervision of overall management, the internal controls and risk management measures that support appropriate risk-taking, etc. in order to enhance the corporate value and earnings power, as well as improve capital efficiency, etc.

The members of the Audit & Supervisory Board and the Audit & Supervisory Board will fulfill their fiduciary responsibility to shareholders, and conduct audits in an appropriate manner and express their opinions from an independent and objective standpoint.

(5) Dialogue with shareholders and investors

Continuing to emphasize management that values shareholders, the Kurita Group will make efforts to engage in constructive dialogues with shareholders and investors, as well as provide them with information in a timely and appropriate manner.

The Company's Corporate Governance Policies are posted on our website:

https://ir.kurita.co.jp/en/corporate_governance/governance_policies/index.html

[Reasons for Non-compliance with the Principles of the Corporate Governance Code]

The Company complies with all the principles of the Corporate Governance Code.

[Disclosure Based on the Principles of the Corporate Governance Code]

[Principle 1.4 Policies regarding shares owned for policy purposes and the exercise of voting rights]

1) Policy regarding shares owned for policy purposes

In some cases, the Company holds listed shares as shares owned for policy purposes to strengthen business relationships, etc. When holding such shares, the Company makes efforts to minimize the risk of holding shares owned for policy purposes by examining economic rationality in the medium and long term and relationships with companies whose shares the Company holds. The propriety of holding each individual stock owned for policy purposes is reviewed on a regular or timely basis at the Board of Directors by closely examining the expected return against the cost of capital and the status of business transactions with the company whose shares the Company holds. Based on the results of the examination, the Company aims to reduce the holding of shares owned for policy purposes.

2) Policy for exercising the voting rights of shares owned for policy purposes

When exercising the voting rights of shares owned for policy purposes, the Company will do so by judging the pros and cons of each proposal, taking into comprehensive consideration whether it will contribute to medium- and long-term enhancement of the corporate value of the Company and a company in which the Company holds shares.

3) Policy for responding to the intention to sell, etc. of the Company's shares indicated by a shareholder owning shares for policy purposes (Note 1)

If a shareholder owning shares for policy purposes indicates its intention to sell, etc. the Company's shares, the Company will not prevent the shareholder from making such sale, etc.

Note 1: The term "shareholder owning shares for policy purposes" means a shareholder who owns the Company's shares for policy purposes.

4) Policy for transactions with shareholders owning shares for policy purposes

The Company will not conduct transactions with any shareholder owning shares for policy purposes if such transactions are detrimental to the Company itself and common interests of its shareholders.

[Principle 1.7 Related Party Transactions (Note 2)]

When conducting an important transaction (Note 3) with a related party, the Company's Board of Directors will review and decide on the transaction in advance to ensure that the transaction does not harm the interests of the Kurita Group and the common interests of its shareholders. The details of the submission standards, etc. shall be set forth in the Board of Directors Regulations, and the standards shall be disclosed.

Note 2: The term “Related Party Transactions” means transactions between the Company and following persons.

(1) An officer of the Company and its close relative, (2) a shareholder who holds 10% or more of the voting rights of the Company and its close relative, (3) an important officer of a subsidiary and its close relative, (4) a subsidiary of the Company (excluding wholly owned subsidiaries) and its affiliate, and (5) a company in which a party mentioned in (1) through (4) above holds the majority of the voting rights for its own account and its subsidiary.

Note 3: The term “important transaction” means the transactions listed below.

(1) Transaction exceeding 10% of the net sales or the sum of the cost of sales and selling, general and administrative expenses on a consolidated statement of income, (2) transaction related to profit or loss exceeding 10% of other income, other expense, finance income, or finance costs on a consolidated statement of income, (3) transaction exceeding 1% of the total assets on consolidated balance sheet, (4) transaction in which the balance, the total amount of transactions generated, or the average balance for the period of the loan of funds or the purchase or sale of tangible fixed assets or securities, etc. exceeds 1% of total assets on a consolidated balance sheet, (5) in the case of the transfer or acquisition of business, the total amount of assets or liability subject to the transfer or acquisition, whichever amount is greater, exceeds 1% of the total assets on a consolidated balance sheet, (6) in the event the related party is an individual, the transaction of an item on a consolidated statement of income or a consolidated balance sheet that exceeds 10 million yen, and (7) other transactions which are judged to need to be submitted to the Board of Directors for discussion, in light of their characteristics.

[Principle 2.6 Roles of Corporate Pension Funds as Asset Owners]

The Company does not adopt the fund-type and contract-type defined benefit corporate pension plan, the introduction of which is assumed under the general principles of the corporate governance code, and the employees’ pension fund so that it does not fall under the relevant general principles.

The Company has adopted a corporate-type defined contribution pension plan.

[Principle 3.1 Full Disclosure]

Regarding (1) Company objectives (e.g. business principles), business strategies and business plans and (2) Basic views and guidelines on corporate governance based on each of the principles of the Code, please refer to 1. Basic Views on Corporate Governance of this report.

(3) Policies and procedures for determining the remuneration of the Directors and the members of the Audit & Supervisory Board

1) Policy for determining the remuneration of the Directors and the members of the Audit & Supervisory Board

The remuneration system for the Directors (excluding the External Directors) consists of fixed remuneration as the basic remuneration and incentive remuneration that reflects performance. The remuneration system for External Directors with supervising functions and members of the Audit & Supervisory Board is a fixed remuneration plan. The fixed remuneration is a fixed amount by position for the Directors and by working form for the members of the Audit & Supervisory Board, and a portion thereof is appropriated for the Directors’ and Audit & Supervisory Board members’ Shareholding Scheme for the purchase of the Company’s shares so that the Directors and members of the Audit & Supervisory Board share the risks of share price fluctuations with shareholders. The incentive remuneration consists of short-term incentive remuneration, which increases or decreases depending on factors such as the level of attainment of the annual business plan or the evaluation of each individual’s performance of his or her duties, and long-term incentive remuneration, whereby shares are issued to retiring directors according to their performance while in office and their title. The incentive remuneration is intended to serve as an incentive to Directors (excluding External Directors) to continuously improve the Kurita Group’s business results for the enhancement of the corporate value.

2) Procedures for deciding the remuneration of the Directors and the members of the Audit & Supervisory Board

When making a proposal regarding the remuneration system and the remuneration level of the Directors (excluding External Directors) and the members of the Audit & Supervisory Board and the performance evaluation of the Directors to the Board of Directors, the chairperson of the Board of Directors will consult the Nomination and Remuneration Advisory Council in advance. Based on the report given by the Nomination and Remuneration Advisory Council, the Board of Directors will decide the remuneration of the Directors within the total amount determined by a General Meeting of Shareholders. The allocation of remuneration to

each member of the Audit & Supervisory Board shall be decided through consensus of the Audit & Supervisory Board.

(4) Policies and procedures for nominating candidates for directors and members of the Audit & Supervisory Board and for replacing the president and director, directors with positions of responsibility and representative directors

1) Policy for nominating candidates for directors and members of the Audit & Supervisory Board and for replacing the president and director, directors with positions of responsibility and representative directors

The Board of Directors will nominate candidates for directors in accordance with the “Size and makeup of the Board of Directors” in (9) and, by giving consideration to sustained growth, etc. of the Kurita Group, will review the management structure at least once a year and determine the president and director, directors with positions of responsibility and representative directors. The Board of Directors will also nominate candidates for the members of the Audit & Supervisory Board in such a way that the number of the members will be three or more, one or more of which will be a member who is specialized in finance, accounting and legal affairs.

2) Procedures for nominating candidates for directors and members of the Audit & Supervisory Board and for replacing the president and director, directors with positions of responsibility and representative directors

When making a proposal of candidates for directors, the president and director, directors with positions of responsibility, and representative directors as well as members of the Audit & Supervisory Board, the chairperson of the Board of Directors will consult the Nomination and Remuneration Advisory Council in advance. Based on the report given by the Nomination and Remuneration Advisory Council, the Board of Directors will submit a proposal for recommending the candidates for directors and members of the Audit & Supervisory Board to the Board of Directors by stating the reason for recommendation. After deliberating the proposal, the Board of Directors will nominate the candidates for directors and members of the Audit & Supervisory Board and determine the president and director, directors with positions of responsibility and representative directors. When submitting a proposal for recommending the candidates for the members of the Audit & Supervisory Board to the Board of Directors, the consent of the Audit & Supervisory Board shall be obtained in advance.

(5) Explanations with respect to the appointment and nomination of directors and members of the Audit & Supervisory Board

In 2016, the Company began to disclose explanations with respect to the individual appointments and nominations in the notice of convocation of the Ordinary General Meeting of Shareholders.

[Supplementary Principle 4.1.1 The scope of judgments and decisions made by the Board of Directors and the scope of responsibility delegated to the senior management]

The Board of Directors will make decisions on important matters related to operational execution, such as matters related to the management strategies and policies set forth in the Board of Directors Regulations, the strategies, targets, and focused measures for management plans, important investments and loans, and business transfers, etc. With regard to operational execution other than important matters, the Executive Committee consisting of the senior management or senior management, etc. with the decision-making authority specified in the Internal Decision Approval and Review Rules will rapidly make decisions on matters related to operational execution, striving to achieve the objectives of the business plans.

[Principle 4.9 Roles and duties of independent external directors and criteria for judging the independence of independent external directors]

The independent external directors shall evaluate the results of the business activities of the Kurita Group and the execution of operations by the directors and the executive officers, taking into consideration the corporate philosophy, the corporate vision, the medium-term management plan, and the management plan for a fiscal year. They shall express their opinions to the Board of Directors from the standpoint of promoting the sustainable growth of the Kurita Group and enhancing its corporate value in the medium and long term.

The independent external directors shall express their opinions to the Board of Directors from an independent position and the standpoint of supervising management with regard to the nomination of the candidates for directors, the remuneration of the directors, and other important decisions made by the Board of Directors.

The criteria for judging the independence of the independent external directors in selecting candidates shall be that the candidates for independent external directors and their close relatives (Note 4) must not fall under any of the following items.

- a. A person who currently executes the operations of the Company or its subsidiary, or has executed such operations in the past 10 years
- b. A person whose major business partner is currently the Company (Note 5) or was the Company at some time during the past year, or an individual who executes the operations of this party
- c. A current major business partner of the Company (Note 6) or a major business partner at some time during the past year, or a person who executes the operations of the major business partner
- d. A consultant, an accountant, or a legal professional who currently receives or has received at some point during the past year a lot of money or property (Note 7) other than remuneration for officers from the Company
- e. A current major shareholder of the Company (Note 8) or a person who executes the operations of a major shareholder
- f. A person who executes the operations of an organization in which an external officer also currently assumes office (the person only)
- g. A person who executes the operations of an organization to which the Company currently makes a donation (the person only)

Note 4: In these policies, the term “close relatives” means relatives within the second degree of kinship.

Note 5: The term “person whose major business partner is the Company” means a person whose sales in transactions with the Company make up 2% or more of that person’s consolidated net sales.

Note 6: The term “major business partner of the Company” means a business partner with whom the Company’s sales in transactions make up 2% or more of the consolidated net sales of the Company, or a business partner from which borrowings make up 1% or more of the consolidated total assets of the Company.

Note 7: The term “a lot of money or property” means money and other property that are equivalent to 10 million yen or more per year, other than remuneration for officers.

Note 8: The term “major shareholder of the Company” means a shareholder who has voting rights that account for 10% or more of the voting rights of the Company.

[Supplementary Principle 4.11.1 Size and makeup of the Board of Directors]

1) Personnel structure

To fulfill the highly effective supervisory function over the operational execution, the Board of Directors shall be organized in a way that complements the necessary knowledge, experience and diversity for overall decision making. 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.

2) Number of directors

There shall be three or more directors in total. Two of these directors shall be external directors to ensure the independence and objectivity of the Board of Directors.

[Supplementary Principle 4.11.2 Restrictions on concurrent service of directors and members of the Audit & Supervisory Board]

Full-time directors and full-time members of the Audit & Supervisory Board shall not serve concurrently as a director or a corporate auditor of some other listed company, etc. Part-time independent external directors and independent members of the Audit & Supervisory Board shall not serve concurrently as a director or a corporate auditor at more than three listed companies including the Company. The Company will disclose the concurrent service status of the directors and the members of the Audit & Supervisory Board every year.

[Supplementary Principle 4.11.3 Policies for evaluating the Board of Directors]

1) Purpose and frequency of evaluation

The Board of Directors will analyze and evaluate its effectiveness every year in order to fulfill its expected roles and functions more effectively.

2) Evaluation items

The effectiveness of the Board of Directors shall be analyzed and evaluated in terms of a variety of aspects by specifying appropriate evaluation items. These items will make it possible to understand the makeup of the Board of Directors and identify the degree of the contribution made by individual directors to the Board of Directors, etc.

3) Disclosure of evaluation results

The overview of the evaluation results and the future issues and measures of the Board of Directors shall be disclosed every year by means of our website and the integrated report, etc.
https://ir.kurita.co.jp/en/corporate_governance/board_evaluation/index.html

[Supplementary Principle 4.14.2 Training policies for directors and members of the Audit & Supervisory Board]

1) Orientation for newly appointed directors and members of the Audit & Supervisory Board

Newly appointed directors and members of the Audit & Supervisory Board shall participate in the prescribed orientation immediately after they take office so that they can perform their expected roles and duties.

2) Self-improvement of directors and members of the Audit & Supervisory Board

The directors and the members of the Audit & Supervisory Board shall acquire the knowledge they require on their own and devote themselves continuously to learning so that they can perform their expected roles as executives who play a role in the important governing bodies of a company. The Company will provide the directors and the members of the Audit & Supervisory Board with information about external seminars and other opportunities for self-improvement, and cover their expenses within the range specified in a separate document.

3) Checking the implementation status of training

The executive general manager of the Corporate Planning and Control Division will report on the implementation status of training for the directors and the members of the Audit & Supervisory Board to the Board of Directors every year.

[Principle 5.1 Policies for dialogue with shareholders and investors and the appropriate disclosure of information]

1) Basic stance

Continuing to emphasize management that values shareholders, the Kurita Group will actively listen to feedback of shareholders and investors, and continuously work to develop a framework to promote constructive dialogue with shareholders and investors in order to contribute to the sustainable growth of the Company and enhance its corporate value in the medium and long term.

2) Framework for promoting dialogue

The responsible official in charge of carrying out constructive dialogue with shareholders and investors shall be the executive general manager of the Corporate Planning and Control Division. The executive general manager of the Corporate Planning and Control Division shall engage individually in dialogue with shareholders and investors upon receiving a request for dialogue from shareholders and investors, and work to establish a useful forum for this purpose for shareholders and investors by securing opportunities for dialogue between shareholders and investors and the President and other members of the management team. As an organization that supports dialogue with shareholders and investors, the Company will establish a full-time Investor and Shareholder Relations section in the Corporate Planning and Control Division and appoint full-time Investor and Shareholder Relations staff. To identify and gather important in-house information and manage it appropriately, the executive general manager of the Corporate Planning and Control Division will also establish an Investor and Shareholder Relations liaison group consisting of the persons in charge in the Corporate Planning Department, the Finance and Accounting Department and the Corporate Communications and CSR Department to share information regularly or as needed. The executive general manager of the Corporate Planning and Control Division will manage this group and provide the information necessary for dialogue.

3) Efforts to enhance IR and SR activities

The executive general manager of the Corporate Planning and Control Division shall be in charge of IR and SR activities. The full-time IR and SR staff will work to enhance dialogue with shareholders and investors by planning and conducting various explanatory meetings and transmitting more information via website.

4) Conveying the feedback of shareholders and investors to management

The executive general manager of the Corporate Planning and Control Division shall convey the feedback and concerns of shareholders identified through dialogue with them to the Board of Directors on a regular basis or as needed. The full-time IR and SR staff shall prepare the minutes soon after the dialogue is conducted, and provide an environment where the directors, the members of the Audit & Supervisory Board, and the executive offices are able to read the minutes whenever they wish to do so.

The executive general manager of the Corporate Planning and Control Division shall report on the results of and plans for IR and SR activities at the Board of Directors each year.

5) Management of insider information

The Company has established the “Regulations Concerning Control of Insider Trading of Shares, etc.” as specified by law to prevent insider trading from occurring, and will work to observe the Regulations in dialogue with shareholders and investors. The Company has also established a silent period that lasts from the day after the fiscal year end until the announcement of business results. In general, the purpose of the silent period is to prevent the leakage of information about business results and ensure fairness. The Company will refrain from answering questions and commenting on the business results during the silent period. However, in the event that performance is expected to deviate significantly from forecasts during the quiet period, the Company will implement the appropriate information disclosure in accordance with the standards for information disclosure.

6) Understanding the shareholder structure

To promote dialogue with the substantial shareholders, the Company will make efforts to understand the shareholder structure by conducting a survey at least twice a year in Japan and other countries to identify the major shareholders.

2. Capital Structure

| | |
|----------------------------|---------------|
| Foreign Shareholding Ratio | More than 30% |
|----------------------------|---------------|

[Status of Major Shareholders] **Updated**

| Name / Company Name | Number of Shares Owned | Percentage (%) |
|---|------------------------|----------------|
| The Master Trust Bank of Japan, Ltd. (Trust Account) | 8,572,200 | 7.61 |
| Custody Bank of Japan, Ltd. (Trust Account) | 7,664,883 | 6.80 |
| Nippon Life Insurance Company | 5,979,883 | 5.30 |
| STATE STREET BANK AND TRUST COMPANY 505025 | 2,836,210 | 2.51 |
| Custody Bank of Japan, Ltd. (Trust Account 5) | 2,254,500 | 2.00 |
| MUFG Bank, Ltd. | 2,056,131 | 1.82 |
| JP MORGAN CHASE BANK 385781 | 1,821,905 | 1.61 |
| Tokio Marine & Nichido Fire Insurance Co., Ltd. | 1,680,826 | 1.49 |
| BNP PARIBAS SECURITIES SERVICES PARIS / JASDEC FRENCH RES/UCITS ASSETS | 1,673,800 | 1.48 |
| Custody Bank of Japan, Ltd. (Trust Account 7) | 1,620,500 | 1.43 |

| | |
|---|------|
| Controlling Shareholder (except for Parent Company) | — |
| Parent Company | None |

Supplementary Explanation **Updated**

- The status of the Company’s major shareholders shown above is as of September 30, 2020.
- Custody Bank of Japan, Ltd. (Trust Account), which has 7,664,883 shares, includes 274,583 shares of treasury stock for performance-linked stock compensation for directors.
- The Company hold 3,584,076 shares of treasury stock, which is not included in above major shareholders. Treasury stock does not include 274,583 shares of treasury stock for performance-linked stock compensation for directors, held by Custody Bank of Japan, Ltd. (Trust Account).
- Ratio of shareholding is calculated based on the number of shares after deduction of the number of treasury stock from the total number of issued shares. 274,583 shares for performance-linked stock compensation for directors, owned by Custody Bank of Japan, Ltd. (Trust Account), is not included in the treasury stock deducted from the total number of issued shares.

3. Corporate Attributes

| | |
|---|--|
| Listed Stock Market and Market Section | Tokyo Stock Exchange First Section |
| Fiscal Year-End | March |
| Type of Business | Machinery |
| Number of Employees (consolidated) as of the End of the Previous Fiscal Year | More than 1000 |
| Sales (consolidated) as of the End of the Previous Fiscal Year | From ¥100 billion to less than ¥1 trillion |
| Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year | From 50 to less than 100 |

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

5. Other Special Circumstances which may have Material Impact on Corporate Governance

II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

1. Organizational Composition and Operation

| | |
|-------------------|---|
| Organization Form | Company with the members of the Audit & Supervisory Board |
|-------------------|---|

[Directors]

| | |
|---|--|
| Maximum Number of Directors Stipulated in the Articles of Incorporation | No upper limit to the number of directors is stipulated. |
| Term of Office Stipulated in the Articles of Incorporation | 1 year |
| Chairperson of the Board | President |
| Number of Directors | 9 |
| Appointment of External Directors | Appointed |
| Number of External Directors | 3 |
| Number of Independent Directors | 3 |

External Directors' Relationship with the Company (1)

| Name | Attribute | Relationship with the Company* | | | | | | | | | | | |
|------------------|----------------------|--------------------------------|---|---|---|---|---|---|---|---|---|---|--|
| | | a | b | c | d | e | f | g | h | i | j | k | |
| Tsuguto Moriwaki | From another company | | | | | | | | | △ | | | |
| Ryoko Sugiyama | From another company | | | | | | | | | | | | |
| Keiko Tanaka | From another company | | | | | | | | | | | | |

* Categories for "Relationship with the Company"

* "○" when the director presently falls or has recently fallen under the category;

"△" when the director fell under the category in the past

* "●" when a close relative of the director presently falls or has recently fallen under the category;

"▲" when a close relative of the director fell under the category in the past

- Executive of the Company or its subsidiaries
- Non-executive director or executive of a parent company of the Company
- Executive of a fellow subsidiary company of the Company
- A party whose major client or supplier is the Company or an executive thereof
- Major client or supplier of the listed company or an executive thereof
- Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides remuneration as a director/ the member of the Audit & Supervisory Board
- Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
- Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)
- Executive of a company, between which and the Company external directors/members of the Audit & Supervisory Board are mutually appointed (the director himself/herself only)
- Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
- Others

External Directors' Relationship with the Company (2)

| Name | Designation as Independent Director | Supplementary Explanation of the Relationship | Reasons of Appointment |
|------------------|-------------------------------------|---|--|
| Tsuguto Moriwaki | ○ | Mr. Tsuguto Moriwaki was appointed as director of Kobe Steel, Ltd. in June 1996 and subsequently served as the representative director of Kobe Steel, Ltd. and some of its group companies until he retired in June 2012. Kobe Steel, Ltd. is a business partner of the Company, but the ratio of the business with Kobe Steel, Ltd. to the Kurita Group's consolidated sales is less than 0.2%. Thus, Kobe Steel, Ltd. does not constitute a | Mr. Tsuguto Moriwaki is an individual who has experience as a top manager as well as in-depth knowledge of manufacturing and corporate reform, and we consider that he is capable of raising the management rationality and transparency of the Company by giving opinions from an outside perspective based on his knowledge and experience. Kobe Steel, Ltd. and its group companies of which he served as Representative Director are not major business partners of the Company, and the Company has therefore determined that he has no conflict of interest with general shareholders, and has designated him as an independent officer. |

| | | | |
|----------------|---|--|---|
| | | major counterparty of the Company. Similarly, neither Kobelco Construction Machinery Co., Ltd. nor Shinsho Corporation has conducted any transaction with the Company. | |
| Ryoko Sugiyama | ○ | _____ | <p>Ms. Ryoko Sugiyama is an expert in the environment and wastes and is currently serving as an external director of two listed companies as well as director of three unlisted companies. We consider that she is capable of expressing opinions from an outside perspective different from the Company's and increasing the rationality and transparency of the Company's management.</p> <p>UACJ Corporation, which Ms. Sugiyama serves as an external director, is a business partner of the Company, but the ratio of business with the UACJ Corporation to the Kurita Group's consolidated sales is less than 0.1% and does not constitute a major counterparty of the Company. The LECIP Holdings Corporation, which she serves as an external director and Audit and Supervisory Committee member are not business partners of the Company. Thus, the Company has determined that she has no conflict of interest with general shareholders and has designated her as an independent officer.</p> |
| Keiko Tanaka | ○ | _____ | <p>Ms. Keiko Tanaka has been active in business fields that differ from those of the Kurita Group and possesses a great deal of knowledge on public relations and marketing, as well as having held the position of Ambassador Extraordinary and Plenipotentiary of Japan to Uruguay. We consider that she is capable of utilizing her expansive knowledge and international experience, and expressing opinions from an outside perspective while increasing the rationality and transparency of the Company's management.</p> <p>Nissan Financial Services Co., Ltd., which Ms. Tanaka serves as Vice President, and JATCO Ltd, which she served as equivalent to Vice President, are not business partners of the Company. Thus, the Company has determined that she has no conflict of interest with general shareholders and</p> |

| | | | |
|--|--|--|---|
| | | | has designated her as an independent officer. |
|--|--|--|---|

| | |
|---|-------------|
| Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee | Established |
|---|-------------|

Committee's Name, Composition, and Attributes of Chairperson

| Committee's Name | Committee Corresponding to Nomination Committee | Committee Corresponding to Remuneration Committee |
|-----------------------|---|---|
| | Nomination & Remuneration Advisory Council | Nomination & Remuneration Advisory Council |
| All Committee Members | 5 | 5 |
| Full-time Members | 0 | 0 |
| Inside Directors | 1 | 1 |
| External Directors | 3 | 3 |
| External Experts | 0 | 0 |
| Other | 1 | 1 |
| Chairperson | External Director | External Director |

Supplementary Explanation

[Nomination & Remuneration Advisory Council]

In October 2015, the Company has in place a Nomination & Remuneration Advisory Council to increase objectivity and transparency in the decision-making process regarding remuneration and nomination of directors and members of the Audit & Supervisory Board.

< Procedures for nominating candidates for directors and members of the Audit & Supervisory Board >

When making a proposal of candidates for directors, the president and director, directors with positions of responsibility, and representative directors as well as members of the Audit & Supervisory Board, the chairperson of the Board of Directors will consult the Nomination and Remuneration Advisory Council in advance. Having received the request, the Council reports on the suitability or unsuitability of the candidates to the Board of Directors. Based on the report, the Board of Directors will submit a proposal for recommending the candidates for directors and members of the Audit & Supervisory Board to the Board of Directors by stating the reason for recommendation. After deliberating the proposal, the Board of Directors will nominate the candidates for directors and members of the Audit & Supervisory Board and determine the president and director, directors with positions of responsibility and representative directors. When submitting a proposal for recommending the candidates for the members of the Audit & Supervisory Board to the Board of Directors, the consent of the Audit & Supervisory Board shall be obtained in advance.

With respect to the composition of the Council, five members consisting of the three external directors, the full-time external member of the Audit & Supervisory Board and the president will engage in consultative activities concerning candidates for directors, representative directors and directors with positions of responsibility.

Number of meetings held in the fiscal year ended March 31, 2020: 4

*Constituent members*1: three external directors, the full-time external member of the Audit & Supervisory Board and the president (total five members)*

*Constituent members*2: the full-time external member of the Audit & Supervisory Board, the full-time member of the Audit & Supervisory Board, the president and the executive general manager of Corporate Planning and Control Division (total four members)*

*1: Determining the appropriateness of candidates for directors, representative directors and directors with positions of responsibility

*2: Determining the appropriateness of candidates for members of the Audit & Supervisory Board

< Procedures for deciding the remuneration of the directors and the members of the Audit & Supervisory Board
>

When making a proposal regarding the remuneration system and the remuneration level of the directors (excluding external directors) and the members of the Audit & Supervisory Board and the performance evaluation of the directors to the Board of Directors, the chairperson of the Board of Directors will consult the Nomination and Remuneration Advisory Council in advance. Having received the request, the Council reports on the suitability or unsuitability of the candidates to the Board of Directors. Based on the report, the Board of Directors will decide the remuneration of the directors within the total amount determined by a General Meeting of Shareholders. The allocation of remuneration to each member of the Audit & Supervisory Board shall be decided through consensus of the Audit & Supervisory Board.

Number of meetings held in the fiscal year ended March 31, 2020: 3

Constituent members: three external directors, the full-time external member of the Audit & Supervisory Board and the president (total five members)

[Successor Planning Committee]

Based on the decision on issues to be addressed and measures for them in the evaluation of the effectiveness of the Board of Directors for the fiscal year ended March 31, 2018, in May 2018 the Company establishes 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 refers to 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 reports these to the Board of Directors.

Number of meetings held in the fiscal year ended March 31, 2020: 4

*Constituent members*3:* three external directors, the full-time external member of the Audit & Supervisory Board (total four members)

*Constituent members*4:* three external directors, the full-time external member of the Audit & Supervisory Board, the president and the executive senior managing director (total six members)

*3: Selection of president's successor candidate

*4: Selection of directors' successor candidates and executive officers' successor candidates as well as setting of development measures for president's successor candidates and directors' successor candidates

[The Members of the Audit & Supervisory Board]

| | |
|--|---|
| Establishment of the Members of the Audit & Supervisory Board | Established |
| Maximum Number of the Members of the Audit & Supervisory Board Stipulated in Articles of Incorporation | No upper limit to the number of the Members of the Audit & Supervisory Board is stipulated. |
| Number of the Members of the Audit & Supervisory Board | 3 |

Cooperation among the members of the Audit & Supervisory Board, Accounting Auditors and Internal Audit Departments

The members of the Audit & Supervisory Board confirms the Accounting Auditors' independence and the status of their performance of duties and holds discussions and exchanges opinions with the Accounting Auditors about accounting audits on a periodic basis and as required. Furthermore, the members of the Audit & Supervisory Board discusses internal audit plans with the Internal Auditing Department in charge of internal audits of the Company and exchanges opinions with them about audit results and evaluations of internal controls, risk management, etc. relating to financial reporting.

| | |
|--|-----------|
| Appointment of External Members of the Audit & Supervisory Board | Appointed |
| Number of External Members of the Audit & Supervisory Board | 2 |
| Number of Independent the Members of the Audit & Supervisory Board | 2 |

External Members of the Audit & Supervisory Board Relationship with the Company (1)

| Name | Attribute | Relationship with the Company* | | | | | | | | | | | | |
|-------------------|----------------------|--------------------------------|---|---|---|---|---|---|---|---|---|---|---|---|
| | | a | b | c | d | e | f | g | h | i | j | k | l | m |
| Kenjiro Kobayashi | From another company | | | | | | | | | | | | | |
| Toshiaki Tada | Lawyer | | | | | | | | | | | | | |

* Categories for "Relationship with the Company"

* "○" when the director presently falls or has recently fallen under the category;

"△" when the director fell under the category in the past

* "●" when a close relative of the director presently falls or has recently fallen under the category;

"▲" when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiary

b. Non-executive director or accounting advisor of the Company or its subsidiaries

c. Non-executive director or executive of a parent company of the Company

d. The Members of the Audit & Supervisory Board of a parent company of the Company

e. Executive of a fellow subsidiary company of the Company

f. A party whose major client or supplier is the Company or an executive thereof

g. Major client or supplier of the Company or an executive thereof

h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides remuneration as the members of the Audit & Supervisory Board

- i. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
- j. Executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (the members of the Audit & Supervisory Board himself/herself only)
- k. Executive of a company, between which and the Company external directors/ the members of the Audit & Supervisory Board are mutually appointed (the members of the Audit & Supervisory Board himself/herself only)
- l. Executive of a company or organization that receives a donation from the Company (the members of the Audit & Supervisory Board himself/herself only)
- m. Others

External Members of the Audit & Supervisory Board Relationship with the Company (2)

| Name | Designation as Independent Members of the Audit & Supervisory Board | Supplementary Explanation of the Relationship | Reasons of Appointment |
|-------------------|---|---|--|
| Kenjiro Kobayashi | ○ | _____ | <p>Mr. Kenjiro Kobayashi is an individual who has held active roles in areas other than the business activities of the Kurita Group and has a high degree of professionalism and a wealth of international experience in the areas of financial affairs, management planning, new business development, M&A, etc. We consider that he is capable of conducting high quality audits based on this expertise and experience from an outside perspective as an external member of the Audit & Supervisory Board.</p> <p>Johnson Diversey, of which he served as an executive officer in the past, and Japan Industrial Solutions Co., Ltd., of which he served as a director in the past, are not business partners of the Company. Thus, the Company has determined that he has no conflict of interest with general shareholders, and has designated him as an independent officer.</p> |
| Toshiaki Tada | ○ | _____ | <p>Mr. Toshiaki Tada has expertise as an attorney and a wealth of knowledge about corporate legal affairs in Japan and overseas. The Company consider that Mr. Tada is capable of conducting high quality audits based on his expertise and knowledge from an outside perspective. As a lawyer, Mr. Tada has no relationship of special interest with the Company. The Company has therefore determined that he has no conflict of interest with</p> |

| | | | |
|--|--|--|---|
| | | | general shareholders, and has designated him as an independent officer. |
|--|--|--|---|

[Independent Directors/ the Members of the Audit & Supervisory Board]

| | |
|--|---|
| Number of Independent Directors/the Members of the Audit & Supervisory Board | 5 |
|--|---|

Matters relating to Independent Directors/ the Members of the Audit & Supervisory Board

The Company designates all of its external officers as independent officers because they all fulfill the qualification requirements as independent officers.

[Incentives]

| | |
|----------------------------------|---------------------------------|
| Incentive Policies for Directors | Performance-linked Remuneration |
|----------------------------------|---------------------------------|

Supplementary Explanation

For supplementary explanation, please refer to “Disclosure of Policy on Determining Remuneration Amounts or Calculation Methods” below.

| | |
|-----------------------------|--|
| Recipients of Stock Options | |
|-----------------------------|--|

Supplementary Explanation

[Director Remuneration]

| | |
|--|---|
| Disclosure of Individual Directors’ Remuneration | Remuneration of only some of the individual directors is disclosed. |
|--|---|

Supplementary Explanation

Amount of executive remuneration for the directors and the members of the Audit & Supervisory Board [Remuneration for the 84th fiscal year (April 1, 2019 to March 31, 2020)]
Directors (13 directors including three external directors): 453 million yen
Members of the Audit & Supervisory Board (Four members including two external members): 81 million yen
External officers (Five officers): 85 million yen

Total amount of consolidated remuneration paid to respective directors (in accordance with the disclosure method of securities report)
It is not stated because there is no director whose total consolidated remuneration is 100 million yen or more.

| | |
|--|-------------|
| Policy on Determining Remuneration Amounts and Calculation Methods | Established |
|--|-------------|

Disclosure of Policy on Determining Remuneration Amounts or Calculation Methods

1) Policy for determining the remuneration of the directors and the members of the Audit & Supervisory Board

The remuneration system for the directors (excluding the external directors) consists of fixed remuneration as the basic remuneration and incentive remuneration that reflects performance. The remuneration system for external directors with supervising functions and members of the Audit & Supervisory Board is a fixed remuneration plan. The fixed remuneration is a fixed amount by position for the directors and by working form for the members of the Audit & Supervisory Board, and a portion thereof is appropriated for the directors' and Audit & Supervisory Board members' shareholding scheme for the purchase of the Company's shares so that the directors and members of the Audit & Supervisory Board share the risks of share price fluctuations with shareholders.

The incentive remuneration consists of short-term and long-term incentive remuneration to provide an incentive to directors (excluding external directors) to continuously improve the Kurita Group's business results for the enhancement of the corporate value. The short-term incentive remuneration increases or decreases depending on factors such as the level of attainment of the annual business plan or the evaluation of each individual's performance of his or her duties. The long-term incentive remuneration, whereby shares of the Company are issued to retiring directors according to their performance (Profit Attributable to Owners of Parent) while in office and their title.

2) Procedures for deciding the remuneration of the directors and the members of the Audit & Supervisory Board

When making a proposal regarding the remuneration system and the remuneration level of the directors (excluding external directors) and the members of the Audit & Supervisory Board and the performance evaluation of the directors to the Board of Directors, the president will consult the Nomination and Remuneration Advisory Council in advance. Based on the report given by the Nomination and Remuneration Advisory Council, the Board of Directors will decide the remuneration of the directors within the total amount determined by a general meeting of shareholders. The allocation of remuneration to each member of the Audit & Supervisory Board shall be decided by a resolution of the Audit & Supervisory Board.

[Supporting System for External Directors and/or the Members of the Audit & Supervisory Board]

The Corporate Planning Department of the Corporate Planning and Control Division, serving as the secretariat of the Board of Directors, issues notices of Board of Directors' meetings, distributes materials and explains the agenda of the meetings to the external directors and/or the members of the Audit & Supervisory Board prior to the meeting as required.

[Status of Persons who have retired from President & Representative Director, etc.]

Name, etc. of Senior Adviser, Adviser, etc. who was President & Representative Director, etc.

| Name | Title / Position | Job description | Working Style / Conditions (Full-time / Part-time, Remuneration, etc.) | Date of Retirement from President, etc. | Term |
|-----------------|------------------|--|---|---|-----------------------------|
| Toshiyuki Nakai | Advisor | Engaging in social contribution activities | Full time, Paid | March 31, 2016 | Until the end of June, 2021 |

| | |
|---|----------------|
| Total number of Senior Adviser, Adviser, etc. who was President & Representative Director, etc. | One (1) person |
|---|----------------|

Other matters

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|-----|
| --- |
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2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)

The Board of Directors consists of nine (9) directors (including three external directors), provides strategic direction that contributes to the Group's sustainable growth, makes decisions on important matters related to operational execution and exercises supervisory functions over the execution of duties by the directors and overall management. The Board Directors' meeting shall be held regularly at a frequency of at least once a month. In the fiscal year ended March 31, 2020, the meeting was held 15 times in total. All inside Directors attended all of the 15 meetings. With regard to External Directors, Mr. Tsuguto Moriwaki attended the Board Directors' meeting all of 15 meetings, and Ms. Ryoko Sugiyama 13 times, during the fiscal year. Ms. Keiko Tanaka was appointed as External Director at the 83rd Ordinary General Meeting of Shareholders, held on June 27, 2019, attended 11 times of 12 Board Directors' meetings held after her appointment.

As a framework to supplement the Board of Directors' decision-making, the Company has established and operates an approval system based on the Internal Decision Approval and Review Rules.

In addition, the Executive Committee has been established, consisting of the president and representative director, directors at the level of managing director and above and directors and executive officers designated by the president and representative director, to make decisions and review the resolution matters of the Board of Directors for ensuring the Board's prompt and smooth decision making. The Company has also employed the executive officer system since June 2005 for the purpose of strengthening business execution capabilities, and has appointed two senior executive officers and eight executive officers.

To enhance and strengthen the evaluations of investments and financing of the Kurita Group, the Company has established the Investment Committee, which evaluates the investment and financing projects to be submitted to the Board of Directors or the Executive Committee. The Investment Committee reports the evaluation results and major issues to the Board of Directors and the Executive Committee.

The Company has adopted the Audit & Supervisory Board system. The Audit & Supervisory Board consists of three (3) members (including two external members), and each member conducts the audits undertaken by the Audit & Supervisory Board in accordance with the audit policies and division of duties determined by the Audit & Supervisory Board, and supervises the directors' execution of duties. In addition, the Internal Auditing Department has been established as an organization that reports directly to the president and representative director for the purpose of enhancing internal audit functions. The Company has appointed Grant Thornton Taiyo LLC as its accounting auditor in accordance with the laws and regulations to ensure the implementation and improvement of accounting audits.

The term of office of the Company's external director is one year. The Company allows each external director of the Company to have concurrent positions at up to two other listed companies. Taking advantage of the knowledge and expertise developed through their management experience, the Company's independent external directors assess the management and express opinions from the viewpoint of the sustainable growth of the Kurita Group and medium- and long-term improvement of its corporate value, thereby improving the reasonableness and transparency of the Board of Directors' judgments. The Company revised its Articles of Incorporation at the General Meeting of Shareholders held on June 27, 2013 to establish provisions concerning contracts for the limitation of liability related to external directors and external members of the Audit & Supervisory Board. Pursuant to these provisions, the Company has entered into an agreement with each of Mr. Tsuguto Moriwaki, Ms. Ryoko Sugiyama and Ms. Keiko Tanaka, who are part-time external directors, and Mr. Toshiaki Tada, who is a part-time external member of the Audit & Supervisory Board, that limits liability for damages as stipulated in Paragraph 1, Article 423 of the Companies Act in accordance with the provisions of the Articles of Incorporation thereof based on the provisions of Paragraph 1, Article 427 of the

Act. The amount stipulated in Paragraph 1, Article 425 of the Act has been set as the maximum liability for damages based on this agreement.

3. Reasons for Adoption of Current Corporate Governance System

The Company considers that the thorough supervision of the execution of business operations and management can be attained through the framework described above.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights

| | Supplementary Explanations |
|---|--|
| Early Notification of General Shareholder Meeting | Since 1999, the Company has sent out a notice of convocation of a general shareholder meeting about three weeks prior to the meeting. In 2016, it began disclosing the notice of convocation of a general shareholder meeting on the Internet before sending it out by mail. The dates of sending the notice of convocation and disclosing the notice on the Internet in this year are as follows. -sending date: June 8, 2020 (21 days in advance) -disclosing date: June 1, 2020 (28 days in advance) (the date of General Meetings of Shareholders held: June 29, 2020) |
| Allowing Electronic Exercise of Voting Rights | The Company began to allow the electronic exercise of voting rights at the time of the general shareholder meeting in 2006. |
| Participation in Electronic Voting Platform | At the time of the general shareholder meeting in 2006, the Company began to participate in the Electronic Voting Platform operated by ICJ. |
| Providing Convocation Notice in English | At the time of the general shareholder meeting in 2013, the Company began to prepare the notice of convocation of a general shareholder meeting in English. |
| Other | At the time of the general shareholder meeting in 2005, the Company began to hold briefing sessions for individual shareholders (formerly “shareholder gatherings”). However, the Company decided to cancel such sessions at the general shareholder meeting in 2020, in order to prevent spreading of the novel coronavirus disease (COVID-19). |

2. IR Activities

| | Supplementary Explanations | Regular Investor Briefings for Individual Investors |
|---|--|---|
| Preparation and Publication of Disclosure Policy | Kurita Group Disclosure Policy is posted on the Company’s website: https://ir.kurita.co.jp/en/corporate_governance/organization/index.html | |
| Regular Investor Briefings for Individual Investors | Held more than once a year. | None |
| Regular Investor Briefings for Analysts and Institutional Investors | Earnings briefings are held twice a year (second quarter and the fiscal year-end). The president and representative director explain business performance and strategies, furthermore he or she handles the question and answer sessions. In addition, telephone conferences are held twice a year (first and third quarter). The deputy executive general manager of Corporate Planning and Control Division, provides explanations and handles the question and answer sessions. | Yes |
| Regular Investor Briefings for Overseas Investors | Overseas roadshows are held at least twice a year, and the president and representative director mainly provides explanations. | Yes |
| Posting of IR Materials on Website | Financial explanatory documents and summaries of questions and answers are posted on the Company’s website in both Japanese and English. In addition, an audio webcast of the financial results presentation (in Japanese only) is made available for about 3 months. Integrated Report (Annual reports), fact books, shareholder newsletters, etc. are also posted on the Company’s website. | |

| | |
|--|--|
| | https://ir.kurita.co.jp/en/ |
| Establishment of Department and/or Manager in Charge of IR | The Company has established the Investor Relations Section, Corporate Communications and CSR Department, Corporate Planning and Control Division. |
| Other | Investor meetings are held throughout the year, hosted by the executive general manager of the Corporate Planning and Control Division, who is the officer in charge of investor relations, and persons in charge of investor relations. |

3. Measures to Ensure Due Respect for Stakeholders **Updated**

| | Supplementary Explanations |
|---|---|
| Stipulation of Internal Rules for Respecting the Position of Stakeholders | The Kurita Group has established the basic behavior to be adhered to by all directors and employees in their relationships with shareholders, investors, customers, business partners, employees and the local communities in the “Kurita Group Code of Conduct,” which explicitly values its relationships with stakeholders. |
| Implementation of Environmental Activities, CSR Activities etc. | <p>The Kurita Group defines its CSR as "the Kurita Group’s responsibility for its impacts on society." Premised on legal compliance, the Group has set the following two objectives for its CSR initiatives and positioned these initiatives at the core of its corporate activities and management strategies.</p> <ol style="list-style-type: none"> 1. Creating and maximizing shared value for the Kurita Group and society 2. Identifying, preventing and mitigating possible adverse impacts by the Kurita Group <p>Specifically, the Company has identified seven material issues related to CSR shown below , including what it should be like and the frame of mind it should take in 2030, and established a “CSR Policy” to “Provide solutions to issues related to water and the environment, and fulfill responsibility for the future.”</p> <ol style="list-style-type: none"> 1. Provide highly safe services and products 2. Conduct fair business activities 3. Respect human rights 4. Solve issues related to water resources 5. Realize sustainable energy use 6. Reduce waste 7. Advance industrial production technologies <p>The Company has established an E&S (Environmental & Social) Committee as a companywide organization for integrally engaging in activities based on “CSR Policy” throughout the Group. The person responsible for integrating and promoting individual activities is the chairperson of the E&S Committee, who is a director of the Company, and responsible managers who are directors or executive officers of the Company are appointed for individual activities. Each responsible manager plays a central role in formulating unified Group medium-term targets for each activity and activity plans for each business year, conducting management of activity targets, and the Company’s Board of Directors determines activity plans and evaluates activity results. The performance and evaluation of the activities are disclosed on our website at any time.</p> <p>https://www.kurita.co.jp/english/csr/index.html</p> |
| Development of Policies on Information Provision to Stakeholders | The Kurita Group will disclose information in accordance with the laws related to information disclosure, such as the Companies Act and the Financial Instruments and Exchange Act, and regulations for the timely disclosure of corporate information established by the Tokyo Stock Exchange. The Kurita Group will actively and fairly disclose information that is deemed to be effective for facilitating understanding of the Kurita Group among shareholders and investors. This information will comprise financial |

| | |
|--------------|--|
| | <p>information including financial conditions and results of operations, management strategies including risks, corporate governance and matters related to social and environmental issues, and policies for capital efficiency.</p> |
| <p>Other</p> | <p>The Company is taking steps on Promoting Workstyle Reforms and Promoting Women’s Empowerment in response to issues facing Japan related to securing human resources in the face of a declining birthrate and aging population, correcting long hours of overtime, and realizing a gender-equal society.</p> <p>[Promoting Workstyle Reforms]</p> <p>The Company is promoting workstyle reforms centered on reducing long hours of overtime work with a view to maintaining the mental and physical health of employees and increasing productivity.</p> <p>For reducing working hours, the Company takes specific measures by specifying categories of Restricting working hours, Promoting use of paid annual leave, Changing employee awareness, and Reform and introduction of systems and schemes. The measures include introduction of satellite offices, introduction of a system that permits employees to take special paid leave for nursing family members in hourly units, and trial implementation of a work-interval system.</p> <p>In addition, the Company has distributed IT equipment to employees in the Engineering Group to improve the efficiency of design work.</p> <p>Details of these initiatives are disclosed at the Company’s official website. https://www.kurita.co.jp/english/csr/csr_activity/human_rights/index.html</p> <p>[Promoting Women’s Empowerment]</p> <p>The Company regards the empowerment of women as an urgent task for securing management resources in Japan, which is facing a shrinking population. It has therefore developed action plans 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, and is implementing those plans. They are five-year plans, whose period is from April 2018 to March 2023. Targets of the action plan based on the Act on Promotion of Women's Participation and Advancement in the Workplace are as follows.</p> <ul style="list-style-type: none"> -Have 15 or more women in management positions by April 1, 2023 -Achieve a ratio of 30% or more for women among new graduate recruits for career track positions <p>The Company is taking the following initiatives in order to achieve these targets.</p> <ol style="list-style-type: none"> (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 <p>Under the action plan based on the Act on Advancement of Measures to Support Raising Next-Generation Children, the Company is taking the following measures.</p> |

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

Details of these initiatives are disclosed at the Company's official website.
https://www.kurita.co.jp/english/csr/csr_activity/human_rights/index.html

At present, the numbers of female officers and women in management positions are as follows.

-Officers: 2

-Management positions (manager): 7

The Company has introduced a specialist system under which there are two female specialists in positions equivalent to general manager, other than the abovementioned seven female managers, and eight female specialists in positions equivalent to manager.

IV. Matters Related to the Internal Control System

1. Basic Views on Internal Control System and the Progress of System Development

In the meeting of the Board of Directors for the fiscal month of May 2006, the Company established the Basic Policies for Constructing an Internal Control System for the Company and its Group in accordance with the Companies Act and worked to strengthen its internal controls in accordance with the basic policies. The Basic Policies for Constructing an Internal Control System have been revised by resolutions of the Board of Directors.

[Systems]

1. System to ensure that the execution of the duties of directors and employees conforms with laws, regulations, and the articles of incorporation

(1) The Company and its consolidated subsidiaries (the “Group Companies”), will comply with laws and regulations in accordance with social ethics and have specified actions based on compliance with laws, regulations, and social ethics as a prerequisite for corporate activities to construct transparent and fair relationships with shareholders, customers, employees, local communities, and trade partners at all places in which business activities are conducted. We have also established Core Values (fairness, transparency, integrity, safety and compatibility) that officers and employees should emphasize, and the Kurita Group Code of Conduct with which officers and employees should comply, transcending differences in their language, custom and cultural background, to fully enforce actions based on compliance with laws, regulations and social ethics in our daily business activities. In addition, the Company and the Group Companies will stand up to antisocial forces that potentially pose a threat to social order and safety with a resolute attitude, and work to fight off the unjustified claims of antisocial forces in a determined manner.

(2) The Company sets up the Environmental & Social Committee, which is chaired by the director, and the Group Environmental & Social Committee, which is also chaired by the same director and whose members are the representatives of the Group Companies. In these Committees, the members set out policies and important measures for compliance activities, and convey them to all employees through the divisions and the department committees of the Group Companies. The Company will also work continuously to raise the compliance level by regularly reporting the status of activities and their results to the Board of Directors. If the chairperson of these Committees determines that there is a serious problem or a doubt related to compliance, the chairperson will immediately report it to the president, and then formulate and implement remedial actions and preventive measures. The president or the Chairman of these Committees will report these events to the Board of Director and the Audit & Supervisory Board whenever appropriate.

(3) The Company establishes the Internal Auditing Department, which is placed under the direct control of the president, to conduct internal audits on matters such as those related to compliance activities.

(4) The Company establishes the Public Interest Whistle-Brower Protection Regulations as a mechanism for the employees of the Company and the Group Companies to directly provide information about legally doubtful conducts, etc. In conjunction with these regulations, the Company also establishes the Compliance Counselling Counter. The Company also works to ensure the fairness and transparency of the management of the Company and the Group Companies by regularly reporting the status of the operation of the contact for Public Interest Whistle-Blowing to the Board of Directors.

(5) The Company establishes and operates the “Internal Control Reporting System” in accordance with the Financial Instruments and Exchange Act to ensure the accuracy of the financial reporting of the Company and the Group Companies. Monitoring, advices on improvement, and support for improvement for the operation of the System are implemented, with the Internal Auditing Department as the responsible department.

In addition, the Finance and Accounting Department in the Corporate Planning and Control Division shares responsibility for monitoring, recommendations for improvement, and support for improvement related to the “operations process control inside the Company” and the “account settlement and financial reporting process control of consolidated subsidiaries from a company-wide perspective.”

(6) In response to the “Corporate Governance Code” set forth in the Securities Listing Regulations of the Tokyo Stock Exchange, the Company establishes policies for corporate governance and strengthens its corporate governance, with the aim of realizing transparent, fair, prompt, and decisive decision-making and more effective management supervision of the Company and the Group Companies.

2. System to store and manage information about the execution of the duties of directors

Information about the execution of the duties of directors is recorded and stored in documents or electromagnetic media in accordance with the Document Regulations and the Confidential Information

Management Regulations established by the Board of Directors. The directors and the members of the Audit & Supervisory Board may inspect these documents, etc. when necessary.

3. Regulations and other systems for managing the risk of loss

(1) Risks pertaining to the Company and the Group Companies are monitored and risk management is promoted, with the executive general manager of the Corporate Planning and Control Division acting as the officer in charge. The executive general manager of the Corporate Planning and Control Division regularly analyzes and assesses the risks of the Company and the Group Companies, and makes efforts to prevent the occurrence of risks through continuous monitoring. If a risk that may have a material impact on management arises, the executive general manager of the Corporate Planning and Control Division will appoint a responsible official, draw up a system to address the risk, and immediately issue a command after gaining the approval of the president. The responsible official will immediately implement countermeasures and report the impact of the risk, the status of correcting the risk, and the measures for preventing the risk to the president and the executive general manager of the Corporate Planning and Control Division.

(2) In regards to serious risks, the chairperson of the Environmental & Social Committee will be the responsible official for risks related to compliance, and the Chairman of the Headquarters Health and Safety Committee will be the responsible official for risks related to health, safety, and disasters. Risks that are directly related to daily business activities are addressed by the executive general managers of the divisions, who acts as the responsible official. Other day-to-day risks related to quality, the environment, information security, and export regulations, etc. are addressed by their respective departments.

(3) The executive general manager of the Corporate Planning and Control Division, the Chairmen of the Committees, and the executive general managers of the divisions regularly report the status of activities to promote risk management and compliance to the Board of Directors, and report the occurrence and result of material risks to the Board of Directors and the Audit & Supervisory Board whenever appropriate.

(4) The status of the implementation of risk management and improvements is monitored, with the Internal Auditing Department acting as the responsible department.

4. System to ensure the efficient execution of duties by the directors

The Company will improve the efficiency of the execution of duties of the directors based on the following management control system and mechanism.

(1) The Board of Directors specifies the operations delegated to the directors, the executive officers, and the responsible officials of organizations (managerial personnel with the rank higher than senior general manager of a division or head of an office).

(2) The Board of Directors formulates a long-term vision, a medium-term management plan, and a business plan for a single fiscal year, and sets out the targets, policies, and focused measures for each organization. The Board of Directors also implements monthly and quarterly business controls in relation to the consolidated and non-consolidated targets of the Company and the business departments.

(3) The final decision application system is set up, in line with the Executive Committee and the Final Decision and Examination Regulations, as a decision-making system to complement the resolutions made at the Board of Directors' meetings.

(4) The Executive Committee makes decisions and conducts a review of matters resolved at the Board of Directors' meetings to facilitate the decision making progress at the Board of Directors' meetings when necessary. The Executive Committee consists of the president, directors with a rank of managing director or above, the executive general manager of the Corporate Planning and Control Division, and the directors and executive officers appointed by the president. The committee meets twice a month in principle, and on a temporary basis when necessary. In the Executive Committee, the members deliberate matters related to the management of the Company and the Group Companies, conduct a monthly and quarterly check of whether targets have been achieved and the status of implementation of policies and measures, and give the directors and the executive officers in charge instructions to correct deviations. The members of the Audit & Supervisory Board may attend the Executive Committee.

(5) The decision to establish, revise, or abolish the Final Decision and Examination Regulations is made by the Board of Directors. For the directors and the executive directors to conduct their duties more efficiently, internal regulations conforming to the Final Decision and Examination Regulations are established and implemented.

5. System to ensure the accuracy of operations in a corporate group consisting of the Company and its subsidiaries

The Company and Group Companies perform operations appropriately by the following systems and the frameworks that are in place.

(1) The Company and Group Companies set a medium-term management plan and a business plan for a single fiscal year based on a unified outline for formulating plans.

(2) The overall management of Group Companies is controlled by the Corporate Planning and Control Division. In addition, an officer and a department of the Company in charge of each Group Company are appointed to regularly determine the status of the business performance achieved and the status of risk management based on the medium-term management plan and the business plan for a single fiscal year, and to provide the Group Companies with guidance.

(3) A Board of Directors is set up in each Group Company, and the Company or a Group Companies dispatches a (non-standing) director and (non-standing) member of the Audit & Supervisory Board to monitor the management of the Board of Directors, business performance, settlement of accounts, and risks. If a decision needs to be made as the Group Companies, the Executive Committee of the Company deliberates the matter and makes the decision in accordance with “7. Matters related to subsidiaries and associates in Japan and overseas,” an appendix of the Final Decision and Examination Regulations of the Company, or the Board of Directors or the Executive Committee of the Company makes the decision.

(4) In regards to the Group Companies’ efforts related to compliance, the Group Environmental & Social Committee stated in Article 1, Paragraph 2 of the Basic Policies for Constructing an Internal Control System sets out policies and implements specific measures. In addition, the system for ensuring the accuracy of the financial reporting by the Group is considered and established as part of the approaches stated in Article 1, Paragraph 5.

(5) The Group Companies report the status of their management, sales activities, manufacturing, and risk management, etc. to the Company regularly, such as on a monthly or quarterly basis.

6. Matters related to an employee if a member of the Audit & Supervisory Board requests the assignment of the employee to assist him/her, matters related to the independence of the employee from the directors, and matters related to ensuring the effectiveness of instructions issued to the employee

(1) The Audit & Supervisory Board of the Company may appoint a full-time assistant. If a full-time assistant is not appointed, a member of the Audit & Supervisory Board may instruct a certain employee who belongs to the Internal Auditing Department to assist his/her auditing work as necessary.

(2) The employee who assists the auditing work of the member of the Audit & Supervisory Board in accordance with the instruction described in the preceding paragraph provides assistance independent of the directors and within the necessary scope of assistance. In addition, the opinions of the member of the Audit & Supervisory Board are respected regarding personnel changes and evaluations, etc. of the employee.

(3) The employee who assists the auditing work of the member of the Audit & Supervisory Board may regularly attend places where opinions are exchanged between the representative director and the accounting auditor within the company of the member of the Audit & Supervisory Board.

7. System for the directors and employees of the Company and Group Companies to report to the Audit & Supervisory Board, and other systems for reporting to the Audit & Supervisory Board

(1) In order to regularly confirm that the directors, executive officers and employees of the Company perform operations appropriately, the members of the Audit & Supervisory Board are required to attend the Board of Directors’ meetings. They may also attend the Executive Committee and the Environmental & Social Committee, etc.

(2) The members of the Audit & Supervisory Board of the Company may inspect documents, etc. necessary for their auditing work at any time, irrespective of the provisions of the Document Regulations, the Confidential Information Management Regulations, and other regulations.

(3) The directors of the Company report important matters related to the execution of duties to the members of the Audit & Supervisory Board or the Audit & Supervisory Board whenever appropriate through the Board of Directors’ meetings and other important meetings.

(4) The executive officers and employees of the Company and the directors, the members of the Audit & Supervisory Board, and the employees of the Group Companies report matters stipulated in laws and regulations as well as cases of compliance violations, cases in dispute, the occurrence of material risks, and matters related to accounting and the settlement of accounts, etc. to the respective departments in charge within the Company. The departments in charge report the details of reports from the executive officers and employees of the Company and the directors, members of the Audit & Supervisory Board and employees of Group Companies to the members of the Audit & Supervisory Board or the Audit & Supervisory Board when

necessary. In addition, the departments in charge also make necessary reports at the request of a member of the Audit & Supervisory Board.

(5) The Company prohibits those who made a report to a department in charge, a member of the Audit & Supervisory Board, or the Audit & Supervisory Board in accordance with the provisions of the preceding paragraph from being treated unfavorably on the grounds of making a report, and makes this fact fully known to the directors, executive officers and employees of the Company and the directors and employees of the Group Companies.

8. Other systems to ensure the effective auditing of the Audit & Supervisory Board

(1) A meeting for the president and the members of the Audit & Supervisory Board or the Audit & Supervisory Board to exchange opinions is held regularly.

(2) The Audit & Supervisory Board establishes standards for appointing, dismissing, and refusing to reappoint the accounting auditor, and nominates a candidate for the accounting auditor. The Company and the Group Companies secure sufficient amount of time for the accounting auditor to conduct a high-quality audit. The members of the Audit & Supervisory Board, the Internal Auditing Department, and the accounting auditor promote a cooperation by mutually checking each other's audit plans and sharing their concerns.

(3) The members of the Audit & Supervisory Board or the Audit & Supervisory Board hold discussions and exchange opinions with the Internal Auditing Department and the audit corporation when necessary.

(4) The Audit & Supervisory Board allocates expenses that are deemed necessary for the execution of duties in advance. However, the Audit & Supervisory Board may charge the Company postmortem for expenses it spent on urgent or provisional matters.

[Operational status]

1. System to ensure that the execution of the duties of directors and employees conforms with laws, regulations, and the articles of incorporation

(a) Having defined the objective of initiatives on CSR as "creating and maximizing shared value for the Kurita Group and society" and "identifying, preventing and mitigating possible adverse impacts by the Kurita Group," the Company identified seven material issues (primary focused area) related to CSR and formulated and is operating the "CSR Policy" including what we should be like and the frame of mind that we should maintain firmly in 2030.

(b) To enhance the effectiveness of the Kurita Group Code of Conduct, the Company revised the policies shared by the Group Companies on environment, finance, and taxation, thereby promoting the establishment of the Kurita Group Business Policy in the fiscal year ended March 31, 2020.

(c) The Company is operating the Regulation for Responding to Anti-social Forces that prescribes matters relating to an organizational structure and other approaches to cutting any relations with anti-social forces.

(d) The E&S Committee holds meetings regularly to check the state of progress of key measures and issues.

(e) The Company established the Kurita Group Code of Conduct, the Corporate Governance Policies, the Basic Policies for Constructing an Internal Control System, the CSR Policy, the Kurita Group BCM Policy (Business Continuity Management) and the Kurita Group Business Policy as its basic policies. In the fiscal year ended March 31, 2020, the Company conducted the Management Monitoring by the Internal Auditing Department with the purpose of confirming the implementation status of the basic policies in the Group Companies, and confirmed that there was no material deficiency.

(f) The Company and the Group Companies have been conducting questionnaires on compliance on an annual basis. They have been drawing on questionnaire results to monitor progress with respect to improvements, pinpointing issues, and then reflecting those findings in activity policies for the subsequent fiscal year.

(g) The Company and the Group Companies have been operating whistle-blowing system of internal control. They have accordingly established the Public Interest Whistle-Blower Protection Regulations and have set up consultation desk and reporting desk operated by outside organizations.

(h) With respect to internal controls for financial reporting, a team dedicated to such tasks from the Internal Auditing Department has been engaging in monitoring in accordance with fiscal year plans, and the Finance and Accounting Department in the Corporate Planning and Control Division has also been taking on some responsibility in that regard. The Company has also been monitoring the effectiveness of respective controls.

(i) The Company revises our policies on corporate governance regularly (at least once a year) or as necessary. In the fiscal year ended March 31, 2020, following a transition of accounting standards of the Kurita Group to IFRS, the Company partially revised its Corporate Governance Policies on February 1, 2020 to revise operating standards relating to important transactions among related parties.

2. System to store and manage information about the execution of the duties of directors

Original copies of such information are being stored in vaults, and duplicates are being kept in locked document cabinets under stringent control. In addition, the Company has stipulated that those who have been granted permission to view documents must follow certain procedures in that regard, under the Company's regulations.

3. Regulations and other systems for managing the risk of loss

(a) The Company and the Group Companies have adopted risk management systems whereby risk is categorized either as "Group-wide risk" which must be addressed by the entire Kurita Group such as in the event of an earthquake or other disaster, or as "business risk" which derives directly from daily business affairs. The Company and the Group Companies have also been conducting review on an annual basis of risk maps. The risk maps indicate probabilities of risks materializing, profile the impact and magnitude of impact that a risk event would pose, and assess the significance of such situations. To such ends, the Company and the Group Companies have been striving to prevent risk from materializing by implementing prevention measures, and otherwise have been preparing themselves to address unforeseen circumstances by establishing action plans for risk events. In addition, the Kurita Group implements the "Kurita Group BCM Policy (Business Continuity Management)" which sets out the Kurita Group's principles on response measures for officers, executive officers, and employees in handling emergencies that pose a risk to the continuity of the Kurita Group's businesses such as major earthquakes, storm and flood damage, or pandemics.

(b) The Company and the Group Companies have established legal violation risk maps, and accordingly engage in practices that involve identifying major risks of legal violation and regularly monitoring implementation of initiatives in that regard.

(c) The Board of Directors has been regularly receiving reports regarding the promotion status of risk management and compliance activities, and the Board of Directors and the Audit & Supervisory Board have been receiving reports whenever appropriate with respect to the occurrence and materializing of significant risk events.

(d) The status of the implementation of risk management and improvements is monitored, with the Internal Auditing Department acting as the responsible department.

4. System to ensure the efficient execution of duties by the directors

(a) To enable the Board of Directors to better provide strategic direction that contributes to the Kurita Group's sustainable growth, make decisions on important matters related to operational execution, and exercise supervisory functions over the execution of duties, the Company reviewed and is operating the Final Decision and Examination Regulations when necessary.

(b) The Executive Committee has been making judgments and decisions on matters that have been delegated to it by the Board of Directors, and has been conducting review with respect to agenda items for meetings of the Board of Directors. Executive Committee members include the President and Representative Director, Directors with a rank of Managing Director or above, the Executive General Manager of the Corporate Planning and Control Division, and the Directors and executive officers appointed by the President and Representative Director. The committee has been meeting twice a month in principle, and on a temporary basis when necessary. The full-time members of the Audit & Supervisory Board have been attending meetings of the Executive Committee.

5. System to ensure the accuracy of operations in a corporate group consisting of the Company and its subsidiaries

(a) The Company and the Group Companies have set a medium-term management plan and a business plan for a single fiscal year based on a unified outline for formulating plans. Meanwhile, the President and Representative Director of the Company has been holding management plan review sessions with respective Group Companies annually, and has been making decisions on general matters with respect to the fiscal year and plans for the subsequent fiscal year. The overall management of Group Companies is controlled by the Corporate Planning and Control Division.

(b) The Group E&S Committee, the Group Health and Safety Committee, and other such bodies have been regularly providing an understanding of circumstances with respect to compliance and risk management of Group Companies, and have been providing necessary guidance in that regard.

(c) In order to strengthen governance at the Group Companies, the Company improves the systems and structures provided by the Company, and the Board of Directors accurately evaluates operational status and aims to improve effectiveness. In the fiscal year ended March 31, 2020, as part of these efforts, the Company

evaluated the effectiveness of the Board of Directors for the Group Companies in Japan to identify current issues and determine support to be provided by the Company and measures to be taken by each Group Company.

(d) Members of the Audit & Supervisory Board have been conducting audits and surveys with respect to the Company and the Group Companies in accordance with audit policies and audit plans, etc. established by the Audit & Supervisory Board.

6. Matters related to an employee if a member of the Audit & Supervisory Board requests the assignment of the employee to assist him/her, matters related to the independence of the employee from the directors, and matters related to ensuring the effectiveness of instructions issued to the employee

The Audit & Supervisory Board of the Company has no full-time assistant. However, to help members of the Audit & Supervisory Board perform sufficient audit work, the General Manager of Internal Auditing Department supports the Audit & Supervisory Board in audit work as the secretariat of the Audit & Supervisory Board, and members of the Audit & Supervisory Board give instructions to specific employees in the Internal Auditing Department to assist audit work as necessary.

7. System for the directors and employees of the Company and Group Companies to report to the Audit & Supervisory Board, and other systems for reporting to the Audit & Supervisory Board

(a) Each member of the Audit & Supervisory Board has been attending the Board of Directors meetings and other important meetings such as those of Executive Committee and E&S Committee, and has been performing audits of Directors with respect to their execution of duties.

(b) The Directors of the Company have been reporting important matters related to the execution of duties to the members of the Audit & Supervisory Board or the Audit & Supervisory Board whenever appropriate, through the Board of Directors meetings and other important meetings.

(c) The executive officers and employees of the Company, and the Directors, members of the Audit & Supervisory Board and the employees of the Group Companies report on the matters stipulated in laws and regulations as well as cases of compliance violations, cases in dispute, the occurrence of material risks, and matters related to accounting and the settlement of accounts, etc. to the departments in charge within the Company. The departments in charge report on the details of the reports from the executive officers and employees of the Company, and the Directors, members of the Audit & Supervisory Board and employees of Group Companies to the members of the Audit & Supervisory Board or the Audit & Supervisory Board when necessary. In addition, the departments in charge also make the necessary reports at the request of a member of the Audit & Supervisory Board.

(d) In accordance with the Public Interest Whistle-Blower Protection Regulations, the Company and the Group Companies have prohibited the unfair treatment of those who have reported information set forth in the previous paragraph, on the ground of having made such a report.

8. Other systems to ensure the effective auditing of the Audit & Supervisory Board

(a) Members of the Audit & Supervisory Board have been regularly holding meetings for exchanging opinions with the President and Representative Director of the Company in order to facilitate mutual understanding and further develop relationships of trust.

(b) The Audit & Supervisory Board establishes standards for appointing, dismissing, and refusing to reappoint the Accounting Auditor, and nominates a candidate for the Accounting Auditor.

(c) Members of the Audit & Supervisory Board have been holding discussions and exchanging opinions with the Internal Auditing Department whenever appropriate, and have also been taking steps to promote cooperation with the Accounting Auditor by mutually checking each other's audit plans and regularly exchanging opinions through forums such as briefing sessions for reporting on settlement of accounts and audit results.

2. Basic Views on Eliminating Anti-Social Forces

Regarding the elimination of antisocial forces, the Company has established the relevant provisions in "1. System to ensure that the execution of the duties of directors and employees conforms with laws, regulations and the Articles of Incorporation" of the "Basic Views on Internal Control System and the Progress of System Development" above.

V. Other

1. Adoption of Anti-Takeover Measures

| | |
|------------------------------------|-------------|
| Adoption of Anti-Takeover Measures | Not Adopted |
|------------------------------------|-------------|

Supplementary Explanation

2. Other Matters Concerning Corporate Governance System

Kurita Group Disclosure Policy

(1) Basic Policy

Kurita Water Industries Ltd. and its consolidated subsidiaries (hereinafter the "Kurita Group," and Kurita Water Industries Ltd. on a non-consolidated basis shall be hereinafter referred to as the "Company") strive for management that respects shareholders. To facilitate its sustainable growth and enhance corporate value in the medium and long term, the Kurita Group promotes constructive dialogues with shareholders, investors and others by making fair and timely information disclosures in accordance with relevant laws and rules, while actively and fairly disclosing various kinds of information the Kurita Group deems effective for promoting an understanding of its activities.

(2) Information subject to disclosure and disclosure methods

1) Legal disclosures and timely disclosures

The Company abides by and discloses information in accordance with the Companies Act, the Financial Instruments and Exchange Act and other laws and regulations (hereinafter collectively referred to as "related laws and regulations"), and rules on the timely disclosure of corporate information stipulated in the securities listing regulations of the Tokyo Stock Exchange (hereinafter referred to as "the timely disclosure rules"). Information meeting the criteria of the timely disclosure rules is promptly disclosed via the Timely Disclosure Network (TDnet) provided by the Tokyo Stock Exchange as well as on the Company's corporate website.

2) Voluntary disclosures

Even when certain information is not subject to related laws and regulations or the timely disclosure rules, the Company discloses information deemed useful for investors in making investment decisions via TDnet or the Company's website.

3) Handling of material information

In abiding by the stipulations of Article 27-36 of the Financial Instruments and Exchange Act (commonly referred to as "the Fair Disclosure Rule"), the Company does not selectively disclose to a limited number of shareholders or investors material information (facts of decision, facts of occurrence, financial information, etc.) that has not been made public and is deemed likely to have a significant influence on investors' investment decisions (hereinafter collectively referred to as "material information"). In the event that the executive general manager of the Corporate Planning and Control Division determines that a Company director, executive officer, or employee has unintentionally conveyed material information to a limited number of shareholders or investors, the said material information will be made public promptly. In instances, however, where it is judged inappropriate to promptly make public conveyed information deemed material information, separate measures may be taken to ensure the fairness of information disclosure in not making the material information public.

(3) Enhancing the fairness of information access

The Company strives to ensure the fairness of information access for shareholders, individual investors, institutional investors in and outside Japan, analysts and others by publishing on the corporate website presentation materials and summaries of question and answer sessions used in financial results briefings, alongwith other material, to the extent possible. The Company also strives to expand the availability of English-language materials.

(4) Information management and information disclosure system

1) Information management

The executive general manager of the Company's Corporate Planning and Control Division is responsible for the management of the Kurita Group's material information. The executive general manager of the

Corporate Planning and Control Division will set up an IR and SR liaison group consisting of the persons in charge in the Corporate Planning Department, the Finance and Accounting Department, and the Corporate Communications and CSR Department to share information regularly or as needed. Additionally, the executive general manager provides information necessary for dialogue to designated spokespersons.

2) Disclosure decisions

The Company's Board of Directors decides the timing and method of disclosure for information that meets the disclosure criteria of related laws and regulations and the timely disclosure rules. The executive general manager of the Corporate Planning and Control Division decides the disclosure timing and method of information that does not meet the timely disclosure rules. When disclosure decisions are made, the executive general manager of the Corporate Planning and Control Division consults and collaborates with the general managers of the Corporate Planning Department, the Finance and Accounting Department, the International Finance Control Department, the Corporate Communications and CSR Department, and others designated by the executive general manager, as necessary.

3) Spokesperson designation

To ensure information accuracy and disclosure fairness, the designated spokespersons for investor relations and shareholder relations are the Company's president, the executive general manager of the Corporate Planning and Control Division, the general manager of the Corporate Communications and CSR Department, dedicated IR/SR staff, and others designated by the executive general manager.

(5) Earnings forecasts and forward-looking statements

The Company discloses earnings forecasts and forward-looking statements regarding medium-term management plans and other matters. Since this information is based on information available to management at the time of preparation and forecasts based on certain assumptions deemed reasonable at that time, there is a risk that actual results will be materially different from forecasts. The Company strives to disclose the reasons behind its assumptions and conceivable risks when presenting earnings forecasts and forward-looking information.

(6) Silent Period

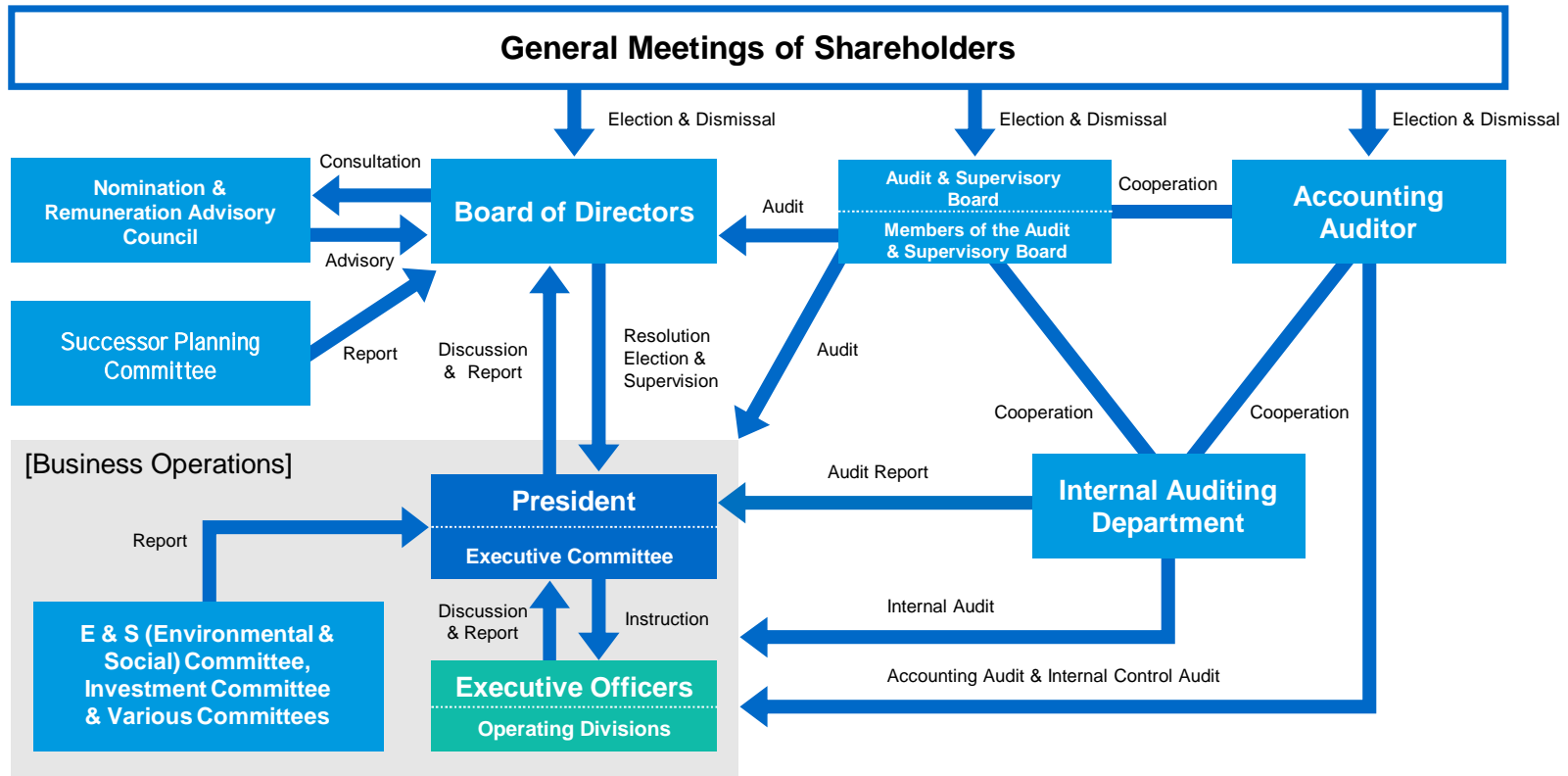
In order to prevent the leakage of undisclosed financial information, the Company has adopted a "silent period" that commences on the day following the closing date of the fiscal period and ends on the day the related financial statements are released. During this period, the Company will not respond to questions or make any comments concerning financial results or earnings forecasts for the relevant period. During the silent period, the Company will respond to any questions concerning information that has already been made public.

(7) Market speculation and forecasts

In principle, the Company does not respond to speculative comments concerning the Kurita Group or comments concerning earnings forecasts or evaluations by persons unrelated to the Company. If, however, the Company determines that third-party comments will have a significant impact on the Company's stock price, information will be disclosed appropriately through TDnet.

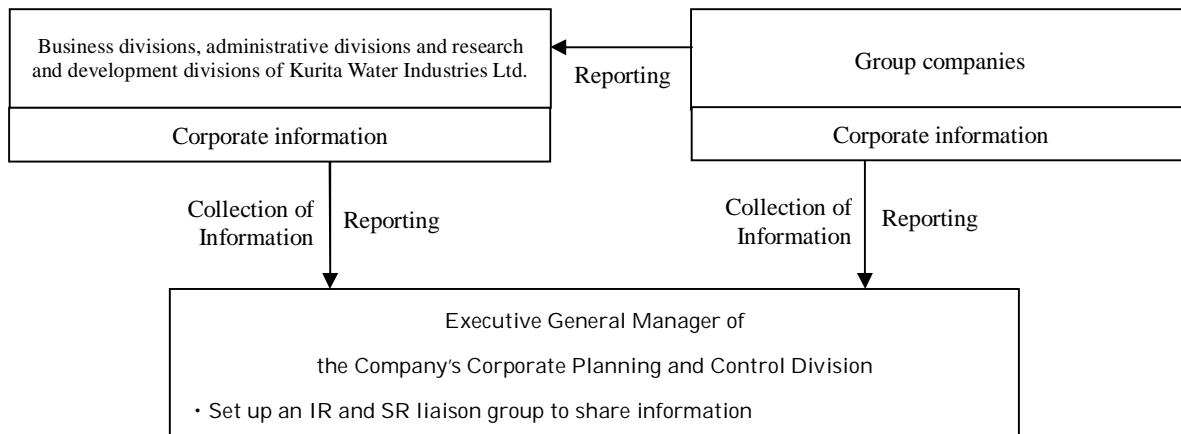
Corporate Governance Structure

Company with the Audit & Supervisory Board

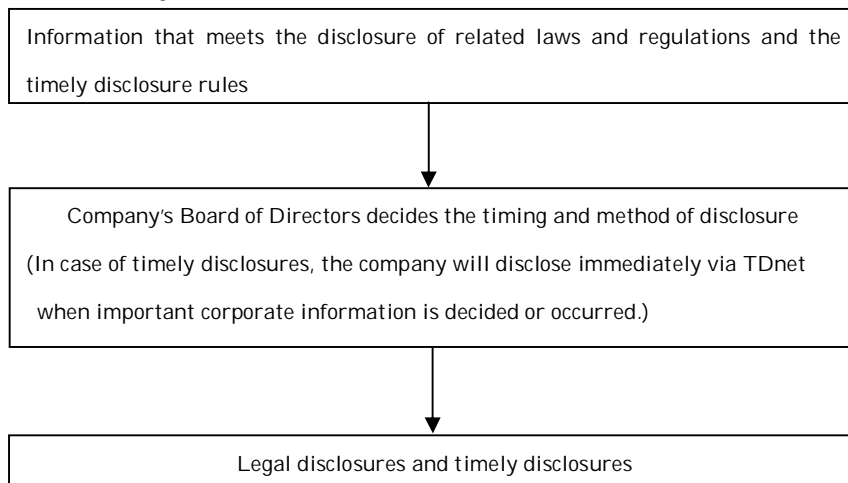


Information disclosure system

<Information management>



<Legal disclosures and timely disclosures>



<Voluntary disclosures>

