

The Kurita Group's most important societal responsibility is helping to build a sustainable society by providing solutions to the water and environmental challenges confronting all of humanity.

Environmental Improvement Activity Regime

Kurita instituted a Basic Environmental Improvement Policy in March 2004 and commenced environmental improvement activities pursuant to this Basic Policy the following month. Kurita extended the Basic Policy to encompass 19 domestic subsidiaries in April 2006 and has since been continuously endeavoring to better the environment. The Group's environmental activities are coordinated by the Environmental Improvement Promotion Committee chaired by Kurita's director responsible for environmental improvement activities. The Committee, which meets monthly, formulates group-wide targets, policies, initiatives, and action plans. Kurita also semiannually convenes group-wide Environmental Improvement Activity Promotion Meetings to monitor the progress of activities and attainment of targets.

Characteristics of Kurita's Environmental Improvement Activities

In accord with the Basic Policy, the Kurita Group aims to contribute to building a sustainable society through its business activities. Its environmental improvement activities broadly comprise two categories: initiatives that contribute to environmental improvement on behalf of customers or society at large and initiatives aimed at reducing the Kurita Group's own environmental footprint. The former include initiatives to create new products and technologies in response to environmental challenges or to help customers improve the environment by providing them with products, technologies, and services.

The Kurita Group has developed customer environmental benefit indicators to quantify the extent to which its environmental initiatives have reduced customers' environmental footprints. The Group utilizes this indicator to evaluate its environmental activities and improve their effectiveness from one fiscal year to the next. Although these indicators have shortcomings (e.g., they are estimated values and currently do not encompass all of the Group's activities), Kurita is endeavoring to improve their effectiveness by making them more accurate and more comprehensive.

Results of Environmental Activities in the Year Ended March 31, 2009

For intra-group environmental improvement activities, Kurita sets numerical targets for reduction of CO₂ emissions and waste. For the three years through March 31, 2009, Kurita set targets of reducing CO₂ emissions by 5% and limiting growth in waste output to $\pm 0\%$ relative to their respective per-unit levels in the year ended March 31, 2006. In the fiscal year ended March 31, 2009, Kurita achieved its CO₂ target with an approximately 11% reduction in CO₂ emissions but failed to achieve the target for waste output, which increased 73% relative to the base year. The main factor behind the failure to achieve the waste reduction target was waste output growth stemming from expansion of cleaning businesses.

Kurita will report in detail on its environmental improvement activities' results in its annual Environmental Report scheduled to be published in September 2009.

Activity Plan Revision Coinciding with the Initiation of the MP-11 Plan

The Kurita Group revised its Environmental Improvement Activity Plan in conjunction with initiating its new MP-11 medium-term management plan in April 2009.

First, the Group revised its Basic Policy to further clarify its societal contribution through its business activities. Next, the Group newly established Activity Guidelines to clarify its role in realizing a low-carbon,

resource-recycling society in response to societal demands. Additionally, the Group also embraced improvement in customers' productivity, environmental mitigation, and energy innovation as key themes of the MP-11 plan.

The Group changed its approach to group-wide targets by making environmental measures more specific and linking them more closely to business activities based on a trilateral framework of responding to societal needs, meeting customers' needs, and pursuing internal reforms.

For the internal reform component, which corresponds to intra-group environmental improvement activities, the

Group changed its approach to setting numerical targets. Specifically, for the reduction of CO₂ emissions, the Groups switched from a base-year-based reduction target to a target of 1% annual reductions in perpetuity in the aim of greater sustainability. For waste reduction, the Group switched from a per-unit target to an absolute-volume target in the aim of achieving zero growth in waste output. At the same time, the Group resolved to reduce waste disposal volume by increasing recycling rates.

Through these activities, the Kurita Group aims to build a sustainable society.

Basic Environmental Improvement Policy (revised March 2009)

The Kurita Group will conduct business activities based on its corporate philosophy and will endeavor to solve water and environmental issues with the aim of making broad contribution to society.

Activity Guidelines

- 1) We will contribute to the realization of a recycling-based society by developing new products and technologies that contribute to environmental improvement.
- 2) We will strive with our customers to improve their environments by providing them with products, technologies and services that meet their needs for the improvement of productivity, reduction of environmental impact and creation of new energy.
- 3) In our daily business activities, we will steadily improve our operations in terms of the 3Rs (Reduce, Reuse and Recycle), to eventually reduce our environmental impact.

The three aspects of Kurita's environmental improvement activities.

