

# Message from Business Group Management

## Polymers & Compounds / MMA

### Making our MMA offerings even more competitive and expanding the scale of our P&C business to contribute to the Group's growth

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#### Leveraging our rapid decision-making to manifest a competitive edge in the market

Since the Mitsubishi Chemical Group announced the new management policy, "Forging the future," in December 2021, our new management team, myself included, has held numerous discussions on our vision for the Group's organization, functions, and roles. As the business environment in which we operate undergoes dramatic change, we have shifted to a leaner management system and a "One Company, One Team" culture with a flat organizational structure in order to better respond to the expectations of all our stakeholders around the world. I believe that this has not only accelerated decision-making but also helped us to make steady progress toward global standards in terms of improved process objectivity and transparency.

From a business perspective, the current surge in energy prices is driving a similar rise in global resource prices. Given that our business environment features such risks that directly impact the entire supply chain, I think our absolute priority is to ensure that our competitive edge of the P&C/MMA business is demonstrated, so that we can contribute to sustained growth.

#### Constant optimization of manufacturing processes

Our MMA business is unique worldwide in its capability in all three main MMA manufacturing methods, and we have a 30% or higher share of the world's production capacity. This makes us a core business for the MCG Group. We must constantly optimize our manufacturing processes to maintain this competitive edge and ensure earnings stability. Over the near term, we will improve the efficiency of our production systems at all 11 manufacturing sites worldwide in response to the procurement environment for key raw materials. We are considering the construction of a new MMA monomer plant in the United States that uses the cost-competitive ethylene method (Alpha technology), as we believe this will cement our position as a leading company in this field. Over the medium to long term, we will maintain our competitive edge by switching to a more energy-efficient process mix, while developing new catalysts to improve profitability and grow our business.

As we work toward becoming carbon neutral, we will proceed with verification testing on our PMMA chemical recycling plant. We have finished verification testing on pilot

facilities and are now preparing to construct the plant itself, with operations scheduled to start during fiscal 2024.

#### Scaling up our business offering of distinctive products

The P&C business handles a range of distinctive products that contribute to the building of a circular economy, such as lighter-weight and higher-performance materials, materials that render coating processes unnecessary, biodegradable materials, and materials that dramatically extend the shelf life of food products. We aim to effectively expand our business scale through globally centralized management of the wide-ranging technology platforms and technology applications that our Group has built up, and business development of these applications in growth markets and fields. As part of moves to implement this growth model, we made the decision in July 2022 to increase production capacity for the ethylene vinyl alcohol copolymer resin *SoarnoL* at our U.K. plant, targeting operations from July 2025. Global demand is rising for *SoarnoL* as a food packaging material, as it exhibits excellent gas-barrier properties. When used in food packaging, *SoarnoL* helps preserve food flavor and quality and reduces food waste. We expect solid growth for *SoarnoL* in the future.

The MCG Group will continue to develop solutions that contribute to market and customer sustainability and products with irreplaceable properties. We will scale up our business in growth markets around the world by utilizing our global production and marketing systems.