KURITA GROUP
ENVIRONMENTAL REPORT 2010
For the Year Ended March 31, 2010
President Hiroshi Saito of Kurita Water Industries Ltd. is an expert in environmentally sustainable management. He talked with Katsuhiko Kokubu, a professor at Kobe University’s Graduate School of Business Administration, regarding the important measures to be taken to foster the Kurita Group’s environmental improvement activities.

### Making Environmental Protection Compatible with Business Management

**Saito:** The Kurita Group carries out environmental improvement activities based on the following three aspects: “societal needs,” “customer needs,” and “internal change.” Regarding the first, we develop new products and technologies to help society solve water- and environment-related problems; in the second, we propose and provide environmental improvements to customers; and in the third, we strive to reduce our own environmental impact. We started these activities in 2005, and the concept of “environmentally sustainable management” has already taken root in our Group. Going forward, we must increase the effectiveness of our environmental improvement activities.

**Kokubu:** An increasing number of companies are considering introducing material flow cost accounting (MFCA) to increase the effectiveness of their environmental activities. In general, when companies manufacture products, they try to minimize the cost of purchasing materials and generate the maximum possible value by processing the purchased materials into products. This cost management based on economics. In MFCA, the environmental aspects of manufacturing processes are also considered. In this cost accounting method, both the cost and quantity of materials are managed to make most effective use of them as resources. This method allows companies to identify the long-ignored cost of waste, and so they will be encouraged to take measures to reduce waste and increase their resource productivity.

**Saito:** I believe we can make even more effective environmental improvement proposals to customers by combining the concept of MFCA with our environmental improvement activities for customers. For example, with regard to wastewater from manufacturing processes, we can identify the loss of materials at our customers by calculating the amount of valuable substances and water that the customers could have recovered from wastewater for reuse. We can then show them the cost of recovering such resources and the resulting savings by comparison. Showing such numbers makes our proposals more persuasive to customers.

**Kokubu:** Companies can adopt MFCA throughout their industry and value chain to systematically engage suppliers and consumers in reducing their environmental impact, and thus effectively reduce the environmental impact of society at large.

**Saito:** Our customers are mostly private-sector companies which have different problems and so we currently provide different environmental improvement activities to individual customers. But now we can expand our individual activities to their entire industry, which will reduce environmental impacts across their value chain.

### “Evolution and Progress” in the Kurita Group’s Environmental Improvement Activities

**Kokubu:** In Japan, measures to combat climate change such as reducing CO₂ emissions are attracting most attention among environmental problems. Japanese companies have long tried to save energy and their energy conservation technologies are now world-class. But this actually means it is now difficult for individual Japanese companies to achieve further reductions on their own.

**Saito:** So far companies have individually developed energy conservation measures, but in the future companies and industries will jointly draw up improvement measures from new viewpoints. Moreover, Japanese companies will be increasingly expected to contribute to energy conservation not only in Japan but also in other growing countries such as China. These social trends offer great opportunities for us, but we will further need to act through inter-organizational cooperation and across the Group to fully meet customers’ diverse needs.
Approach to Environmental Improvement Activities

We are taking action to create a sustainable society in line with the Basic Environmental Improvement Policy, which is based on our corporate philosophy.

Corporate Philosophy

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

Basic Environmental Improvement Policy

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 contributions to society.

Activity Guidelines

1. We will contribute to the realization of a resource-recycling society by developing new products and technologies conducive to environmental improvement.

2. We will work with customers to improve the environment by providing products, technologies, and services that improve productivity, reduce environmental impact, and offer innovative energy solutions.

3. In conducting business activities, we will reduce environmental impact by daily practicing the three Rs (Reduce, Reuse, Recycle) through operational improvement and innovation.

Profile

The Kurita Group is composed of the parent company, Kurita Water Industries Ltd., its 41 subsidiaries and one affiliate. The Group’s business is divided into two main categories: the water treatment chemicals and the water treatment facilities, in which we manufacture and sell water treatment chemicals and facilities respectively, and provide maintenance services.

We have long been contributing to the development of industry and society as a leading company in the field of water treatment based on our corporate philosophy, “Study the properties of water, master them, and we will create an environment in which nature and man are in harmony.” In the 21st century, which is sometimes called the “century for the environment,” we are committed to providing new values through water management, thereby helping to create a sustainable society.

Interview with the President

Approach to Environmental Improvement Activities

The Three Aspects of Kurita’s Environmental Improvement Activities

Editorial Policy

We have published this report to help our stakeholders understand the Kurita Group’s environmental improvement activities. In the report, we disclose examples and results of our activities in line with our three-fold approach of “societal needs,” “customer needs” and “internal change” and based on our Basic Environmental Improvement Policy. In creating this report, we referred to the Environmental Reporting Guidelines 2007 of the Japanese Ministry of the Environment.

All of the product names listed in this report are registered trademarks or trademarks of Kurita or other companies.

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Initiatives in the Aspect of “Societal Needs”

We are committed to creating new products and technologies that help solve problems related to water and the environment.

Fostering R&D on the Three Themes of Improvement of Productivity, Reduction of Environmental Impact, and Creation of New Energy

Regarding “societal needs,” we are creating new products and services that fundamentally help solve social environmental problems. We identify the results achieved in the aspect of “societal needs” in terms of the number of developed technologies and products and environmental benefits to customers.

“See page 09 for “environmental benefits to customers.”

<table>
<thead>
<tr>
<th>Item</th>
<th>Results in fiscal 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of new technologies and products developed to contribute to environmental improvement</td>
<td>16</td>
</tr>
<tr>
<td>Environmental benefits to customers through new products</td>
<td></td>
</tr>
<tr>
<td>Type of benefit</td>
<td></td>
</tr>
<tr>
<td>CO₂</td>
<td>1,194 t</td>
</tr>
<tr>
<td>Waste</td>
<td>14,910 t</td>
</tr>
<tr>
<td>Substances of concern</td>
<td>1,532 t</td>
</tr>
<tr>
<td>Water pollutants</td>
<td>1,402,000 m³</td>
</tr>
</tbody>
</table>

Introduction of Representative New Products and Technologies

NT Hybrid Treatment System to Ensure Optimal Operation for Energy Conservation

Factories, various buildings and commercial facilities use freezers to produce cooling water for air conditioning and manufacturing equipment. If the heat exchanger of a freezer is stained and the heat exchange efficiency drops, the operational load on the freezer will rise and increase energy consumption.

To address this problem, Kurita has developed the NT Hybrid Treatment System by combining a slime control agent, control unit and monitoring equipment to prevent heat exchangers from becoming stained.

The system has already been adopted by a number of customers and has worked well, as expected.

Electrolyzed Sulfuric Acid Generator Green Sulfaced KD™ Reduces Chemical Usage

In the semiconductor resist removal process, a mixed solution of sulfuric acid and hydrogen peroxide was conventionally used as a remover, but semiconductor factories were required to reduce their use of these chemicals to reduce their environmental impact.

In response, Kurita developed a technology to produce persulfuric acid by electrolyzing sulfuric acid and to use this oxidative acid for resist removal. The persulfuric acid produced by Green Sulfaced KD™ has a very high oxidizing power and eliminates the need to use hydrogen peroxide for resist removal. Moreover, after being used for removal persulfuric acid can be reused as sulfuric acid, so sulfuric acid consumption is reduced to about one-tenth of the amount used in conventional resist removal.

The technology has already been introduced by semiconductor makers and is working as effectively as expected.

System to Efficiently Treat Wastewater Containing High Concentrations of Selenium

At coal-fired and coal gasification power plants, selenium-containing wastewater is generated in the gas treatment process, but selenium is regulated under the Japanese Water Pollution Prevention Act. To comply with this law, plants are required to reduce the amount of selenium contained in wastewater to below the regulatory standard (0.1 mg/l). Previously, selenium contained in wastewater was generally returned, coagulated and precipitated and removed as sludge, but this required a lot of chemicals and produced a large amount of sludge.

In response, Kurita developed a system to efficiently treat wastewater containing high concentrations of selenium by using a powerful composite metal reducing agent. This system allows users to reduce the use of chemicals by about 20% and the generation of sludge by about 30%.
Fiscal 2010 Environmental Benefits to Customers

This section reports on the environmental impact reductions achieved at our customers' factories and other sites.

### Initiatives in the Aspect of “Customer Needs”

#### Fiscal 2010 Environmental Benefits to Customers

**Type of benefit** | **Benefit indicator** | **Environmental benefits to customers** |
--- | --- | --- |
**CO₂** | Water savings | 209,384 t |
| Electricity reduction | 256,360,000 m³* |
| Heavy oil reduction | 7,071 kℓ |
| Gas reduction | 12,081,000 m³* |

**Waste**

<table>
<thead>
<tr>
<th>Substances of concern</th>
<th>Benefit indicator</th>
<th>Environmental benefits to customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sludge reduction</td>
<td>81,235 t</td>
<td></td>
</tr>
<tr>
<td>Recycled waste</td>
<td>77,933 t</td>
<td></td>
</tr>
<tr>
<td>Fly ash reduction</td>
<td>451 t</td>
<td></td>
</tr>
<tr>
<td>+ Fly ash production</td>
<td>2,851 t</td>
<td></td>
</tr>
</tbody>
</table>

**Water pollutants**

<table>
<thead>
<tr>
<th>Water pollutants</th>
<th>Wastewater treatment</th>
<th>Environmental benefits to customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduction of regulated substances</td>
<td>61 t</td>
<td></td>
</tr>
<tr>
<td>Chemicals reduction</td>
<td>1,723 t</td>
<td></td>
</tr>
</tbody>
</table>

**Soil and groundwater pollutants**

<table>
<thead>
<tr>
<th>Soil and groundwater pollutants</th>
<th>Remediation of contaminated soil</th>
<th>Environmental benefits to customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Remediation of contaminated soil</td>
<td>657,000 m³</td>
<td></td>
</tr>
</tbody>
</table>

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**The Kurita Group’s Products, Technologies and Services**

We propose and provide products, technologies, and services that support customers to improve productivity, reduce their environmental impact.

### Water Treatment Chemicals

We manufacture and sell water treatment chemicals, and provide maintenance services.

#### Boiler water treatment chemicals

Water and energy conservation by maintaining and improving boiler heat efficiency.

#### Cooling water treatment chemicals

Water and energy conservation by maintaining and improving the operational efficiency of equipment.

#### Process treatment chemicals

Water and energy conservation by raising the productivity of manufacturing processes.

#### Wastewater treatment chemicals

Reduction of sludge generated in the wastewater treatment process.

### Water Treatment Facilities

We manufacture and sell water treatment facilities, and provide maintenance services, outsourcing service, ultrapure water supply services.

#### Water treatment systems

Energy conservation through higher performance of water production systems.

#### Wastewater treatment systems

Improvement of water quality by stabilizing wastewater. Reduction and recycling of sludge generated in the wastewater treatment processes.

#### Wastewater reclamation systems

Clean/Industrial water savings through reuse of wastewater.

#### Soil and groundwater remediation

Provision of an integrated solution from surveys on soil and groundwater contamination through to remediation.

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*$1$ The results shown above include the environmental benefits to customers regarding “social needs.”

*$2$ CO₂ conversion factors: 0.381 kg-CO₂/kWh for electricity; 0.58 kg-CO₂/m³ for tap water (industrial water); 2.8 kg-CO₂/t for class-A heavy oil; 2.1 kg-CO₂/Nm³ for gas (city gas).

Initiatives in the Aspect of “Customer Needs”: Environmental Improvement Examples

Making Improvement Proposals That Help Customers Solve Problems

We propose and provide products, technologies and services that support customers to improve productivity, reduce their environmental impact and create new energy, thus help them improve the environment at their factories and other sites through our business activities.

We calculate the environmental impact reductions that customers have achieved by adopting our improvement proposals as “environmental benefits to customers,” and use them as indicators for our achievements regarding “customer needs.” We evaluate the results of our initiatives in “customer needs” based on this unique indicator and reflect the results in our activities for the following fiscal year. The environmental benefits to customers are calculated not based on actual results but on estimates (“deemed effect”). Specifically, based on the environmental impact reductions that we have estimated in our specifications and proposals submitted to customers, we calculate the annual difference between the amounts of the customer’s environmental impact before and after adopting our proposal.

Examples of Initiatives That Brought Environmental Benefits to Customers’ Factories and Other Sites

Reducing CO2 Emissions by 8 Tons by Recovering Blow Water Released from the Cooling Tower

Summit Mihama Power Corporation, Chiba Minato Power Plant

<table>
<thead>
<tr>
<th>Type of benefit</th>
<th>Benefit indicator</th>
<th>Amount of reduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>CO2</td>
<td>Water savings</td>
<td>14,025 m3</td>
</tr>
</tbody>
</table>

Customer’s Voice

We adopted the proposal to help save water and also because the use of chemicals.

Reducing CO2 Emissions by 294 Tons per Year by Using Waste Heat at the Plant

MTEX Matsumura Corporation Obanazawa Plant

<table>
<thead>
<tr>
<th>Type of benefit</th>
<th>Benefit indicator</th>
<th>Amount of reduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>CO2</td>
<td>Heavy reduction</td>
<td>294 Tons/year</td>
</tr>
</tbody>
</table>

Customer’s Voice

After introducing the equipment to recover heat from cooling water, we could quickly cut the amount of fuel used for heating. The benefits were larger than expected and we are satisfied with the result. Now, we are rolling out this equipment to other systems at our factory and have high expectations.

Kurita will also make proposals to save water, including measures to recover and reuse wastewater.

Reducing CO2 Emissions by 165 Tons per Year by Reducing Scales

Aeon Mall Co., Ltd., Aeon Mall Yamato Koriyama

<table>
<thead>
<tr>
<th>Type of benefit</th>
<th>Benefit indicator</th>
<th>Amount of reduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>CO2</td>
<td>Water savings</td>
<td>165 Tons/year</td>
</tr>
</tbody>
</table>

Customer’s Voice

By using the optimum water treatment system suggested by Kurita, we have reduced the amount of water needed to be added to cooling water by 86%, which is a huge saving. Also by reducing silica scale, the heat exchanger of the freezer for air conditioning can now be operated efficiently and consistently, which reduces waste electricity. We are always seeking ways to reduce environmental impact, and I hope that Kurita will continue to propose practical water and energy-saving measures.
Environmental Improvement Examples

**Initiatives in the Aspect of “Customer Needs”**

**Environmental Report 2010**

**KURITA GROUP**

**Reducing CO₂ Emissions by 256 Tons a Year by Cutting Energy Loss from the Freezer**

Shin Nikkei Hokuriku Co., Ltd., Takaoka Factory

The Takaoka Factory of Shin Nikkei Hokuriku manufactures extruded materials for aluminum building products such as heat-insulating sashes. The factory has long been committed to reducing energy use and had already implemented a range of measures on its production equipment. In response, Kurita Chemicals Hokuriku suggested the factory use water treatment chemicals to prevent scaling and suppress slime, thus optimizing the treatment of cooling water, preventing the freezer’s heat exchange from becoming contaminated, and maximizing the heat exchange efficiency. The factory accepted the proposal and was able to cut energy losses from the freezer and reduce its CO₂ emissions by 256 tons per year.

**Customer’s Voice**

We received the proposal when we were examining new measures to save energy across the factory. The resulting energy conservation has been better than expected, and also we no longer need to clean the heat exchanger every month. We now rely on Kurita Chemicals Hokuriku regarding water treatment for the boiler as well as for the freezer. We want the company to actively suggest measures that have been successful at other factories as well as new technologies to help us keep saving energy.

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**Reducing CO₂ Emissions by 256 Tons a Year by Cutting Energy Losses from Cooling Water Equipment**

Fujitsu Facilities Engineering Ltd., Mie Plant

The Mie Plant of Fujitsu Facilities Engineering manages utility equipment for semiconductors factories. This plant had been working to reduce environmental impact, including conserving energy, as a member of the Fujitsu Group, and wanted to reduce energy losses from the freezer in summer, the heat exchange efficiency of the freezer tended to decrease due to slime accumulating in the cooling water equipment.

In response, Kurita’s Chemicals Division inspected the site to identify the causes of the slime and based on the results, suggested that the plant should control slime by automatically injecting water treatment chemicals while monitoring the effects. As a result, the plant reduced its energy losses and decreased CO₂ emissions by 256 tons per year.

**Customer’s Voice**

I am highly satisfied with the result. We had a problem of slime build-up even though we were using sterilizing agents for the cooling water system, and asked Kurita to help us solve the problem. The company made a great suggestion after analyzing the causes; we want ahead with it eliminated the slime problem, and even reduced our electricity usage. I am highly satisfied with the result.

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**Reducing Waste by 730 Tons a Year by Introducing Sludge Reduction Equipment**

JFE Steel Corp., East Japan Works (Chiba)

The East Japan Works of JFE Steel is an integrated steel plant, and has been carrying out measures to reduce the emissions of nitrogen, which is a cause of eutrophication. Kurita’s Facilities Division made a wastewater treatment proposal involving technologies to reduce the nitrogen emissions and sludge produced during wastewater treatment. After adopting the plan, the plant began removing metal from wastewater, treating nitrogen by using microorganisms to decrease its concentrations in the water and suppressing the generation of sludge by ozone, and thus succeeded in reducing the generation of sludge from water treatment by 730 tons per year.

**Customer’s Voice**

The results of water quality improvement were far better than expected, which was our main goal, and we are very grateful to Kurita. This case has attracted much attention throughout the company, and other facilities are now considering doing the same.

Like Kurita, the proposal was innovative. (We see Kurita as an innovative company as shown in this proposal, and) expect Kurita will continue to develop innovative technologies and actively suggest ways to help us solve environmental problems.

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**Reducing Waste by 300 Tons a Year by Effectively Using Existing Dehydration Equipment**

Toyama Murata Manufacturing Co., Ltd.

Toyama Murata Manufacturing uses ceramics technologies to produce electronic parts. However, sludge from the production line accounts for almost 100% of wastewater generated by the manufacturer, worked with the customer to examine ways of reducing the sludge by using the customer’s existing dehydrator equipment. Using its expertise, the division selected a pump suitable for high-density sludge containing high concentrations of metals, installed transportation equipment adopting the pump, and improved the wastewater treatment facilities to enable the existing dehydrator equipment to dehydrate the sludge carried to it by the transportation equipment. As a result, the customer reduced sludge waste by 300 tons per year.

**Customer’s Voice**

We had been considering using our existing dehydration equipment for sludge reduction as one possibility, and finally achieved it last year. We are very pleased with how much waste has been cut. Sludge from wastewater treatment facilities is mostly generated by using wastewater treatment chemicals, and I expect Kurita to propose innovative technologies and products, including equipment that treats sludge only with filters without using any chemicals.
Environmental Improvement Examples

In the Aspect of “Customer Needs”:

Reducing Waste by 896 Tons a Year by Improving the Wastewater Treatment Facilities

Hitachi Cable, Ltd., Takasago Works

The Takasago Works of Hitachi Cable manufactures cables and compound semiconductors. The plant is committed to reducing the environmental impact of manufacturing, and wanted to solve the problem of wastewater from the semiconductor crystal cutting process: all of the wastewater, which contained oil and cutting dust, was discarded, making it difficult to reduce the plant’s environmental impact.

In response, Kurita’s Facilities Division investigated ways to effectively use existing wastewater treatment facilities, and proposed improving the facilities by installing an oil separation device to separate oil from the wastewater as a pre-process, followed by injecting a heavy metal-collecting agent into the wastewater to separate out the sludge containing crystal cutting dust. As a result, the plant reduced waste generation by 896 tons a year.

Customer’s Voice

Koichi Mashiko
Manager of the Second Division
Akagi Factory

The results are better than expected and highly appreciated by our company, so we are highly satisfied. The well water used by our plant is very hard water, causing difficulties in operating and managing the pure water production equipment. We hope Kurita, as a water expert, will continue making effective proposals, including ways to increase cost effectiveness.

Reducing the Use of Chemicals by 739 Tons and Waste by 319 Tons a Year by Using Organic Coagulant

Nihon Canpack Ltd., Akagi Factory

In response, Kurita’s Chemicals Division analyzed the properties of the wastewater and proposed a unique organic coagulant to boost the coagulation effect of the inorganic coagulant. As a result, the factory reduced the use of inorganic coagulant by 300 tons a year, pH adjuster by 439 tons a year, and also the sludge from inorganic coagulant by 319 tons a year.

Customer’s Voice

Masahiro Kato
Section Chief
Production Div.
Semiconductor
Sec. Production Dept.
Service And Support

I was surprised by the effect of the proposal, which greatly reduced the use of both the inorganic coagulant and pH adjuster. Our factory is pleased with the results and also with the introduction of equipment to dissolve and supply organic coagulant, which has eliminated the problem of insufficient dissolution.

We hope Kurita will continue to make useful suggestions. We are now asking the company to propose ways to efficiently deactivate sludge to reduce waste, and expect to receive a number of new ideas for environmental improvement.

Treating 365,000 m³ of Wastewater a Year by Using Highly Efficient Wastewater Treatment Facilities

TOKAI Corp., Hashima Factory

TOKAI is engaged in the lines supply business and Lewisite business. The company needed to expand its wastewater treatment facilities to respond to an increase in the volume of wastewater at its Hashima Factory caused by the expansion of its business. In expanding the facilities, however, the factory had to meet the voluntary criteria set independently by the company in anticipation of tighter regulations on the water quality of Ise Bay, to which its wastewater was discharged. Moreover, there was only limited space available for expanding the facilities.

To help the company meet both of these challenges, Kurita’s Facilities Division proposed installing highly efficient wastewater treatment facilities with high-density microorganisms. Thanks to this, the factory can now treat 365,000 m³ of wastewater per year.

Customer’s Voice

Shinya Aki
Engineer in Charge
Production Dept.
Production Div.

Since the wastewater treatment facilities started full-scale operation, the quality of the treated water has been stable and met the criteria. The facilities are easier to operate and manage than the old ones and we can check them securely.

In the future, we hope Kurita will continue to suggest ways to improve both equipment and procedures, including using more energy-efficient pumps and optimizing the machine operation methods.

Examples of Diverse Environmental Benefits for Customers

The Kurita Group seeks to deliver environmental benefits to a range of customers in different industries. The following table shows some of the benefits we have provided.

<table>
<thead>
<tr>
<th>Description</th>
<th>Type of benefit</th>
<th>Benefit indicator</th>
<th>Environmental benefits to customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water savings</td>
<td>CO₂</td>
<td>206,000 m³/year</td>
<td>119 tons/year</td>
</tr>
<tr>
<td>Heavy oil reduction</td>
<td>CO₂</td>
<td>3,100 kL/year</td>
<td>8,680 tons/year</td>
</tr>
<tr>
<td>Electricity reduction</td>
<td>CO₂</td>
<td>100,000 kW/year</td>
<td>38 tons/year</td>
</tr>
<tr>
<td>Electricity reduction</td>
<td>CO₂</td>
<td>31,000 kW/year</td>
<td>12 tons/year</td>
</tr>
<tr>
<td>Soil and groundwater pollutants</td>
<td>Sludge reduction</td>
<td>47 tons/year</td>
<td>72 m³</td>
</tr>
<tr>
<td>Remediation of contaminated soil</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Initiatives in the Aspect of “Internal Change”

In this section, we review some of the initiatives taken within the Kurita Group to reduce its own CO2 emissions and waste and to appropriately manage chemical substances and waste.

Reduction of CO2 Emissions and Waste

Our CO2 emissions increased by 16.9% in spite of the target of reducing emissions per ¥1 million sales by 1% relative to fiscal 2009, and so we could not achieve the target.

However, we achieved the target of reducing the generation of waste below the fiscal 2009 level, with a reduction of 3.5%.

Example of Initiatives Taken for Higher Recycling Rates

(Kurita Water Industries Yamaguchi Plant)

The Yamaguchi Plant of Kurita Water Industries manufactures standard water treatment facilities and cleans activated carbon and membranes to be used in pure water production systems. Industrial wastes from this plant are mainly end-of-life activated carbon, packaging materials for water treatment machinery (cardboard boxes and wooden pallets) and waste materials (plastics and metal) from the process of manufacturing water treatment facilities.

To raise the recycling rate, it is necessary to recycle these industrial wastes, so the Yamaguchi Plant chose an intermediate waste processing company which can strictly sort and recycle waste. As a result, of the total amount of industrial waste generated at the plant in fiscal 2010 (76.7 tons), 71.9 tons (93.7% of the total) were recycled.

Recycling Activities

In fiscal 2010, in order to promote the 3Rs in line with the Basic Environmental Improvement Policy, we implemented new measures in addition to conventional “Reduce” measures. Specifically, we recovered valuable resources from waste to sell or reuse them in an effort to reduce landfill waste, and as a result our recycling rate reached 16.6% in fiscal 2010.

Enhanced Management of Chemical Substances and Waste

At each site of the Kurita Group, in order to comply with the Poisons and Deleterious Substances Control Act and the Waste Management and Public Cleansing Act and with the related in-house rules, facilitators of environmental improvement activities are leading the activities to ensure the appropriate management of chemical substances and waste according to the in-house chemical substances and waste management manuals.

Especially at those sites where chemicals are used each day for technical testing and water quality analysis, employees are taught how to deal with emergencies such as leakage and outflow of chemicals and to ensure safer operations. Moreover, the monitoring team appointed by the Environmental Improvement Promotion Committee has conducted monitoring surveys at 28 sites to check how they were storing and using chemical substances and sorting, storing and disposing of waste. These surveys confirmed that the sites are managing both chemical substances and waste as instructed in the manuals.
Third-Party Opinion

To ensure the disclosure of highly reliable information on a continual basis and to improve the quality of our environmental management, we ask the Institute for Environmental Management and Accounting (IEMA), as a third party, to give us their opinion concerning our environmental activities.

Environmental Management Evaluation Report

To: Kurita Water Industries Ltd.

Outline of the purpose of this report and implemented procedures

As a third party, independent of Kurita Water Industries Ltd., we herein state our opinions with the aim of enhancing the credibility of Kurita Group Environmental Report 2010, through an evaluation of the environmental management efforts described in the report.

To examine how the Kurita Group’s environmental management activities were planned and executed, and how environmental performance data resulting from these activities (which serve as a basis for publicly disclosed information) were evaluated and utilized, we interviewed Hiroshi Saito, president of Kurita Water Industries, questioned key persons at the company’s head office and visited one of its corporate customers. We also visited the company’s Shizuoka Plant to check related documents, ask questions to persons in charge, and check whether the source documentation for publicly disclosed data is being handled systematically in a predefined manner.

Evaluation and comments

The Kurita Group launched its new medium-term plan for environmental improvement activities in fiscal 2010. In the plan, the Group states its commitment to its Basic Environmental Improvement Policy, which is to endeavor to solve water and environmental problems with the aim of making broad contributions to society. At the Group, top executives are constantly teaching employees about the strong linkage between the Group’s operations and environmental improvement activities, thereby raising their environmental awareness across the Group.

In fiscal 2010, the Group achieved far greater results than the targets for some environmental items, although it was unable to achieve the targets for some others due to a fall in sales. In fiscal 2010, the Group started to identify its recycling rate to encourage recycling, and we believe that environmental improvement activities are being undertaken effectively throughout the Group. In the future, however, the Group will need to examine the use of indicators that are not easily affected by changes in sales and devise measures to set numerical targets more precisely. It is also important for the Group to appropriately identify and evaluate the contribution of resources within the Group by using material flow cost accounting (MFCA) and other similar methods.

Within the scope of our basic examination, we found no serious discrepancies with the calculation of environmental performance data.

<Contributing to reducing the environmental impacts of customers>

As in the previous fiscal year, we visited a corporate customer of the Kurita Group to interview the company about the Group’s environmental activities and check the results. The Shizuoka Plant, where water treatment facilities are manufactured and ion exchange resin are refined, was visited. The plant is committed to reducing its CO2 emissions and waste and ensuring the appropriate management of chemical substances. In fiscal 2010, the plant was unable to achieve its CO2 emission reduction target partially because of an increase in power use due to the start-up of its new facilities, but it achieved all other targets. The progress of its environmental improvement activities was appropriately managed and the environmental management system was working smoothly. In addition, according to its policy to strengthen communication with local communities, the plant was planning to make local contributions by using the strengths of Kurita Water Industries. Moreover, the plant was conducting emergency drills in preparation for a tsunami that might be caused by the Tokai earthquake, and has started business continuity plan (BCP)-related activities. These activities being conducted by the Shizuoka Plant are highly regarded and are expected to bring great results.

July 30, 2010

Institute for Environmental Management and Accounting

Eriko Nashioka (Director/CPA & Certified Public Tax Accountant)

Hiroshi Okada (Senior Researcher/Doctor [in Engineering and Economics] and Engineer)

KURITA GROUP Environmental Report 2010