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Press Release

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## **Idemitsu Kosan and Mitsui Chemicals to Begin Mulling the Consolidation of Their Chiba Ethylene Complexes to Optimize Production**

Idemitsu Kosan Co., Ltd. (Tokyo: 5019; Representative Director, President and Chief Executive Officer: KITO Shunichi; hereinafter “Idemitsu”) and Mitsui Chemicals, Inc. (Tokyo: 4183; President & CEO: HASHIMOTO Osamu; hereinafter “Mitsui”) today announced that they have agreed to begin joint deliberations on optimizing production by consolidating their Chiba ethylene complexes.

### 1. Background

In 2010, Idemitsu and Mitsui used a limited liability partnership (LLP) to establish Chiba Chemicals Manufacturing LLP and began jointly operating the ethylene facilities owned by both companies in Chiba. Under this structure, the two companies have fastidiously pursued synergies that would not have been possible while working independently, including in the areas of raw material options, production optimization, the development of high value-added fractions and investment in joint rationalization.

However, Japanese ethylene complexes continue to be forced to operate at a low rate due to both the opening of large new additional petrochemical complexes, mainly in China, and the diminishing domestic ethylene demand. In addition, amid the global push to achieve carbon-neutral societies, there are powerful calls to step up efforts for deliberations on the construction of next-generation industrial complexes aimed at reducing CO<sub>2</sub> emissions and promoting the circulation of resources.

Idemitsu and Mitsui have now agreed to begin considering the optimization of production via the consolidation of their Chiba ethylene complexes, based on the premise outlined below, with the objective of taking their collaborative efforts to date a step further and achieving even greater improvements in the competitiveness of their existing businesses.

### 2. Premise of deliberations

- (1) Planned timing of consolidation: Fiscal 2027
- (2) Consolidation method: Closure of Idemitsu’s facility and consolidation of production at Mitsui’s facility
- (3) Business format after consolidation: Joint operation of Mitsui’s facility by the LLP, a joint venture or other such structure

### 3. Future plans

After conducting a feasibility study, the two companies plan to discuss matters including the timing of consolidation and then reach a final decision.

### 4. Comments from each company

KITO Shunichi, Representative Director, President and CEO, Idemitsu Kosan Co., Ltd.  
“Idemitsu Kosan is promoting business structure reforms based on its vision for 2050, ‘Shaping Change.’ This consolidation will be one of the symbolic projects of our medium- to long-term business transformation aimed at achieving carbon neutrality. We will not be satisfied with just optimizing production through the consolidation of our ethylene complex but will move forward with initiatives to achieve our aspiration of transforming our business portfolio into a sustainable one tailored to low-carbon options and resource circulation.

“More specifically, for a feedstock in the consolidated ethylene facility, we will consider shifting away from conventional fossil-derived naphtha to bio-naphtha generated as a byproduct of our sustainable aviation fuel (SAF) business, as well as naphtha derived from chemical recycling of used plastic at a facility scheduled to begin operation in fiscal 2025. In conjunction with these efforts, we aim to build a new green chemicals supply chain that also encompasses bio-ethylene produced from bio-ethanol – which is used as a feedstock for SAF – and synthetic chemicals made from e-methanol.”

HASHIMOTO Osamu, Representative Director, President & CEO, Mitsui Chemicals, Inc.  
 “Mitsui Chemicals’ VISION 2030 Long-Term Business Plan positions ‘Chemistry for Sustainable World’ as our ideal vision, under which we aim to be a global solutions company that leads change and contributes to a sustainable future. This consolidation project goes beyond simply bolstering competitiveness via the optimization of production at our Chiba ethylene complex. Further regional cooperation and the expansion of partnerships with other companies will make it a crucial step toward industrial complex transformation based on the twin-pronged approach of enhanced competitiveness and a shift to green chemicals.

“Our Basic & Green Materials business will continue to pursue the development of a competitive and sustainable green chemicals business by creating added value via the shift to green chemicals and unremitting efforts to increase capital efficiency.”

End

(Reference)

Overview of Chiba Chemicals Manufacturing LLP

Item	Details
Name	Chiba Chemicals Manufacturing LLP
Head Office	Marunouchi 3-1-1, Chiyoda-ku, Tokyo
Establishment	April 1, 2010
Investment	<ul style="list-style-type: none"> <li>• Capital contribution: 200 million yen</li> <li>• Investment ratio: 50–50 joint venture between Idemitsu and Mitsui</li> </ul>
Business	<ul style="list-style-type: none"> <li>▪ Joint operation of ethylene complex in Chiba</li> <li>▪ Manufacturing of ethylene, propylene and other fractions</li> <li>▪ Supply of these products to Idemitsu and Mitsui</li> </ul>
Ethylene production capacity	920,000 tons/year (Idemitsu: 370,000 tons; Mitsui: 550,000 tons. Figures for year when periodic maintenance was carried out)