Chemicals Solution Group

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Chemicals Solution Group

Summary

- Manufacturing businesses for chemical materials and products
- Trading business for chemical materials and products
- Development of new businesses for environment-friendly chemical materials that contribute to addressing societal challenges such as decarbonization, and the development of materials-related businesses (semiconductors, etc.) that support EX/DX

Group Strengths

- **Business management know-how** that supports stable supply, gained through the manufacturing and sales businesses for chemical materials and products, as well as **market presence and intelligence** that leads to the creation of new businesses
- **Global supply chains** spanning all regions and numerous countries
- **Touchpoints with customers in a wide range of industries** that contribute to the identification of "new seeds for growth"
- **Conception and execution skills** aimed at creating decarbonized and circular economies

Business management know-how/ Market presence and intelligence	Global supply chains spanning all regions and numerous countries	Touchpoints with a diverse range of customers in many different industries	Conception and execution skills aimed at creating decarbonized and circular economies
Foundation for stable supply	**Network of over 70 countries**	**Over 5,000 customer touchpoints**	**Providing a wide variety of solutions**
Examples **SHARQ** Petrochemical products manufacturing business (Saudi Arabia) **PAU** Ammonia manufacturing business (Indonesia)	Major locations **IVICT business** (China/Southeast Asia/Europe) **MC's overseas locations** (North America, South America, Middle East and Africa, etc.)	Examples **Mitsubishi Shoji Chemical Corporation** **Mitsubishi Shoji Agri-Service Corporation** **Mitsubishi Corporation Plastics Ltd.**	Examples **Recycled PET manufacturing business in Thailand** **Building of a supply chain for bio-derived environment-friendly materials**

- **Product recycling**
- **Bio- and carbon-related recycling**
- **Materials-related businesses (semiconductors, etc.) that support EX/DX**

Relevance of Material Issues to the Business

Focused Material Issues	Details/Action Plans
Contributing to Decarbonized Societies	**Decarbonizing existing chemical materials manufacturing businesses, and realizing a decarbonized society through bio and carbon recycling materials manufacturing businesses** • Decarbonizing existing businesses by improving the efficiency of manufacturing processes and leveraging technologies such as CCS • Decarbonizing the chemical materials supply chain through trading businesses
Conserving and Effectively Utilizing Natural Capital	**Realizing a circular economy through the effective utilization of natural capital in the bio-material manufacturing and product recycling materials businesses** • Promoting the development of new bio- and carbon-related materials recycling businesses • Steadily launching new businesses for product recycling materials
Promoting Stable, Sustainable Societies and Lifestyles	**Realizing stable, sustainable societies and lifestyles through the steady supply of chemical materials and the development of materials-related businesses (semiconductors, etc.) that support EX/DX** • Continuing the stable supply of chemical materials through existing manufacturing operations • Developing materials-related businesses that support EX/DX (semiconductors, etc.) • Continuing the stable supply of chemical materials through trading

Awareness of the External Environment

Risks	Opportunities
• Declining market value of chemical materials derived from fossil fuels, shifts to alternative materials, and industrial landscape changes in the petrochemical and materials industries due to accelerating decarbonization trends against the backdrop of climate change issues • Changes in supply chains due to heightened geopolitical risks	• Expansion of product recycling materials businesses • Growth in the market for bio-derived environment-friendly chemical materials and those that utilize CO_2 as a raw material • Entry into new business areas to capitalize on changes in the industrial landscape and supply chains

Strategies Under Midterm Corporate Strategy 2024

- Reduce the environmental impact of existing operations while fulfilling our current supply responsibilities and generating stable earnings
- Present realistic solutions to the world in the area of materials to solve the challenges of decarbonization, and engage in businesses with a sense of scale and economic viability
- Pursue opportunities for materials-related businesses (semiconductors, etc.) that support EX/DX in light of changes in industrial structures and supply chains

Progress Under Midterm Corporate Strategy 2024

PET Chemical Recycling Business in Thailand

In January 2020, MC joined the PET chemical recycling business by investing in Thai Shinkong Industry Corporation Ltd., a manufacturing company of PET, which is used to make plastic beverage bottles. In light of rising global pressure to transition to a circular economy, we aim to strengthen our initiatives for "Procuring and Supplying in a Sustainable Manner." We will strengthen initiatives by expanding PET production capacity, since we expect demand for PET to grow as the trend in mono-material packaging (promoting use of a single type of material) progresses, and by participating in the recycled PET chemical manufacturing business through the introduction of chemical recycling technologies. The newly established production line began operations in June 2023.

Building of a Supply Chain for Bio-Derived Environment-Friendly Materials

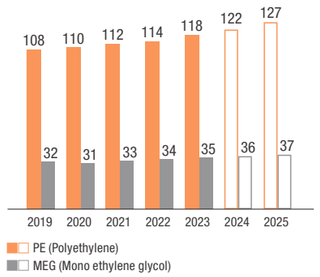
MC has joined forces with Neste Corporation (HQ: Finland), Idemitsu Kosan Co., Ltd., and CHIMEI Corporation (HQ: Taiwan), to build a biomass plastics supply chain utilizing bio-naphtha. Neste Corporation, the world's leading producer of renewable materials, will supply the bio-naphtha, Idemitsu Kosan Co., Ltd. will manufacture biomass styrene monomer, and CHIMEI Corporation will manufacture biomass plastics such as acrylonitrile butadiene styrene (ABS). MC will handle the overall management of the supply chain's construction and the marketing of biomass products. Through this collaboration, we will contribute to the plastics industry's GHG emissions reduction targets and toward the early realization of a decarbonized society.

Major Growth Drivers

We will provide a stable supply of fuels and materials for which demand is strong, while implementing solutions that contribute to the realization of a decarbonized society.

Global demand for PE/MEG

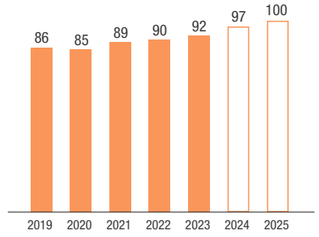
(Million metric tons)



Source: ICIS (PE), Woodmac (MEG)

Global demand for methanol

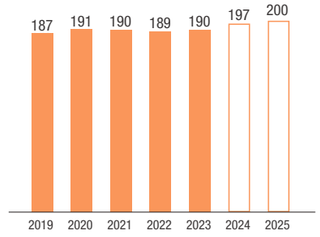
(Million metric tons)



Source: IHS (methanol)

Global demand for ammonia

(Million metric tons)



Source: Fertecon (IHS) (excluding fuel ammonia)