

## Our Challenges

## 3

# Transformation of People and Organization

Our aim is to become “a digitally savvy company” that draws on competitive strengths to continue contributing to society, harnessing digital technology to change our processes and drawing on diversity to expand our thinking, bringing transformation to both people and the organization.



## Digital Transformation (DX) Framework

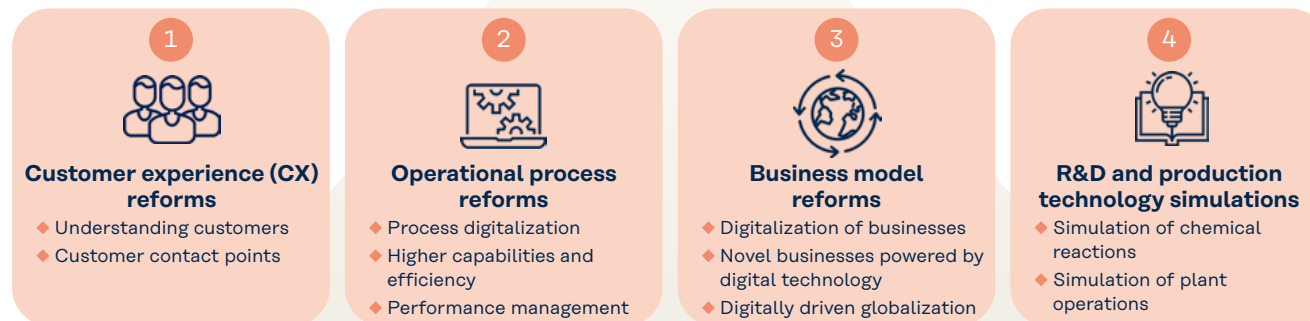
The Kuraray Group’s DX Vision is: “Improve competitiveness, continuously evolve, and contribute to the world.” Guided by this vision, we set four priority fields: customer experience (CX) reforms, operational process reforms, business model reforms, and R&D and production technology simulations. Group-wide digital transformation is a core strategy in our Medium-Term Management Plan “PASSION 2026.” Achieving this vision demands comprehensive strengths to achieve rapid digital transformation while integrating the four aspects of people, data, processes, and systems. For example, to achieve more sophisticated cyber security, along with deploying superior security systems, it is necessary to raise people’s digital literacy, properly manage and understand crucial data, and develop security management processes on a global scale.

To pursue a more concerted approach to the above four aspects, the Kuraray Group in January 2023 reorganized and integrated the Global Digital Transformation (GDX) Office, IT Department, and G-SAP Promotion Group, to launch the new DX-IT Division. The aim of the integrated organization is to help us become “a digitally savvy company” by putting digital transformation measures into place quickly and efficiently.

## DX Vision

Improve competitiveness, continuously evolve, and contribute to the world as a digitally savvy company

## Priority Fields



## DX-IT Division

### Data-driven organization

“Think in data, decide by data.”

### Higher digital literacy

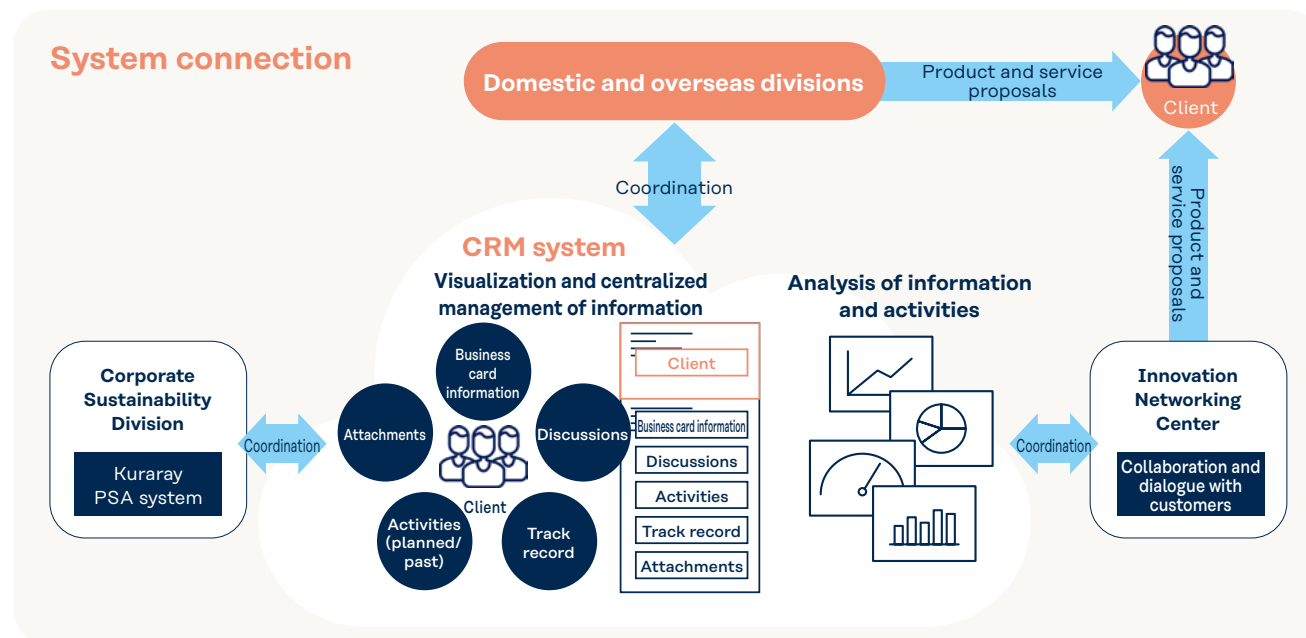
Improve ratio of data analytics talents.

## Customer Experience (CX) Reforms

The Kuraray Group recognizes the importance of customer experience. As a manufacturer of chemicals, we strive to earn the trust of our customers and become the kind of partner they seek out.

To focus on better communication with customers and offer products and services that address their issues and needs, we will reinforce the coordination and analysis of our core systems, customer relationship management (CRM) system, and R&D data.

To offer customers an even better experience in their dealings with the Kuraray Group, our business divisions, the Innovation Networking Center (INC), and the organizations pursuing sustainability activities will work together to boost customer satisfaction and build long-term relationships across the Group.



## Operational Process Reforms

Operational process reform is a broad topic, encompassing ways of enhancing performance by digitalizing individual processes. We are moving forward with the selection of processes we anticipate will drastically boost productivity through the digitalization of tasks currently done by hand.

In addition, to build a framework that enables the effective use of IT globally in a secure environment, we have begun developing IT governance based on the Control Objectives for Information and Related Technology (COBIT) framework\*<sup>1</sup>. In 2022, we evaluated the sophistication of the Kuraray Group's IT governance in line with criteria stipulated by COBIT, identified measures to fill gaps with target levels, prioritized these, and drew up a roadmap for implementation.

In addition, in April 2023, six business divisions in Japan began using the global SAP system (SAP S/4HANA). By using the same enterprise resource planning system\*<sup>2</sup> globally, these divisions are able to achieve more efficient business operations.

\*<sup>1</sup> An IT governance and management framework developed by the ISACA

\*<sup>2</sup> A system for centrally managing a company's management resources and optimizing the Company as a whole

## Business Model Reforms

We are actively working to build a framework for creating new value by combining services with digital technology. With strengths in pioneering products, the Kuraray Group has tended to adopt a product-centered business model. One shortcoming with this is that once a social need has subsided, the product loses its adaptability. Furthermore, there has been a growing shift in consumer behavior in recent years from material things to experiences.

Against this background, the Kuraray Group in 2022 began engaging in concept design to provide new value to users. By adding the value of IoT-based interactive digital services to existing business models, we are constructing new business models.

## R&D and Production Technology Simulations

We regularly plan and hold hackathons\*1 as a way of solving new challenges in R&D and production technology. These events aim to uncover and explore a wide range of ideas, including solutions previously unknown to the Kuraray Group, using an approach that differs from those that draw on existing in-house resources and joint research.

To set the stage for ongoing hackathons, the Kuraray Group in November 2022 invited students from several universities in the United States to participate. Starting in 2023, we plan to apply the management expertise we gained to increase the frequency of these events and expand target areas.

\*1 A technology competition offering prize money, in which teams of university students propose solutions to technical problems in a short period of time.

## Hackathons

- Participants can come from a broad range of fields
- Can lead to solutions that the organizer had never thought of
- Generate a wealth of ideas in a short period of time

Prize  
Winners

1st Place

Robert Morris University  
(ROMO's Gold)

2nd Place

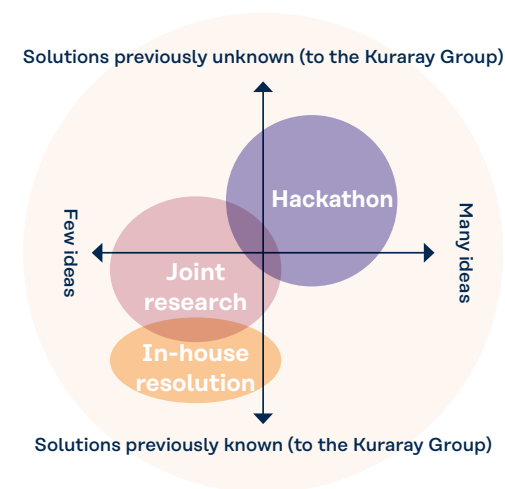
Butler University  
(ACM @ Butler)

3rd Place

University of California, Irvine  
(Kemists)

4th Place

University of California, Irvine  
(DS\_Chemist)

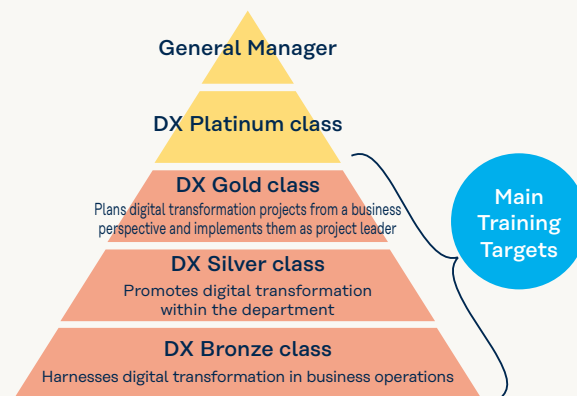


## Developing DX Talent

The Kuraray Group believes it is vital to cultivate a culture and environment in which all employees can stay abreast of progress in digital technology, where learning is an ongoing process. We established three classes of digital literacy—Gold, Silver, and Bronze—and developed a training curriculum corresponding to each class. Our educational framework mandates that all employees acquire at least Bronze class certification.

We also train and deploy at least one person to each department to lead digital transformation efforts and spread technological knowledge throughout the department, and eventually to all parts of the Company. In 2023, we have started exploring the cultivation of data scientists and other highly specialized talent.

## DX Talent Development Project



## People to Receive DX Talent Development Project under "PASSION 2026" (Japan)\*2

Class/Target	FY2023	FY2024	FY2025	FY2026	Cumulative
DX Gold class Selected employees	25	25	25	25	100
DX Silver class Executive candidates (general staff)	100	300	400	400	1,200
DX Bronze class All employees	4,800	200	200	200	5,400

\*2 Forecast as of the end of December 2022. We will estimate overseas training targets after conducting a fact-finding survey.