2.Contribute to the Realization of a Decarbonized Society

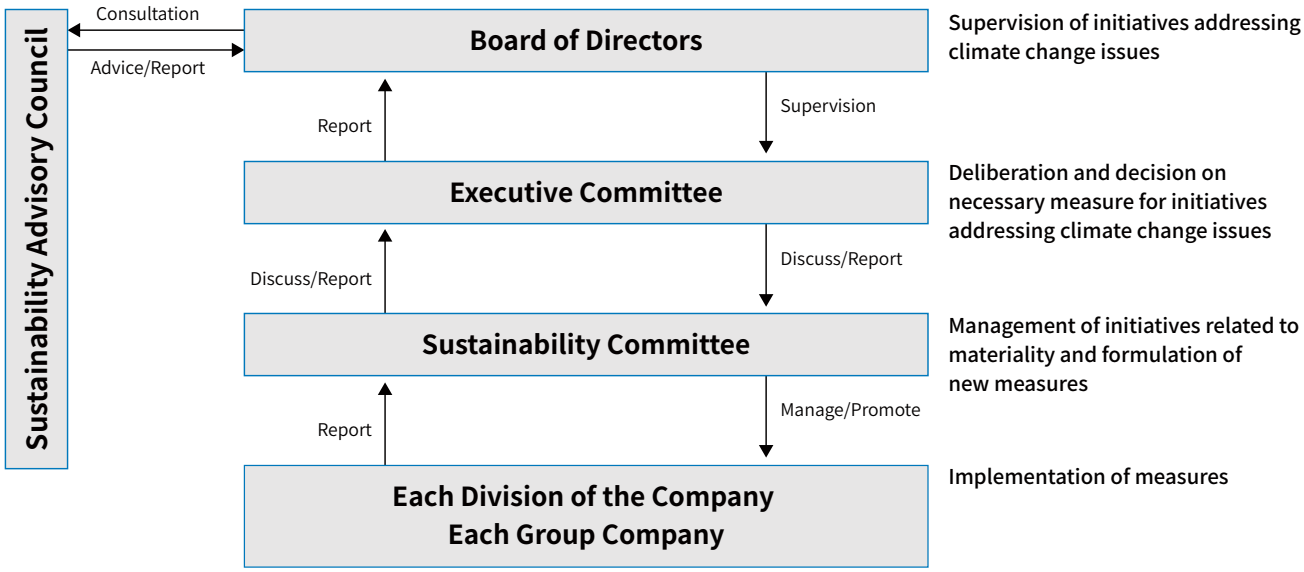
The Kurita Group's report based on the TCFD recommendations

The Kurita Group's Initiatives Addressing Climate Change

The Kurita Group views climate change as an urgent issue that needs to be addressed globally, and based on the TCFD Recommendations, we will continuously reduce greenhouse gases generated by our business activities and contribute to reducing greenhouse gas emissions for our customers through our business.

1. Governance

The Kurita Group has defined "Contribute to the realization of a decarbonized society" as one of its materialities, and the Sustainability Committee chaired by the Executive General Manager of Sustainability Corporate Strategy Division, a Corporate Officer of the Company, oversees and promotes the Group's initiatives addressing climate change. The Sustainability Committee discusses or reports on the status of the initiatives addressing climate change to the Executive Committee twice a year in principle, and the Executive Committee deliberates and decides on necessary measures. Additionally, the Executive Committee reports on the status of initiatives to the Board of Directors, which oversees initiatives related to materialities. The Sustainability Advisory Council examines and deliberates on the Company's approach to sustainability management from a multi-stakeholder, medium-to long-term perspective, taking into account domestic and international circumstances surrounding sustainability, and provides advice and reports to the Board of Directors.



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2. Strategy

Based on the two scenarios (1.5°C and 4°C)*1 described in IPCC RCP1.9 and IPCC RCP8.5, etc. the Kurita Group has evaluated the risks and opportunities by two axes of "probability" and "impact" for short-term, medium-term and long-term*2, and has formulated the measures of the Kurita Group as well as evaluating the financial impacts on our business for some of them.

Type		Risks and Opportunities	Time horizon	Financial Impact/Measures
Policy and Legal	Risk	Introduction or increase of carbon tax.	Med to long term	<Financial Impact (As FY2051)> ・1.5°C : 2.2 billion yen*3. ・4°C : None. ＜Measures＞ ・Scope1+2 : By FY2031, an estimated cost of approximately 0.8 billion yen will be invested, and reduce emissions by 80% compared to the base year through the adoption of renewable energy, purchase of renewable energy certificates, introduction of electric and hybrid vehicles, etc. ・Scope3 : Reduce emissions by 30% compared to the base year by FY2031 through the development and deployment of CSV businesses*4 that contribute to decarbonization by utilizing digital technology, reviewing specifications and designs of water treatment facilities, reviewing raw materials, etc.
	Risk	Regulations for products and services with high GHG emissions.	Med to long term	＜Measures＞ ・Reduction of Scope 1 and 2 emissions through the adoption of renewable energy, purchase of renewable energy certificates, introduction of electric and hybrid vehicles, etc. ・Development and deployment of CSV businesses through decarbonizing products and services by means of the utilization of digital technology, review of specifications and design of water treatment facilities, and review of raw materials, as well as the development of energy recovery technology, resource recovery technology, exhaust gas treatment technology, CO_2 capture and utilization technology, battery-related technology, etc.
	Opportunity	Dissemination of supportive policy incentives to the conversion to energy with low GHG emissions.	Med to long term	
Technology	Risk / Opportunity	Substitution of existing products and services with lower emissions options.	Short to long term	
Market	Risk	Decreased demand from fossil fuel-related sector.	Med to long term	＜Measures＞ ・Shift in business by the development and deployment of CSV businesses through decarbonizing products and services by means of the utilization of digital technology, review of specifications and design of water treatment facilities, and review of raw materials, as well as the development of energy recovery technology, resource recovery technology, exhaust gas treatment technology, CO_2 capture and utilization technology, battery-related technology, etc.
	Risk	Soaring costs of material and energy.	Med to long term	＜Measures＞ ・Reduction of Scope 1 and 2 emissions through the adoption of renewable energy, purchase of renewable energy certificates, introduction of electric and hybrid vehicles, etc. ・Development and deployment of CSV businesses through decarbonizing products and services by means of the utilization of digital technology, review of specifications and design of water treatment facilities, and review of raw materials, as well as the development of energy recovery technology, resource recovery technology, exhaust gas treatment technology, CO_2 capture and utilization technology, battery-related technology, etc.
	Opportunity	Increased demand in the electronic industry due to the acceleration of DX.	Med to long term	
Physical Risks	Risk	Increased factory shutdowns and construction delays due to extreme weather events such as cyclones and floods.	Short to long term	<Financial Impact (After FY2021)> ・1.5°C and 4°C : About 15.7 billion yen/year at domestic production bases where risks are identified. ＜Measures＞ ・About 14 million yen has been invested to install waterstops at one site. ・Continuous strengthening of business continuity in preparation for natural disasters such as flood control.
	Opportunity	Increased operating rate of cooling equipment.	Short to long term	＜Measures＞ ・Development and deployment of CSV businesses through decarbonizing products and services by means of the utilization of digital technology, review of specifications and design of water treatment facilities, and review of raw materials, as well as the development of energy recovery technology, resource recovery technology, exhaust gas treatment technology, CO_2 capture and utilization technology, battery-related technology, etc. ・Adoption of renewable energy and purchase of renewable energy certificates at each site.
Resource Efficiency	Opportunity	Dissemination of efficient production and distribution processes.	Short to long term	
	Opportunity	Reduction of water usage.	Short to long term	
Energy Source	Opportunity	Dissemination of energy with low GHG emissions.	Short to long term	
	Opportunity	Conversion to distributed energy resources.	Short to long term	
Products and Services	Opportunity	Increased demand for products and services with low GHG emissions.	Short to long term	<Financial Impact After FY2028)> ・1.5°C : About 630 billion yen/year*5. ・4°C : None. ＜Measures＞ ・Reduction of Scope 1 and 2 emissions through the adoption of renewable energy, purchase of renewable energy certificates, introduction of electric and hybrid vehicles, etc. ・Development and deployment of CSV businesses through decarbonizing products and services by means of the utilization of digital technology, review of specifications and design of water treatment facilities, and review of raw materials, as well as the development of energy recovery technology, resource recovery technology, exhaust gas treatment technology, CO_2 capture and utilization technology, battery-related technology, etc.
	Opportunity	Increasing diverse technical needs for reducing GHG emissions.	Short to long term	
Resilience	Risk / Opportunity	Substitution and diversification of fuel and water resources.	Short to long term	＜Measures＞ ・Reduction of Scope 1 and 2 emissions through the adoption of renewable energy, purchase of renewable energy certificates, introduction of electric and hybrid vehicles, etc. ・Development and deployment of CSV businesses through decarbonizing products and services by means of the utilization of digital technology, review of specifications and design of water treatment facilities, and review of raw materials, as well as the development of energy recovery technology, resource recovery technology, exhaust gas treatment technology, CO_2 capture and utilization technology, battery-related technology, etc.

*1 The scenario in which the temperature rise from the pre-industrial level is 1.5°C and the scenario with the highest temperature rise predicted by the Intergovernmental Panel on Climate Change.
*2 Short-term (1-3 years), medium-term (3-5 years) and long-term (5-25 years).
*3 (Scope 1 and 2 + Scope 3 category 1 in the business operation area) x (Carbon price in the business operation area) estimated based on the FY2051 forecast.
*4 Products, technologies, and business models that contribute to saving water, reducing GHG emissions, recycling waste into resources and reducing resource inputs more greatly than conventional ones.
*5 Trial calculation of SAM (Serviceable Available Market) for new CSV business that contributes to GHG reduction.

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3. Risk Management

The Executive General Manager of Corporate Control and Administration Division is responsible for monitoring risks and implementing risk management in the Kurita Group. The Executive General Manager of Corporate Control and Administration Division regularly analyzes and evaluates the Kurita Group's risks and conducts ongoing monitoring based on the Group-wide risk map, as well as takes steps to prevent risks from occurring. Risks related to climate change are integrated into the Group-wide risk map, and the chairperson of the Sustainability Committee is promoting risk reduction based on the Group-wide risk management system.

4. Metrics and Targets

The Kurita Group has defined "Contribute to the realization of a decarbonized society" as one of its materialities. In line with the methods indicated by SBTi*6, we have set long-term goal of 'Net-Zero' and are working on reducing Scope1, 2, and 3 emissions. This target was received Science-Based Targets (SBT) validation from SBTi as the target aligned with the goals of the Paris Agreement in April 2025.

In addition, we have set medium-term target for the amount of avoided GHG emissions through CSV business and we will realize a decarbonized society throughout the entire supply chain by developing and providing low-carbon solutions that contribute to reduction of GHG emissions in industry and society.

The Kurita Group's GHG emissions in FY 2020, the base year for the metrics, were approximately 2% for Scope 1 and 2 and 98% for Scope 3. Scope 1 and 2 are mostly derived from Scope 2 electricity. We will therefore promote the transition to electricity derived from renewable energy, purchase of renewable energy certificates, and gradually switch from gasoline cars to electric and hybrid vehicles. Since the emissions from Category 11, "Use of sold products (mainly rotating machinery such as pumps)," account for 70% of Scope 3, the Kurita Group will promote the decarbonization of solutions provided to customers. This will be achieved primarily through the development and deployment of CSV businesses, enhancing the Kurita Group's competitive advantage.

In FY 2024, due to the adoption of renewable energy at domestic sites with high GHG emissions derived mainly from electricity, Scope 1 and 2 emissions were reduced by 21% compared to the base year of 2019. However, Scope 3 emissions increased by 38%*8 compared to 2019 due to the increased procurement of pumps.

Materiality	Metrics	Medium- and long-term targets*7			Results*8			
		FY2028	FY2031	FY2051	FY2020	FY2022	FY2023	FY2024
2.Contribution to the realization of a decarbonized society	Scope1+2	73%	80%*9	Net-Zero	— (44 thousand t-CO_2)	5% (42 thousand t-CO_2)	16% (37 thousand t-CO_2)	21% (35 thousand t-CO_2)
	Scope3	22%	30%	Net-Zero	— (3,063 thousand t-CO_2eq)	19% (2,494 thousand t-CO_2eq)	10% (2,762 thousand t-CO_2eq)	-38% (4,216 thousand t-CO_2eq)
	Avoided GHG emissions through CSV business	Meet or exceed 3,000 thousand t-CO_2*10	—	—	279 thousand t-CO_2	367 thousand t-CO_2	499 thousand t-CO_2	733 thousand t-CO_2

*6 An initiative that encourages companies to set greenhouse gas emission reduction targets in line with scientific knowledge, with the goal of limiting global average temperature rises due to climate change to 1.5°C compared to pre-industrial levels.
*7 Scope 1+2 and 3 are reduction rates from FY2020 (base year).
*8 Due to the mistake in part of the aggregation, results for Scope3 have revised as of April 2025.
*9 Previously, the target was set to achieve a 100% reduction, including the purchase of carbon credits. However, to align with international consensus, we have changed our target to an 80% reduction through means that meet the requirements for SBT certification as of October 29, 2024.
*10 The targets was revised based on the progress and latest estimated results and approved by the Board of Directors. The targets for avoided GHG emissions through CSV business was revised upward for the fiscal years 2025 and 2027, aiming for higher achievements based on the progress and latest estimated results.