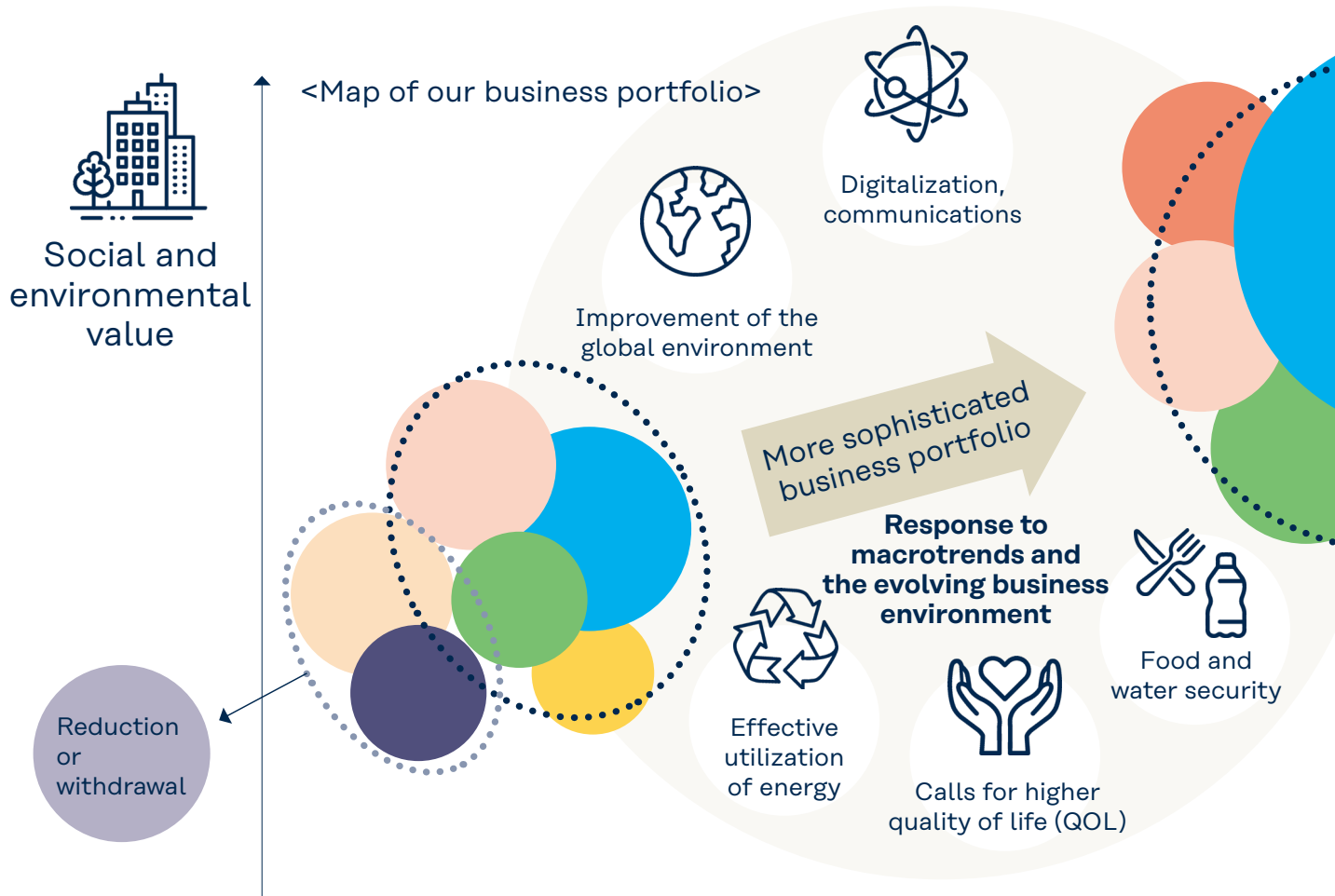


Building a More Sophisticated Portfolio to Achieve Sustainable Growth



Setting target fields

By revisiting the products, technologies, and services of the Kuraray Group in light of the five macrotrends, we have identified social issues needing to be addressed, setting these as target fields. We will contribute to these areas not only by drawing on solutions already at our disposal, but also by generating innovation through partnerships with customers.

Macrotrends	Improvement of the global environment	Food and water security	Digitalization, communications	Effective utilization of energy	Calls for higher quality of life (QOL)
Target fields	<ul style="list-style-type: none"> Air and water purification Reduce microplastics Circular economy GHG capture, utilization and reduction of GHG emissions 	<ul style="list-style-type: none"> Food loss reduction Improve agricultural productivity Safe water supply 	<ul style="list-style-type: none"> Electric and electronic device materials High-speed telecommunication device materials 	<ul style="list-style-type: none"> Materials for energy storage devices Energy-related materials Materials for electric and electronics devices 	<ul style="list-style-type: none"> Medical and healthcare Beauty goods and living supplies Improve indoor and in-vehicle environments

Guided by Our Mission, in seeking to achieve sustainable growth, the Kuraray Group has set target fields for the business portfolio based on social issues needing to be addressed, as indicated by macro trends. We also use the two axes of social and environmental value and economic value to assess our businesses and, depending on the circumstances, determine whether to pursue proactive expansion, maintain current commitment levels, or scale down or withdraw from the business. We aim to build a strong business portfolio by channeling resources into businesses and products with strong growth potential.

Growing businesses and products

Starting with the need for improvement of the global environment, we will address the macro trends and changes in the business environment, continuing to adjust the makeup of Group products, such as focusing on applications and regions where they have the greatest impact. This will guide our efforts to expand promising segments and businesses and achieve a more sophisticated business portfolio.

Economic value

Annual assessments based on the Standards for Business evaluation (profitability and efficiency)

Assessing social and environmental value and economic value

We assess the economic value of businesses and products by means of the Standards for Business Evaluation, which use the twin indicators of earning power (operating cash flow) and efficiency (ROIC). In assessing social and environmental value, we have adopted a Portfolio Sustainability Assessment (PSA) system, an objective product portfolio evaluation index established by the WBCSD*1 which is being widely incorporated by chemical manufacturers in Europe as well (▶▶ p. 17).

Continuing to assess and screen businesses and products using these two axes will enable us to navigate changes in the business environment and in society, as well as leading to the proactive generation of new opportunities and the appropriate response to risks.

*1 World Business Council for Sustainable Development.

Main businesses and products targeted for priority resource allocation

Improving the natural environment



Improving the living environment



Water-soluble PVOH film

Getting a production site in Europe up and running and further upgrading of production capacity to meet growing demand

Improvement of the global environment Calls for higher quality of life (QOL)



EVAL™ (EVOH resin)

New plant construction in Asia to reinforce a stable supply system to meet growing demand for food packaging applications

Food and water security



Carbon materials

New technologies to reduce greenhouse gas emissions, related materials development, and expanded recycled coal business contributing to a circular economy

Food and water security

Improvement of the global environment
Effective utilization of energy



Dental materials

Expanded production capacity aiming to further expand the lineup of zirconia and other CAD/CAM materials

Calls for higher quality of life (QOL)



Highly functional plastics

GENESTAR™, VECSTAR™, etc.

· GENESTAR™
Exploration of a second phase of expansion at the Thai plant to meet globally expanding markets for automotive component applications stemming from the shift toward weight reduction, electronic control, and electric vehicles.

· VECSTAR™
Exploration of upgrading capacity to meet growing demand stemming from faster communications

Digitalization, communications

Improvement of the global environment
Effective utilization of energy



Optical-use poval film

Strengthening production and sales systems based on accurately gauging demand growth and the market shift to China

Digitalization, communications

Calls for higher quality of life (QOL)