



MOL REPORT 2021

Year ended March 31, 2021



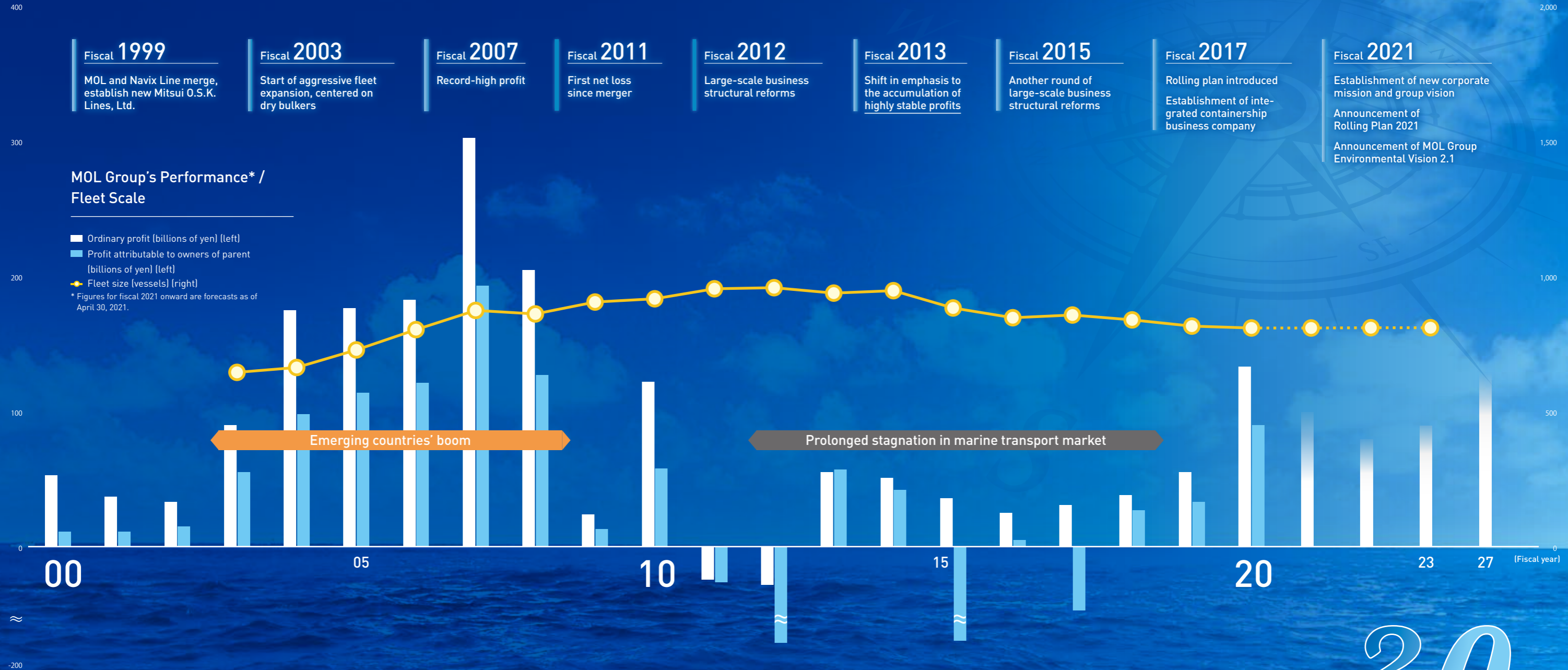
Our Mission amid a Rapidly Changing Business Environment

With its unwavering mission, the MOL Group has resiliently survived by nimbly altering its business domains and business models in tune with changes in the external business environment. The 2020s seems to be another time of considerable change for us.

A New Growth Stage for the MOL Group



The Past 20 Years and the Future of MOL



2000s

MOL **1.0**

Unprecedented marine transport boom supported by explosive growth in emerging economies

MOL aggressively expanded its fleet, centered on dry bulkers, at the right time as emerging economies grew strongly, and leapt into position as one of the world's largest marine transport companies.

2010s

MOL **2.0**

End of the marine transport boom and an era of excessive ship tonnage

Amid a prolonged market slump caused by excessive ship tonnage after the global financial crisis, MOL undertook two large-scale business structural reforms and decided to focus investment on long-term business stability. MOL also reorganized its weak containership business. As a result of these initiatives, the Company managed to establish a much more robust corporate structure that has less susceptibility to market fluctuations.

2020s

MOL **3.0**

Rules of the game are changing drastically with the rise in sustainability needs and digital transformation (DX)

To meet the emerging needs of customers and society, such as decarbonization, we aim to evolve into a sea-based social infrastructure group from a marine transport company.

We formulated a new corporate mission and group vision in April 2021 as a new era opens for the MOL Group.

MOL Group Corporate Mission

From the blue oceans, we sustain people's lives and ensure a prosperous future.

MOL Group Vision

We will develop a variety of social infrastructure businesses in addition to traditional shipping businesses, and will meet the evolving social needs including environmental conservation, with innovative technology and services.

MOL group aims to be a strong and resilient corporate group that provides new value to all stakeholders and grows globally.

MOL Group Values



Challenge	Innovate through insight
Honesty	Do the right thing
Accountability	Commit to acting with a sense of ownership
Reliability	Gain the trust of stakeholders
Teamwork	Build a strong team
Safety	Pursue the world's highest level of safety culture

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Scope of the Report

The MOL Group, comprising Mitsui O.S.K. Lines, Ltd., 363 consolidated subsidiaries, 110 equity-method affiliates, and other affiliated companies (If the subject of activities or data are limited, it is indicated by notes in the report.)

* Throughout this report, "the Company" refers to Mitsui O.S.K. Lines, Ltd.

Forward-Looking Statements

This report contains forward-looking statements concerning MOL's future plans, strategies, and performance. These statements represent assumptions and beliefs based on information currently available* and are not historical facts. Furthermore, forward-looking statements are subject to a number of risks and uncertainties that include, but are not limited to, economic conditions, worldwide competition in the shipping industry, customer demand, foreign currency exchange rates, price of bunker, tax laws, and other regulations. MOL therefore cautions readers that actual results may differ materially from these predictions.

* As of the end August 2021, unless otherwise specified

Referenced Guidelines

- "International Integrated Reporting Framework," International Integrated Reporting Council (IIRC)
- "Guidance for Collaborative Value Creation," Ministry of Economy, Trade and Industry



Index for Reverse Lookup of Topics in the Guidance for Collaborative Value Creation

- 1. Values
 - ▶ P4, P6-11, P36-37, P42
- 2. Business Model
 - ▶ P6-13, P22-33, P78
- 3. Sustainability and Growth
 - ▶ P6-11, P16-55, P74-75
- 4. Strategy
 - ▶ P6-11, P16-31, P34-55
- 5. Growth (Performance) and Key Performance Indicators (KPIs)
 - ▶ P14-15, P16, P19, P34-35, P76-77
- 6. Governance
 - ▶ P56-73

Ship on the Cover

This ship will be MOL's second LNG bunker vessel, with an 18,600 cubic meter tank capacity, when it is completed and named in October 2021 (built by Hudong-Zhonghua Shipbuilding (Group) Co., Ltd. in China). After completion, the vessel will supply environmentally friendly LNG fuel to larger ships.

GAS AGILITY (top right photo on page 1), the first LNG bunker vessel that is currently operating, has been noted as a project eligible for support by the Connecting Europe Facility (CEF), which was set up by the European Union to promote key infrastructure upgrades.



Co-financed by the Connecting Europe Facility of the European Union

Underlined words in this report are explained in the Glossary on page 80.

Transforming from a marine transport company
to a sea-based social infrastructure group.
We will create a new MOL Group that has the capabilities
to prevail in the 2020s.

Takeshi Hashimoto
President & CEO



Business Environment

We are facing a time when we must redefine our social mission as well as our business model and portfolio.

I was appointed as MOL's CEO in April 2021, and I feel that I have assumed this position in a very important period of change for the Company.

In the past, we grew in step with the development of Japan's economy. In particular, since Japan's period of high economic growth, the MOL Group has transported a large volume of imports and exports related to manufacturing—which was the core of Japan's industry—as well as the energy needed to support society. Consequently, contributing to the country's economic development led directly to the Group's growth. However, our growth model reached a turning point as Japan's society matured and Japanese companies gradually shifted the focus of their businesses away from manufacturing. Since emerging countries, with China at the forefront, entered a phase of conspicuous economic growth in the 2000s, we have been under pressure to reassemble our businesses and free ourselves from an approach centered on Japan's economy.

The maturing of the marine transport industry as a whole is another trend we cannot ignore. In recent years, Asian countries have further increased their presence in highly commoditized industries due to the countries' large capacities and cost competitiveness. The COVID-19 pandemic has made this trend even more obvious. The marine transport industry is also likely to see companies from China and Southeast Asia become even more prominent by utilizing their overwhelming price competitiveness. Indeed, signs of this heightened presence are already appearing in various forms. Therefore, continuing long-term growth through simple marine transport alone is becoming increasingly difficult for MOL.

In addition, one of the most influential factors for our business at present is the major global trend toward the creation of a sustainable society. The United Nations (UN) Sustainable Development Goals (SDGs) are a representative example of this trend, which has become more pronounced



A Message from the CEO

in recent years. Such environmental issues as climate change are becoming especially unavoidable as society's expectations increase with each passing day.

With our business environment undergoing these significant, multifaceted changes, the time has come for us to adjust our social mission and the vision for our business and set out on a different path. For this reason, in April 2021 we revised the MOL Group Corporate Mission, the MOL

Group Vision, and the MOL Group Values. (For details, please see page 4.) The new mission, vision, and values state that we will contribute to the long-term prosperity of society in fields where we have strengths through value creation in a wide range of social infrastructure businesses that are not limited to marine transport and which expand globally. Efforts to this end will in turn enable our own sustained growth.

MOL's Future Direction

Based on an “Environmental Strategy × Regional Strategy” approach, we will achieve further differentiation and growth.

In realizing the MOL Group Vision, I believe that establishing clear differentiation in relation to competitors will be a key factor. This belief is based on past bitter experience. In the 2000s, China's entry into the World Trade Organization (WTO) generated enormous demand for marine transport. By expanding its fleet, MOL captured this burgeoning demand at the right time. As a result, we posted our highest-ever profits up to that point. In the 2010s, however, the Group as a whole experienced long-lasting difficulties due to a global oversupply of vessels in the aftermath of the boom. Consequently, MOL recorded large net losses several times. With the benefit of hindsight, although we were able to expand faster than our competitors, I feel we did not manage to create the “something” that would have given us a decisive edge over them in terms of cost competitiveness or transport quality. As a result, during the global recession triggered by the collapse of Lehman Brothers, issues began to emerge in businesses that had been unable to establish competitive advantages within their sectors. We must learn the lessons of this experience and step up efforts to rigorously improve the overall service quality that we provide in terms of safety, transport quality, and environmental performance. In this way, we will acquire and retain customers who are willing to pay a certain premium and continue using our services. With these customers as a base, we can then develop our business even further.

In view of the need for clear differentiation, MOL's Rolling Plan 2021 incorporates an “Environmental Strategy × Regional Strategy” approach, summarizing the areas on which the Company should focus its efforts. (For details, please see page 18.)

First, allow me to explain the regional strategy. Now that the model of growing in step with Japan's economy is no longer sufficient, we must tap into the growth of the global economy. Looking ahead to the next 20 to 30 years, I believe the countries and regions that we can realistically target and compete in are China, India, and Southeast Asia

because of their relatively high growth potential as well as the business networks that we have built over the past several decades. We will extend our formerly Japanese economy-centered growth model so that it encompasses the entire Asian economy. Asian companies' expansion of their businesses into the Americas, Europe, and Africa will create business opportunities for us. To capture these opportunities, we must promote personnel who can manage businesses anywhere in the world as well as local personnel who are thoroughly familiar with the countries where we operate and have such personnel take charge of the strategies for each region.

Next, let me turn to our environmental strategy. As I mentioned earlier, efforts to address issues such as climate change have become a global trend. Consequently, emerging countries, which will need huge amounts of energy to develop their industries, face the dilemma of how to balance economic growth and environmental protection. If MOL can help resolve this dilemma, the Company will be able to



seize major business opportunities—for example, by providing transport services that have a low environmental impact, by developing infrastructure projects that enable the use of LNG and the reduction of greenhouse gas (GHG) emissions through the use of FSRUs and LNG-to-Powerships, or by focusing on renewable energy-related business fields, such as offshore wind power farms. As well

as having great social significance in terms of reducing the environmental impact of emerging economies, the aforementioned businesses can expect to enjoy solid demand for their services. Moreover, such initiatives have a high degree of synergy with our expertise, experience, and know-how. For this reason, I intend to grow our environment-related businesses considerably going forward.

Profit Growth and Our Business Portfolio

I am keen to build a business portfolio that generates stable profits regardless of market conditions.

To grow profits stably, the Group must constantly review its business portfolio. Our core marine transport business has to go through extreme peaks and troughs in its performance due to the volatility of economic and market conditions. This characteristic of the business makes management based on long-term perspectives, continuous investment, and stable human resource development challenging. To overcome such problems, I am keen to transform MOL into a company that generates stable profits irrespective of whether the market is favorable or unfavorable. To date, MOL has taken various measures to strengthen its market resilience, such as diversification in businesses that deploy multiple types of vessels with different market cycles as well as the accumulation of medium- to long-term contracts and the reduction of market exposure. In the years ahead, we will increase our resilience further by developing a well-balanced business portfolio that combines marine transport and businesses in non-marine transport fields. Without a doubt, marine transport will remain our mainstay business. However, to break away from its inherent dependence on market cycles, we will diversify into new business fields where we can utilize the strengths and networks that we have cultivated through marine transport.

What, then, are MOL's strengths? I believe they are the personnel we have developed worldwide and our operational competence in handling vessels and cargo. In addition, we have knowledge related to onshore logistics that we have accumulated through operations at terminals and ports. As we can draw on these strengths, I feel such fields as offshore businesses, port and terminal businesses, and warehousing businesses are highly compatible and can create significant synergies with our existing business. Further inland, moreover, real estate is an area where we can utilize our knowledge and experience of each country and the relationships we have built with local companies

over many years. By increasing the weight of such businesses in our portfolio and lowering our dependence on the traditional marine transport business, we will make our business structure more resilient so that as a whole we are able to generate stable profits.

In fact, our results to date give us a blueprint for our future direction. In fiscal 2020, ended March 31, 2021, the containership business was the main earner. Meanwhile, the energy and offshore businesses, which largely comprise sources of stable profits, generated about ¥30.0 billion in profits. Adding to this approximately ¥10.0 billion in profits from the real estate business, which is another source of stable profits, brings the total to around ¥40.0 billion. By making further investments to expand businesses in non-marine transport fields like the offshore and real estate businesses, I am confident that we can grow the figure to between ¥50.0 billion and ¥70.0 billion. If the Group can build a portfolio in which these non-marine transport-centered businesses earn about half of its profits and traditional marine transport businesses, such as dry bulkers, containerships, and car carriers, earn the other half, the Group as a whole will be able to generate at least ¥100.0 billion in profits even in an unfavorable business environment. Of course, when market conditions are favorable, as are they now, we expect to realize even larger profits.

At the same time, we must reexamine our current businesses. While we will be able to grow some businesses rapidly on our own, for certain businesses forming alliances with other companies or deciding to withdraw may be the best courses of action. By constantly reexamining our businesses with respect to the growth potential of industry sectors, our positions in sectors, and cash flows and by persevering with the necessary reorganizations, we will strengthen our overall corporate strength.

Fiscal 2020 Summary and Fiscal 2021 Priority Measures

Although we achieved favorable business results in fiscal 2020, there is still room for improvement.

In fiscal 2020, we achieved ordinary profit of ¥133.6 billion, exceeding our medium- to long-term target, which is to realize ordinary profit of between ¥80.0 billion and ¥100.0 billion. The main reason for this result was the exceptionally good performance of Ocean Network Express Pte. Ltd. (ONE). This was extremely meaningful as it demonstrated that the grand project undertaken by three Japanese shipping companies to create a single company specializing in containerhips is now on track. I am happy to report that ONE is continuing to experience favorable conditions, but I do not believe that these conditions are sustainable in the long term as they are based on many irregular factors, such as a rapid increase in “stay-at-home demand” due to the COVID-19 pandemic as well as a contraction in actual vessel supply resulting from port disruptions. Careful verification is required, but given profit margins in the container-ship industry during normal times, I estimate the average level of profits that MOL can secure from ONE on a sustainable basis in the future will be between ¥20.0 billion and ¥30.0 billion. This means we will need to stably generate profits of between ¥70.0 billion and ¥80.0 billion, apart from the contribution from ONE, to realize our target of ordinary profit that consistently surpasses ¥100.0 billion. To this end, we will continue to accumulate profits in energy transport-related and offshore businesses while steadily taking steps to improve profits in traditional marine transport business fields, such as dry bulkers, car carriers, and tankers. If we can improve profits in each of these fields by ¥5.0 billion or ¥10.0 billion, we will achieve our medium- to long-term target of lifting ordinary profit above ¥100.0 billion.

Approach to Sustainability

We will devote ourselves to making both the Group and society sustainable.

In explaining our sustainability initiatives, I would first like to touch on the accident in 2020 in which the WAKASHIO, a vessel chartered by MOL, ran aground off Mauritius and spilled oil. Once again, I would like to apologize for the great inconvenience that the accident caused the residents of Mauritius and for the significant effect the accident had on the environment. The MOL Group has long been committed to safe operation as an important management requirement. Nonetheless, this accident has highlighted

Therefore, in fiscal 2021 we will focus efforts on improving the profits of the dry bulk and car carrier businesses, which struggled in fiscal 2020. The key to the success of these efforts will lie in breaking away from an overdependence on Japan-based businesses and building business structures that can also earn overseas. This strategy also overlaps with our regional strategy. Looking ahead to the post-COVID-19 global economy, the major rebound in demand is likely to be in emerging countries, such as India, rather than in Japan. Due to its extremely high demand for energy, India is expected to increase imports of crude oil, LNG, and LPG for some time to come. Moreover, given its growing presence as a global production base, the country has ample potential for growth in exports of industrial products, especially automobiles. In traditional marine transport business fields, such as car carriers, we will heighten earning power by maximizing our capture of the trade flows resulting from such trends.

Also, we will continue strengthening our management base. We still have such problems as duplication of work among different organizations and slow decision-making. To realize timely, accurate decision-making, we will streamline our organization. The goal is to increase the speed and transparency of information sharing, expedite the discussion of important matters that need decisions and action, and arrive at conclusions swiftly. Additionally, continuing on from our efforts in fiscal 2020, we will use cross-divisional project teams to advance businesses, particularly in growth regions.

our failure to manage the entire supply chain including chartered vessels. The problem was that our safety management tended to concentrate on our owned or managed vessels and too much may have been entrusted to ship-owners in terms of the management of chartered vessels, which account for more than half of our fleet. Going forward, we must raise our level of safety management so that we can confidently assure customers and other stakeholders that the vessels engaged in the provision of our

services meet certain high safety standards. With this in mind, we are in the process of rebuilding systems to ensure that all officers and employees have a strong interest in and commitment to the management of vessel safety. To prevent reoccurrence of such an accident, we have implemented measures to improve operation, including the renewal of safety standards for chartered vessels and the revamping of internal capabilities. Also, we have incorporated safety stipulations into our guidelines on employee conduct by revising the MOL Group Values, and we have added safety KPIs to criteria for calculating remuneration for directors and executive officers. I will continue emphasizing to all Group employees that we must never allow such an accident to happen again. With respect to the people of Mauritius, we will continue our involvement in the restoration of the natural environment and support for the local community by creating opportunities for dialogue with the government and local people, dispatching

personnel on an ongoing basis, operating a fund, and so forth. We will conduct wide-ranging exchanges of opinions with stakeholders from a long-term perspective and continue to fulfill our social responsibilities.

For the sustainability of the MOL Group and society, climate change and other environmental issues are among the most important issues to be addressed. Reduction of negative environmental effects—such as the carbon dioxide (CO₂), sulfur oxide (SO_x), and nitrogen oxide (NO_x) emitted in providing marine transport services—is an extremely important task not only for the differentiation of MOL's businesses but also for the Company itself as a social entity. In June 2021, we announced MOL Group Environmental Vision 2.1, which sets targets that are more ambitious than ever and a specific road map for their achievement. Based on this vision, we will further accelerate our environmental initiatives and invest actively. [For details, please see page 44.]

My Roles and Aspirations

I want MOL to be viewed as an excellent company in every respect. That is my goal.

As we go through a process of transformation, I believe that one of my roles is to set out our overall direction. Another of my roles involves putting forward hypotheses that stimulate in-house discussion and thereby lead to better decisions. Fortunately, I have had opportunities to work with an array of customers and business partners in many different countries, including Qatar and Oman in the Middle East, China, India, and Russia and more recently Brazil and Turkey. Although I have on occasion experienced difficulties and made mistakes, I have gained quite a broad range of experience as a result. By drawing on this experience and insight, increasing the transparency of our discussions, and mobilizing in-house resources and collective wisdom, I will lead the Company in the right direction.

Through these efforts, my aim is to make MOL a corporate group that stakeholders view as excellent and highly trustworthy. Both in Japan and worldwide, I want MOL to establish a favorable reputation not just for service quality but for all aspects of operations, including corporate robustness and profitability, the high quality of the Company's personnel, management philosophy with respect to what the Company stands for and what it aims to achieve, technological capabilities, and social trust. Rather than just having an ideal level of profits in mind, I am thinking of creating a corporate group that we ourselves and others recognize as an excellent company in

the long run, looking five, 10, or 15 years ahead. As we advance unflaggingly toward the realization of this goal, I would like to ask our shareholders and other stakeholders for their continued support and understanding.



Input

Resources Supporting MOL Group

Manufactured Capital

- ▶ A wide array of around 800 vessels
- ▶ Sales and ship management offices in 41 countries and regions

Intellectual Capital

- ▶ Deep understanding of ship operations and cargo handling, advanced maritime skills
- ▶ Broad knowledge of ships backed by extensive experience
- ▶ Strong attitude to innovate the marine transport business and a wide range of expertise as its base
- ▶ Project management capabilities for discovering needs and commercializing ideas

Human Capital

- ▶ Highly diverse land-based personnel and crew members numbering around 14,000
- ▶ Human capital who share the "MOL CHARTS" spirit

Social and Relationship Capital

- ▶ A history and track record extending across more than 130 years
- ▶ Customer networks and partnerships in Japan and overseas
- ▶ A presence in maritime affairs clusters around the world

Natural Capital

- ▶ A natural environment that sustains business continuity

Financial Capital

- ▶ A financial base that underpins reliable performance of long-term contracts extending over 20 years
- ▶ Stable cash flow generated from a diverse portfolio of vessel types and businesses

Our Activities

Business Domains

A variety of social infrastructure businesses, centered on marine transport



Implementation of Rolling Plan



Initiatives on Sustainability Issues

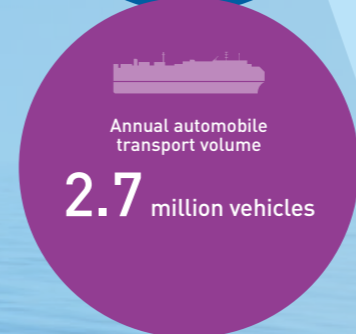
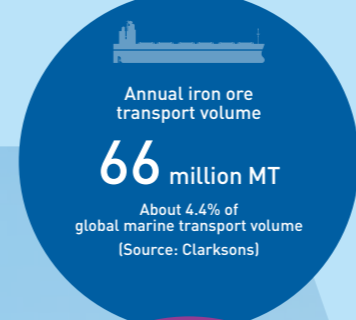
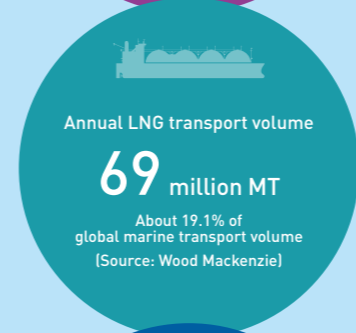
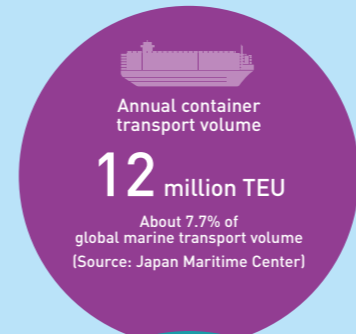


Output

MOL's Number of Voyages (Fiscal 2020)

About **3,000** voyages
(excluding time charter-out voyages)

MOL's Track Record in Transport (Fiscal 2020)



Reinvestment and the accumulation of knowledge

Outcome

1 Financial Value (Fiscal 2020)

Revenues
¥991.4 billion

Ordinary profit
¥133.6 billion

ROE
16.5%

Total dividends paid
¥17.9 billion

2 Social Value (Fiscal 2020)

CO₂ emissions
9,665 thousand tons
(Scope 1)

LTIF
0.34
(average across all industries (2020) 1.95)

Environment-related investments
¥64.4 billion

→ For details, please refer to "The Outcomes of Value Creation" on page 14.



Contributing to solving social issues while creating value through business activities



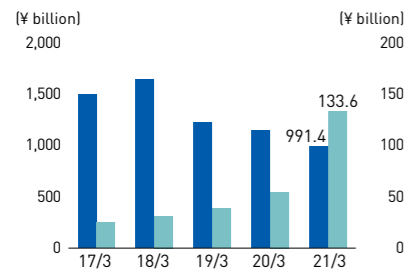
The Outcomes of Value Creation

Financial Value

Revenues / Ordinary Profit

Fiscal 2020

Ordinary Profit **¥133.6 billion**



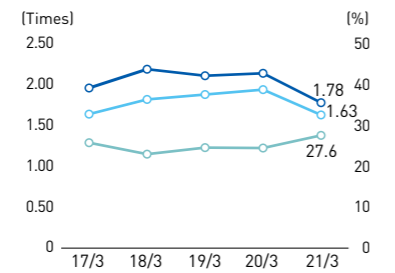
■ Revenues (left)
■ Ordinary profit (right)

Revenues declined ¥163.9 billion due to a sharp drop in completed car transport volume and a fall in the dry bulk market caused by the COVID-19 pandemic. Ordinary profit increased ¥78.5 billion, reflecting strong profit growth at equity-method affiliate Ocean Network Express Pte. Ltd. (ONE), which operates containerhips, in addition to stable profit generation centered on the energy and offshore business.

Gearing Ratio / Net Gearing Ratio / Equity Ratio

End of fiscal 2020

Equity Ratio **27.6%**



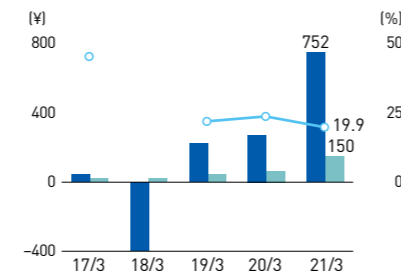
◆ Gearing ratio (left)
◆ Net gearing ratio (left)
◆ Equity ratio (right)

In fiscal 2020, shareholders' equity expanded ¥64.4 billion year on year as a result of growth in retained earnings thanks to robust overall performance of the Company. Interest-bearing debt was reduced by ¥69.6 billion compared with a year earlier as borrowings were repaid. As a result, the gearing ratio improved 0.36 point to 1.78 times. The net gearing ratio improved 0.31 point to 1.63 times, and the equity ratio also improved 3.1 percentage points to 27.6%, underscoring improvement in the financial position.

Profit (Loss) Attributable to Owners of Parent per Share / Cash Dividends per Share / Dividend Payout Ratio

Fiscal 2020

Cash Dividends per Share **¥150.00**



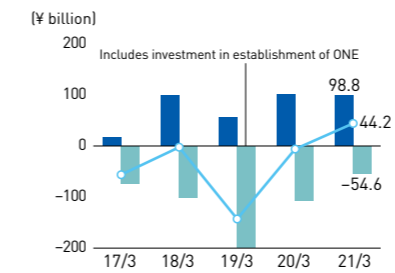
■ Profit (loss) attributable to owners of parent per share (left)
■ Cash dividends per share applicable to the year (left)
◆ Dividend payout ratio (right)

Reflecting robust growth in consolidated ordinary profit on contributions from ONE, profit attributable to owners of parent increased by ¥57.4 billion to ¥90.0 billion, even after the booking of extraordinary losses, which included business restructuring charges for product tankers and car carriers incurred to lift earnings from the next fiscal year onward. In accordance with the policy for a consolidated dividend payout ratio of 20%, the Company distributed an interim dividend of ¥15 per share and a year-end dividend of ¥135 per share, for a total of ¥150 per share, representing an increase from the ¥65 per share paid in fiscal 2019.

Cash Flows

Fiscal 2020

Free Cash Flow **¥44.2 billion**



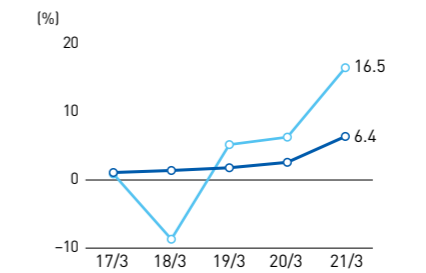
■ Cash flows from operating activities
■ Cash flows from investing activities
◆ Free cash flow

In fiscal 2020, in light of the COVID-19 pandemic, the Company carefully selected projects to invest in and focused in fields where it excels. As we also turned some assets and businesses into cash, cash flows from investing activities was -¥54.6 billion, a decline of ¥52.5 billion from the previous fiscal year. Cash flows from operating activities amounted to ¥98.8 billion, on a par with the previous fiscal year. As a result, the Company achieved ¥42.2 billion in the first year of its free cash flow target of ¥100.0 billion over three years.

ROA / ROE

Fiscal 2020

ROE **16.5%**



◆ ROA (Based on ordinary profit)
◆ ROE

Return on assets (ROA) increased 3.8 percentage points year on year to 6.4%, owing to strong growth in ordinary profit and a decrease in total assets. Return on equity (ROE) also improved strongly, by 10.2 percentage points to 16.5%, due to growth in profit attributable to owners of parent.

Credit Ratings

As of September 17, 2021

JCR **A-**

Agency	Type of rating	Rating
JCR	Short-term debt rating (Commercial paper)	J-1
	Long-term senior debt (issuer) rating	A- (Stable)
	Long-term debt rating	A-
R&I	Issuer rating	BBB+ (Stable)
	Short-term debt rating (Commercial paper)	a-2
	Long-term debt rating	BBB+
Moody's	Corporate family rating	Ba3 (Stable)

Environment-related investment is likely to continue over the long term on the path to net zero emissions. We aim to enhance our credit ratings by properly disclosing and explaining information externally, while prioritizing efforts to improve our financial position as a management issue in order to secure and maintain more favorable conditions for capital procurement than competitors.

Social Value

Continuous Days of Achieving 4ZEROES

As of August 31, 2021

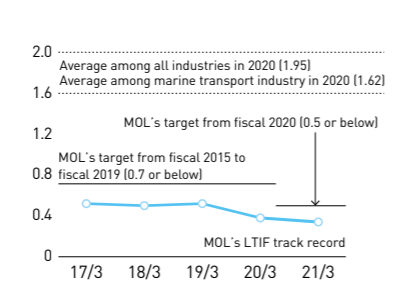


After experiencing a series of major maritime incidents in 2006, MOL took various initiatives to establish the world's safest fleet. In fiscal 2010, MOL introduced the 4ZEROES as an objective indicator to measure the outcome of our efforts, which counts the number of continuous days of zero accidents in the four categories indicated above. These counters are displayed at the top of our internal website and shared with all employees, both land-based and sea-based, to increase their awareness of safe operations.

LTIF*1 (Lost Time Injury Frequency)

Fiscal 2020

LTIF **0.34**



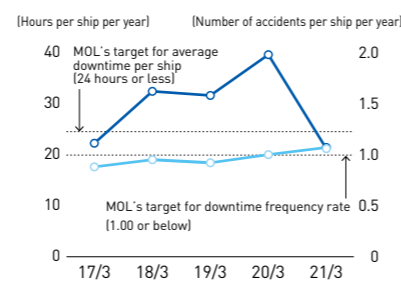
Source of reference values: Overview of Results of the 2020 Survey on Industrial Accidents, Ministry of Health, Labour and Welfare

Aiming to further improve safety quality, MOL made its internal LTIF targets tougher by lowering it from 0.7 or below to 0.5 or below in fiscal 2020 and achieved this new target the same year. This number is substantially lower than the figures gathered by the Ministry of Health, Labour and Welfare on the average across all industries (1.95 in 2020) and the average for the marine transport industry (1.62 in 2020).

Average Downtime*2 / Downtime Frequency Rate*3

Fiscal 2020

Downtime Frequency Rate **1.07 per ship**



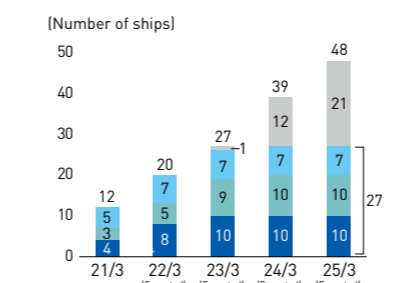
◆ Average downtime (left)
◆ Downtime frequency rate (right)

Some operating ships reported main engine problems caused by the use of bunker oil that complied with tighter regulations for sulfur content that came into effect in January 2020. Owing in part to these problems, the downtime frequency rate in fiscal 2020 was 1.07 per ship, slightly exceeding our target of 1.00 or less. However, average downtime was 21.17 hours per ship, achieving our target.

Number of Environmental and Emission-Free Business-Related Ships

End of fiscal 2024

Expected Number of Ships (only those already contracted) **27**



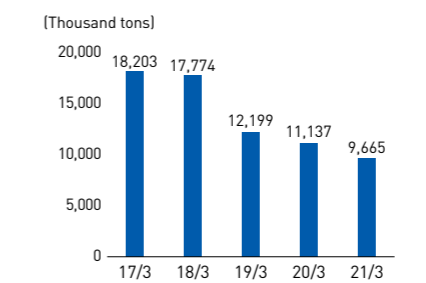
■ Ships related to LNG supply
■ Ships related to alternative fuels
■ Ships related to renewable energy
■ Currently marketing

In line with our environmental strategy in the rolling plan, MOL is concentrating on low-carbon and decarbonization businesses. We expect to begin reaping the fruits of the seeds we have sown over the past years. By the end of fiscal 2024, we anticipate having 27 environmental and emission-free business-related ships, which include ships related to LNG supply, alternative fuels, and renewable energy. We will continue to invest heavily in this area, including some projects currently in the marketing phase.

GHG Emissions**

Fiscal 2020

CO₂ Emissions (Scope 1) **9,665 thousand tons**

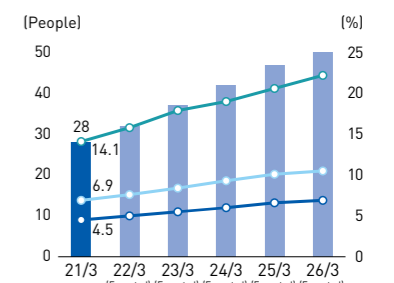


Our CO₂ emissions in Scope 1 have declined steadily although reasons are partly because of the transfer of our containership business to ONE in fiscal 2018, and the decrease in fuel consumed in fiscal 2020 due to fewer voyages made during the COVID-19 pandemic. As stated in MOL Group Environmental Vision 2.1, the MOL Group aims to achieve net zero emissions by 2050, and will continue efforts to reduce GHG emissions.

Number and Percentage of Women in Managerial Positions**5

End of fiscal 2020

Percentage of Women in Land-Based Managerial Positions (Team Leader class) **14.1%**



■ Number of women in land-based and sea-based managerial positions (left)
◆ Percentage of women in land-based and sea-based managerial positions (right)
◆ Percentage of women in land-based managerial positions (right)
◆ Percentage of women in land-based managerial positions (Team Leader class) (right)

We believe empowering women will lead to greater corporate value and diversity in society. By the end of fiscal 2025, MOL targets (1) at least 7.0% of women in land-based and sea-based managerial positions, (2) at least 10% of women in land-based managerial positions, and (3) at least 20% of women in land-based managerial positions (Team Leader class). In land-based managerial positions, we expect to steadily increase the percentage of women, reflecting the increase in the number of women hired for career-track positions since the 2000s.

*1 The number of work-related accidents per one million hours worked. This includes any workplace illness or injury that prevents a worker from resuming normal duties or light duties.
*2 The amount of downtime due to mechanical malfunction or accident per ship per year
*3 The number of mechanical malfunctions or accidents that result in downtime per ship per year

**4 Figures cover the Company and its consolidated subsidiaries. Emissions at ONE, which began operations in fiscal 2018, are not included. [The emissions of ONE have been retroactively deducted from the FY2018 and FY2019 figures to unify the scope of calculation.]
**5 Unconsolidated basis excluding loaned employees, contract employees, part-timers, etc., but including expatriate employees

A Review of Our Management Plans

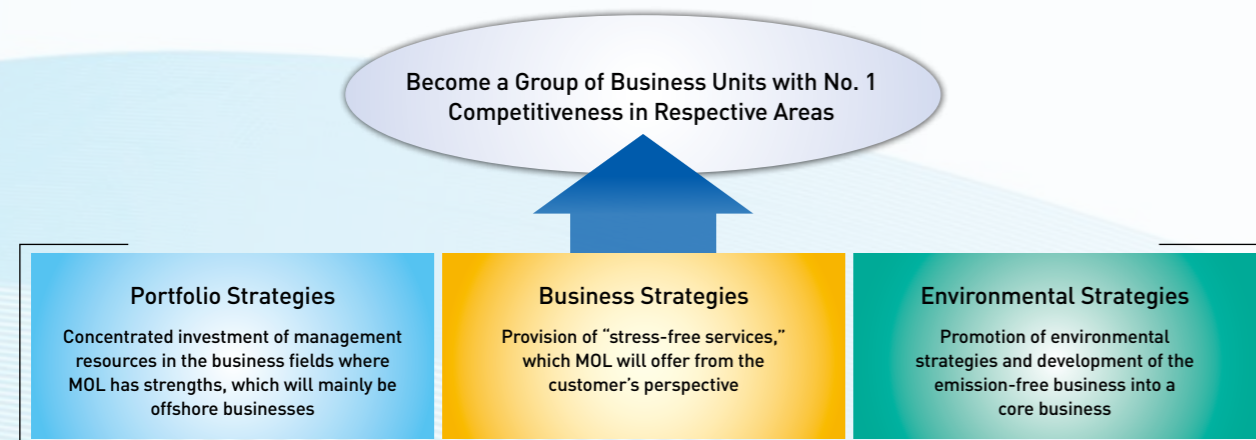
Until the Introduction of Rolling Plans

In the 2010s, the shipping industry slumped amid softening global growth and an oversupply of vessels. As we had achieved great success with dry bulkers, car carriers, and in other areas of the traditional marine transport business in the 2000s, we were slow to adjust our way of thinking when conditions changed in the 2010s. However, in the process of struggling through simultaneous downturns for the three major vessel types—dry bulkers, tankers, and containerships—and implementing two painful business structural reforms in fiscal 2012 and fiscal 2015, we gradually acquired a strong sense of crisis based on the realization that in volatile times we could not continue to generate sufficient returns from conventional marine transport alone. We gave a more concrete form to this sense of crisis by launching a rolling plan in fiscal 2017.

The introduction of rolling plans was based on two fundamental ideas. First, we wanted to set out a 10-Year Vision and think about the plans by backcasting. Second, we decided to revise plans annually rather than use three-year medium-term management plans so that we could make detailed adjustments to our trajectory in response to the external environment. We began this new approach with Rolling Plan 2017, which set out three main elements of our vision: “stress-free services,” “promotion of environmental strategies and development of the emission-free business into a core business,” and “Become a Group of Business Units with No. 1 Competitiveness in Respective Areas.” Every year since then, we have revised the plan in accordance with the latest conditions and with our sights set on the 10-Year Vision for 2027. Currently, we are tackling the measures under Rolling Plan 2021.

An Outline of Rolling Plan 2020

Recognizing the difficulty in obtaining appropriate and stable returns with conventional marine transport alone, we strove to ascertain the expected future changes in the business environment and formulate a strategy by working back from our 10-Year Vision.



Achievements since Beginning the Rolling Plans

- Rebuilding the containership business through its integration into Ocean Network Express Pte. Ltd. (ONE) (started operations in April 2018) and accumulating long-term contracts for LNG carriers and offshore businesses, which are priority investment fields
- Expanding environmental and emission-free businesses, including the launch of an LNG bunkering vessel business and the LNG-to-Powership business and a decision to install Wind Challenger hard sails on vessels
- Curbing the increase in interest-bearing debt and achieving positive free cash flow
- Securing ordinary profit of ¥133.6 billion and profit attributable to owners of parent of ¥90.0 billion in fiscal 2020 despite the COVID-19 pandemic and reaching the projected medium-term profit levels set when the rolling plan began

	FY2017	FY2018	FY2019	FY2020
Ordinary profit	31.4	38.5	55.0	133.6
ROE (%)	-8.7	5.2	6.3	16.5
Free cash flow	-2.4	-143.0*1	-6.5	44.2
Net gearing ratio (Times)	1.82	1.88	1.94	1.63
Interest-bearing debt	1,118.0	1,105.8	1,096.6	1,026.9

*1 Includes investment in establishment of ONE

A Review of Rolling Plan 2020

Fiscal 2020 Measures

Measures and strategies	Rolling Plan 2020 goals	Fiscal 2020 achievements
Analysis of the pandemic's effect	Conduct mega-trend forecasts	At meetings of the senior management team, conducted through discussions, which were based on analysis data produced by nine experts in respective fields who were selected from in-house divisions, and reflected the conclusions in a business plan (disclosed in June 2020, updated in December 2020)
Defensive measures	Reduce market exposure	Decided to reduce fleet by 17 vessels, mainly car carriers
Offensive measures	Implement growth strategies or structural reforms based on the characteristics of each business	Bulk carriers, wood chip carriers, short sea ships, and multipurpose cargo ships: Decided to launch a specialized company to strengthen competitiveness Car carriers: Sought efficiency by integrating vessel operations with those of Nissan Motor Car Carrier MOL Chemical Tankers: Merged with Nordic Tankers (acquired in fiscal 2018), including merging of operations
Portfolio strategies	Select new investments carefully and secure total free cash flow of ¥100.0 billion between fiscal 2020 and fiscal 2022	Decided on approximately ¥90.0 billion in new investments while advancing liquidation of assets and businesses Achieved ¥44.2 billion in free cash flow at the end of the first of three fiscal years during which we aim to realize cumulative free cash flow of ¥100.0 billion
	Focus investments on offshore businesses	Decided on investment of ¥43.0 billion, including additional contributions to existing businesses (included in the aforementioned ¥90.0 billion)
Business strategies	Enhance customer satisfaction through digital technologies and environmental measures	Increased the number of customers using the “Lighthouse” service (see page 21) Launched an LNG bunkering vessel business
Environmental strategies	Promote environmental and emission-free businesses	Continued focusing investment on LNG-related businesses and wind power generation-related businesses Revised MOL Group Environmental Vision 2.0
Enhancement of organizational strength	Advance projects through cross-organizational collaboration and improve productivity Groupwide	Launched 16 cross-divisional project teams Rationalized administrative work in corporate divisions Integrated Group companies

Mega-Trend Forecasts

Forecast announced in June 2020 (used as a premise for Rolling Plan 2020)

Cargo	2020	2021	2022	Recovery of cargo movements to 2019 level
Assumed GDP growth*2	-5.0%	3.0%	2.0%	—
Iron ore	-4.2%	2.4%	3.2%	2022
Coking coal*3	-3.6%	-1.0%	1.0%	2023 or later
Grain	-0.1%	4.9%	4.2%	2020
Crude oil	-7.6%	4.3%	0.8%	2023 or later
LNG	-1.5%	4.3%	4.3%	2021
Steaming coal*3	-6.3%	2.7%	-0.8%	2023 or later
Automobiles	-25.0-35.2%	10.4%	6.8%	2023 or later
Containers	-25.0%	18.2%	12.2%	2022 (concern over possible delay)

*2 Figures for 2020 are those reported by the International Monetary Fund (IMF). Figures for 2021 onward are the Company's forecast figures.

Revised forecast announced in December 2020 (used as a premise for Rolling Plan 2021)

Cargo	2020	2021	2022	2023	Recovery of cargo movements to 2019 level (words in parentheses indicate the change compared with the previous forecast)
Assumed GDP growth*2	-3.5%	3.0%	2.5%	2.5%	—
Iron ore	2.1%	-1.8%	-1.6%	-1.3%	Concern over decline from 2021 onward
Coking coal*3	-13.9%	7.1%	0.1%	0.3%	2024 or later (deteriorated)
Grain	5.1%	3.2%	1.4%	1.7%	2020 (improved)
Crude oil	-8.0%	2.6%	5.3%	1.8%	2023 (improved)
LNG	2.2%	3.8%	3.7%	3.6%	2020 (improved)
Steaming coal*3	-11.1%	2.5%	0.0%	0.3%	Will not recover (deteriorated)
Automobiles	-23.0%	11.8%	7.7%	4.3%	2023 (improved)
Containers	-2.0%	0.5%	2.5%	2.5%	2022 (improved)

*3 Coking coal is a raw material for steelmaking, and steaming coal is primarily a power generation fuel.

Cargo Movement Outlook in Light of the December 2020 Forecast

Dry bulk transport

- China's crude steel production and iron ore imports have been increasing but will turn downward in 2021.
- Unaffected by the pandemic, grain cargo volume will continue to increase.

Energy transport

- Demand for crude oil transport decreased significantly due to the rapid decline in oil demand in 2020. From 2021 onward, however, transport volume will increase in step with the recovery in crude oil demand.
- As the consumer sector accounts for a large percentage of natural gas demand, it remained firm even during the pandemic. Therefore, the pandemic's effect on LNG cargo movements will be negligible.
- Steaming coal demand decreased sharply in 2020. Steaming coal cargo movements will gradually decline in the medium to long term as decarbonization accelerates.

Product transport

- The decline in automobile transport has been less marked than expected, and overall cargo volume will recover to the 2019 level in 2023.
- In container transport, the downward rigidity of cargo movements was stronger than anticipated. In 2020, cargo movements only decreased 2.0% year on year. Container transport will generally see cargo movements return to normal levels in line with the economic growth from 2021 onward.

An Overview of Rolling Plan 2021

In fiscal 2020, despite the COVID-19 pandemic, we achieved a significant increase in profits, mainly due to a strong performance by the containership business. As a result, we were able to lay the foundations for the next phase of our growth. Looking over the global situation, meanwhile, the rapid acceleration of decarbonization and other signs of growing environmental awareness have become more conspicuous.

Viewing recent events as heralding the beginning of a new stage for us, we revised our corporate philosophy, the MOL

Group Corporate Mission, for the first time in approximately 20 years. We announced the mission together with the MOL Group Vision on April 1, 2021. Formulated to realize this mission and vision, Rolling Plan 2021 sets out environmental strategies and regional strategies, which we are focusing efforts on implementing. Also, to clarify the targets that we are aiming for in our next phase, we have revised profit and financial targets for fiscal 2027.

The Relationship between Rolling Plan 2021 and the MOL Group Corporate Mission, Vision, and Values



Profit and Financial Targets for Fiscal 2027 (As of April 30, 2021)

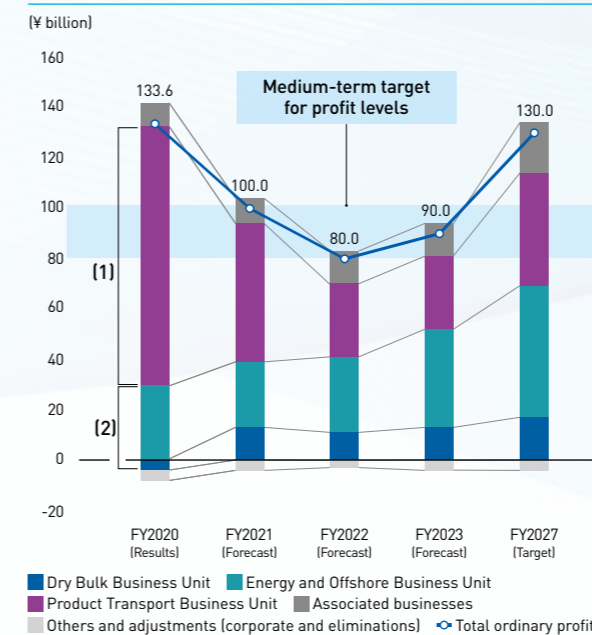
	FY2020 (Results)	FY2021 (Forecast)	FY2022 (Forecast)	FY2023 (Forecast)	FY2027 (Targets)
(¥ billion)					
Profit targets					
Ordinary profit	133.6	100.0	80.0	90.0	130.0
ROE (%)	16.5	15	10	10	10-12
Cash flows					
	FY2021-2023 cumulative total			FY2021-2026 cumulative total	
Cash flows from operating activities (1)	98.8		350.0		800.0
Cash flows from investing activities (2)	-54.6		-250.0		-600.0
Of which, investment	—		-450.0		-1,000.0
Asset disposal and liquidation	—		200.0		400.0
Free cash flow ((1) + (2))	44.2		100.0		200.0
Financial target (Fiscal year-end)					
Net gearing ratio (Times)	1.63	—	—	1.25	1.00

- The fiscal 2027 profit targets are ordinary profit of ¥130.0 billion and stable ROE of between 10.0% and 12.0%.
- The fiscal 2027 financial target is a net gearing ratio of 1.0 time. Over the three years from fiscal 2021 to fiscal 2023, we plan to generate free cash flow of ¥100.0 billion, and to improve our financial position by lowering the net gearing ratio.
- As soon as we achieve a certain degree of improvement in our financial position,*1 we will review our dividend payout ratio, without waiting for the coming of fiscal 2027.*2

*1 We will use such indicators as the net gearing ratio and the equity ratio.

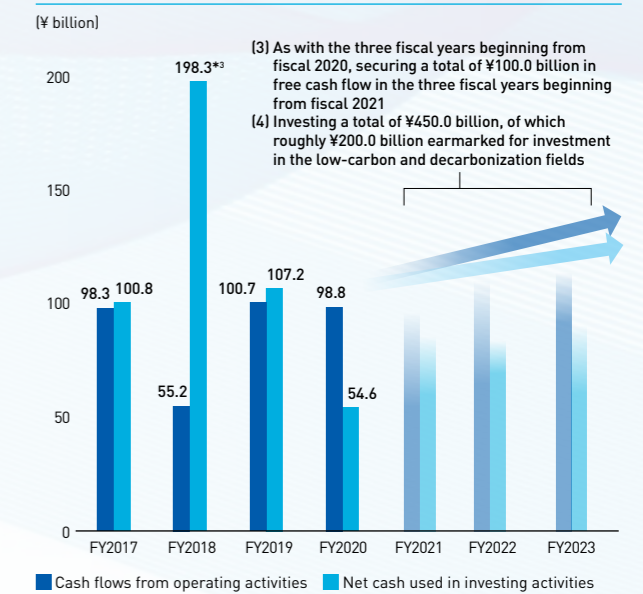
*2 We will decide the dividend payout ratio level in light of overall trends among companies listed on the Tokyo Stock Exchange.

Profit Targets



- (1) In fiscal 2020, the Product Transport Business Unit saw a temporary increase in profits due to the exceptionally firm market conditions experienced by the containership business. We are assuming that container freight rates will normalize from around the second half of fiscal 2021.
- (2) Meanwhile, thanks to the steady accumulation of highly stable profits, mainly by the Energy and Offshore Business Unit, ordinary profit of between ¥80.0 billion and ¥100.0 billion is expected to be consistently achieved from fiscal 2021 through fiscal 2023. This is the medium-term target for profit levels that we have set since the introduction of rolling plans.

Financial Target (Cash Flow Forecast)



*3 Includes investment in establishment of ONE

- (3) As with fiscal 2020 through fiscal 2022, over the three years from fiscal 2021 to fiscal 2023 we will give priority to improving our financial position and create ¥100.0 billion in free cash flow.
- (4) At the same time as steadily accumulating cash flows from operating activities, we will proceed with the liquidation of assets and businesses. In this way, between fiscal 2021 and fiscal 2023 we plan to secure free cash flow while investing a total of ¥450.0 billion. Of this amount, we will invest roughly ¥200.0 billion in the low-carbon and decarbonization fields.

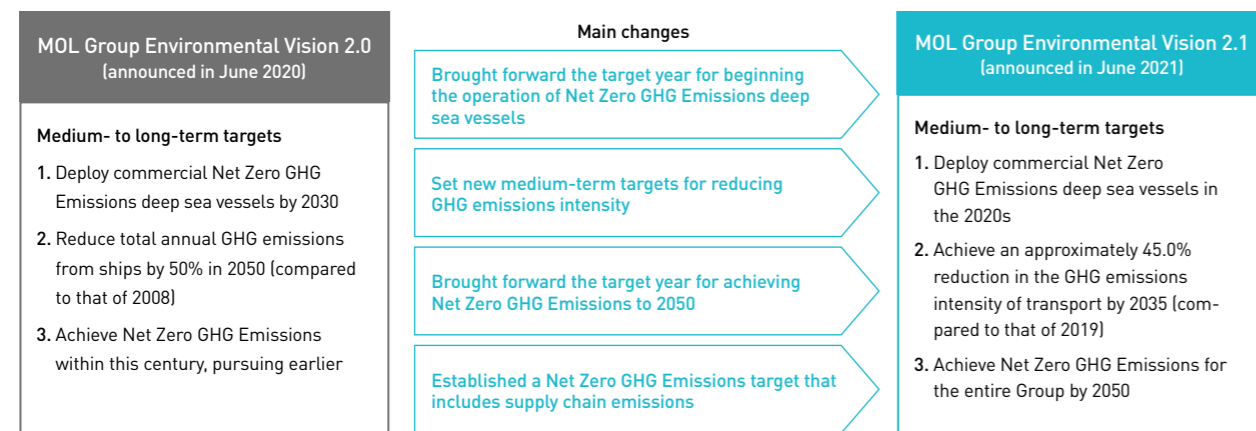


- Upgrade MOL Group Environmental Vision 2.0 to 2.1 and accelerate decarbonization initiatives
- Invest approximately ¥200.0 billion in the low-carbon and decarbonization fields over the three years from fiscal 2021 to fiscal 2023
- Strengthen the environmental perspectives in business and portfolio strategies

▶ Upgrading MOL Group Environmental Vision 2.0

For details, please see "Marine and Global Environmental Conservation" on page 44.

In response to the growing needs of society and the progress of our initiatives to address environmental issues, we upgraded MOL Group Environmental Vision 2.0 to 2.1, which sets higher quantitative targets.



▶ Investing in the Low-Carbon and Decarbonization Fields

Invest approximately ¥200.0 billion in the low-carbon and decarbonization fields over the three years from fiscal 2021 to fiscal 2023

	Investment	Estimated return on investment (contribution to ordinary profit in fiscal 2027)
Total investment in the low-carbon and decarbonization fields	205.0	21.0
▶ [1] Reducing the GHG emissions of MOL's operating vessels	91.0	—
▶ [2] Developing low-carbon and decarbonization businesses	114.0	—

Examples of initiatives to reduce the GHG emissions of MOL's operating vessels

- Promotion of LNG-fueled vessels
- Installing Wind Challenger hard sails
- Adoption of clean alternative fuels:
—Biodiesel, ammonia, hydrogen, synthetic methane, etc.

Examples of the development of low-carbon and decarbonization projects

- LNG-related projects in emerging countries
- Projects related to the offshore wind power generation business
- Supply, storage, and transport of clean alternative fuels

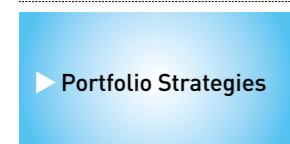
Introduction of internal carbon pricing (ICP)*
Introduction of ICP in the first half of fiscal 2021 to promote in-house decarbonization projects and prepare for the implementation of mandatory carbon pricing
* Carbon prices that are independently established and used in-house with the aim of promoting low-carbon investment and initiatives

▶ Strengthening the Environmental Perspective in Business and Portfolio Strategies



Roll out services that visualize environmental impacts and their reduction

- Anticipate customer needs by disclosing carbon footprints and establishing systems and data to enable such disclosure
- Help reduce GHG emissions by improving the efficiency of vessel operations and visualize such improvements



Expand businesses with reduced environmental impacts and low-carbon businesses

- Capture increasing LNG demand (LNG carriers, FSRUs, and LNG-to-Powerships)
- Participate in offshore wind power generation projects



- Advance regional strategies focused on Asia
- Implement initiatives to realize "stress-free services" that anticipate customer needs

▶ Advancing Regional Strategies

Regional strategies are the core of our business strategies. In multifaceted ways, we will seek projects with the potential to align with our overall strategy. Focusing on Asia and without being limited to the transport field, the MOL Group will take advantage of its collective strength to acquire large-scale projects.



Our sales divisions are generally organized by vessel type. This organizational structure is well suited to securing expertise and maintaining relationships with customers in each industry. Particularly when we develop businesses overseas, however, the weakness of a vertically split organization sometimes become apparent. To compensate for this weakness, we have assigned chief country / regional representatives to 25 countries and regions.

In emerging countries, conglomerates or national policy-based companies rooted in the region often have huge power and are engaged in diverse businesses. If a cargo transport project is acquired from a business affiliated with such a company, the Head Office sales division specializing in the cargo or field will coordinate with overseas bases to manage the project. At the same time and without being limited to existing transactions, the chief country / regional representative—who is assigned to a particular country or overseas region but does not belong to an in-house division—will continue to submit business proposals to the various divisions of such companies.

In this way, by laterally expanding the contact points we have established in specific fields, we aim to gain opportunities beyond the transport field. As well as catering to the transport needs of customers in their other businesses, we will seek opportunities in businesses related to ports, warehousing, and real estate. To move such activities forward, we have established support capabilities, including sales support provided by the Corporate Marketing Division, which is located at the Head Office, and the "lead sprints" system in which the CEO has involvement in projects from their initial stages and determines projects' overall strategic focus.

Given the likelihood of Asia remaining the driver of global economic growth over the long term, our cultural affinity with the region, and the relationships and business foundations we have built up over a corporate history of more than 130 years, we have assigned approximately half of our chief country / regional representatives to Asia with the aim of focusing on the region.

▶ Implementing Initiatives to Realize "Stress-Free Services" That Anticipate Customer Needs

- Coordinate LNG-related sales (LNG carriers, FSRUs, LNG-to-Powerships, etc.)
- Transition to one-stop sales capabilities for the dry bulk business (MOL Drybulk Ltd.)
- Increase customer convenience through DX (promote sales of "Lighthouse," etc.)

"Lighthouse"
A platform enabling the integrated management of various marine transport-related information that was previously provided separately



- Review and reshuffle business portfolio continually
- Reevaluate the existing marine transport business from the viewpoint of contribution to cash flows

Business Overview

Business Segment Breakdown

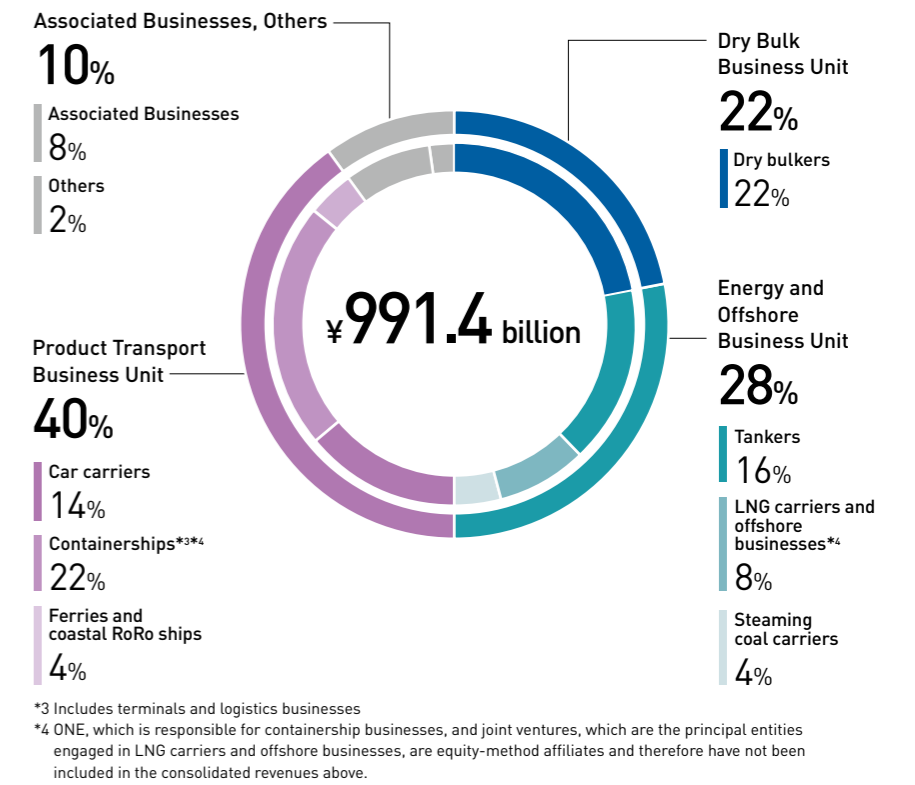
Business segment	Vessel type, etc.	Main business entity	Approximate breakdown of contract periods*1
Dry Bulk Business Unit P24	Iron ore and coal carriers	Mitsui O.S.K. Lines, MOL Cape (Singapore)	Short term, Long term
	Small- and medium-sized bulkers		
	Wood chip carriers	MOL Drybulk	
	Short sea ships and multipurpose cargo ships		
	Open-hatch carriers	Gearbulk Holding (Switzerland)	
Energy and Offshore Business Unit P26	Crude oil tankers	Mitsui O.S.K. Lines, Phoenix Tankers (Singapore)	
	LPG tankers	Phoenix Tankers (Singapore)	
	Methanol tankers	Mitsui O.S.K. Lines	
	Product tankers	Mitsui O.S.K. Lines, Phoenix Tankers (Singapore)	
	Chemical tankers	MOL Chemical Tankers (Singapore)	
	LNG carriers	Mitsui O.S.K. Lines, Joint ventures	
	Offshore businesses		
	Steaming coal carriers	Mitsui O.S.K. Lines	
Product Transport Business Unit P28	Car carriers	Mitsui O.S.K. Lines, Nissan Motor Car Carrier, Euro Marine Logistics (Belgium)	
	Containerships	Ocean Network Express (Singapore)	
	Terminals and logistics	Utoc, MOL Logistics	
	Ferries and coastal RoRo ships	MOL Ferry, Ferry Sunflower	
Associated Businesses and Others P30	Real estate	Daibiru	
	Maritime affairs	Mitsui O.S.K. Passenger Lines, M.O. Tourist, tugboat companies, MOL Techno-Trade	

*1 Contracts with periods of two years or more are classified as "long term." However, contracts in which freight rates are linked to short-term market conditions are not classified as "long term." Other contracts are classified as "short term."
 *2 Since cargo contracts for small- and medium-sized bulkers are mainly short term, we strategically curtail the effect of market conditions by also procuring vessels with short-term charter periods in line with the cargo contracts.

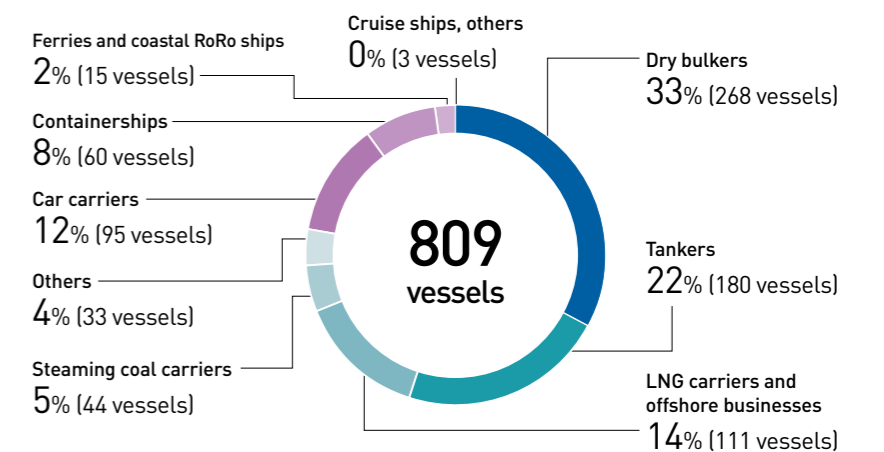
Highlights

- Began operations in April 2021 following integration of the Group's dry bulk resources; improving customer services and expanding business opportunities through one-stop services
- Providing services through the G2 Ocean operating fleet pool, which enjoys the advantage of having the world's largest open-hatch carrier fleet and network
- Diverse lineup of tankers; also focusing on transport of clean alternative energy fuels, such as methanol and ammonia
- The world's largest LNG carrier fleet; currently expanding LNG-related offshore businesses based on our expertise and experience
- Integration of the containership businesses of three Japanese shipping companies, began operations in fiscal 2018; got on a stable trajectory in the third year of operations, and currently growing profits
- A stable source of profits that complements the highly volatile marine transport business

Fiscal 2020 Revenues by Business Segment



Fiscal 2020 Fleet Breakdown by Vessel Type



Divisions Supporting Business Advancement

Safety Operations Headquarters

P40

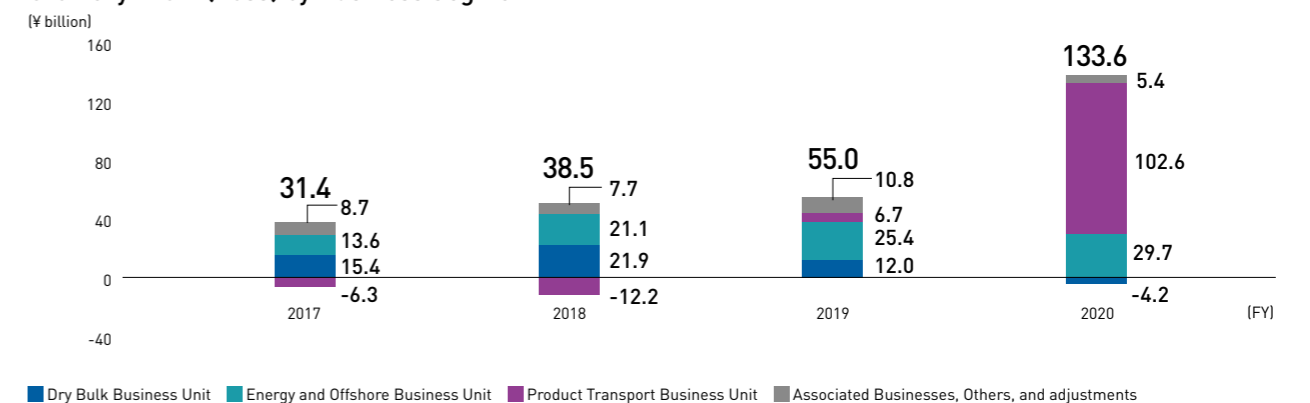
Environment & Sustainability Strategy Division

P44

Technology Innovation Unit

P48

Ordinary Profit (Loss) by Business Segment



Overview of Operations by Business Segment



Toshiaki Tanaka
 Director, Senior Managing Executive Officer
 Director General of Dry Bulk Business Unit

With the completion of structural reforms and the establishment of MOL Drybulk, we are now ready for a turnaround.

For the Dry Bulk Business Unit, fiscal 2020 was the bottom year of a medium-term growth cycle. The impact of the COVID-19 pandemic was significant in the fields of iron ore and coal carriers and specialized bulkers (open-hatch carrier business which is handled by equity-method affiliate Gearbulk Holding AG, and wood chip carriers), which saw short-term decreases in transport demand. Particularly in the first half of the fiscal year, these vessel types struggled amid slumping market conditions. However, thanks to a pickup in demand centered on China, since the beginning of 2021, market conditions have recovered significantly to surpass the break-even points of both vessel types. In addition, small- and medium-sized bulkers—in relation to which we have been reducing market exposure for some time—were largely unaffected by the pandemic. This stability demonstrates the benefits of the strategy we have been implementing to increase the market resilience of this vessel type.

As I mentioned, we faced difficulties during a certain period of fiscal 2020, but we were also able to take forward-looking measures. One notable example was establishing MOL Drybulk Ltd. In fiscal 2020, we decided to launch the company, which commenced operations in April 2021. MOL Drybulk integrated the wood chip carrier business (previously managed by the former Wood Chip Carrier Division), the small- and medium-sized bulk carrier business (previously managed by the former Bulk Carrier Division), and the short sea ships and multipurpose cargo ships business (previously managed by the former Mitsui O.S.K. Kinkai, Ltd). By bringing together various large and small dry bulk carriers and highly specialized human resources, the Company aims to further improve customer service and transport quality, thereby enhancing the competitiveness of the dry bulk business.

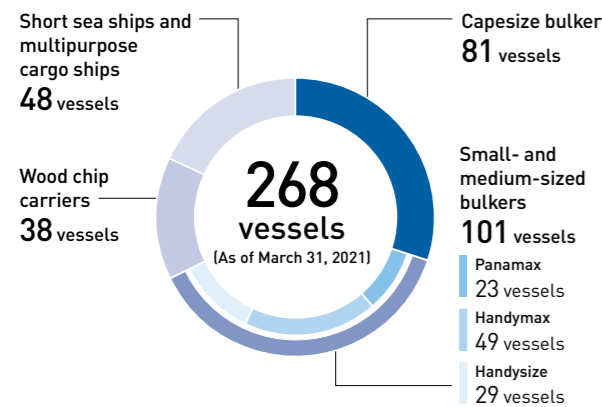
In addition, with regard to the open-hatch carrier business, for which an allowance for doubtful accounts was recorded at the end of fiscal 2020, we have completed structural reforms focused on streamlining vessel costs, and have been able to take a step forward toward the establishment of a business constitution that will allow stable operations to continue.

Admittedly, compared with other business segments, the Dry Bulk Business Unit was in some respects trending toward balanced contraction due to multiple structural reforms. However, given the business foundations we have established and the market's ongoing recovery from the downturn caused by the pandemic, I believe that we are now ready for a turnaround. Each of the businesses that the business unit is engaged in still has significant growth potential. As the global economy develops and the population grows, the size of the market is expected to continue growing in tandem with GDP growth. We can achieve competitive advantages through continuous investment in fuel-efficient vessels and the practical applications of technologies that reduce environmental impact, such as Wind Challenger and LNG-fueled vessels, ahead of other companies.

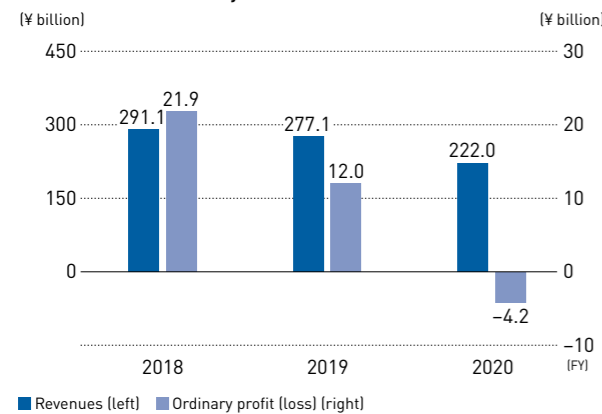
Based on the aforementioned view of the market environment, the Dry Bulk Business Unit will make a concerted effort to get back on a growth trajectory by taking advantage of the benefits of the structural reforms implemented up until fiscal 2020. From a longer-term perspective, we will place particular emphasis on expanding our overseas customer base by conducting aggressive sales efforts that are backed by appropriate portfolio strategies. At the same time, we will develop an asset-light business model to steadily accumulate cash flows. Through dry bulk transport—essential for the development of the global economy—the Dry Bulk Business Unit will contribute to society and increase the MOL Group's corporate value.

Dry Bulk Business Unit

Fleet Breakdown by Vessel Type



Revenues and Ordinary Profit (Loss)

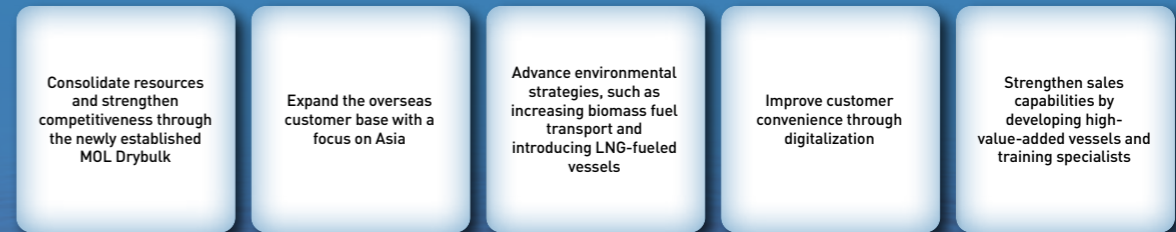


Market Environment Analysis

■ Opportunity ■ Risk

Increase in cargo movement over the medium to long term due to global economic growth and an increasing population	Stagnation of the global economy and cargo movements due to the reemergence of COVID-19 or rising trade protectionism
Growth in customer demand for environmental impact reduction	A decline in transport demand due to changes in the domestic industrial structure
Expansion of business opportunities in emerging countries, such as India, Southeast Asian countries, and South American countries	A decrease in demand for certain dry bulk cargoes due to growing environmental awareness

Business Unit Strategy



Fiscal 2020 Initiatives

Fiscal 2020 business results: A stable contribution to profits from the medium- to long-term contracts of the iron ore and coal carrier business did not fully absorb the impact of a lackluster spot market as a whole, which was due to the pandemic, and the recognition of an allowance for doubtful accounts of approximately ¥6.0 billion in relation to loans to equity-method affiliate Gearbulk Holding. As a result, the business unit recorded an ordinary loss of ¥4.2 billion, a decrease of ¥16.3 billion from the ordinary profit of the previous fiscal year.

Iron ore and coal carrier business: We devised and proposed environmental solutions, including LNG-fueled vessels and wind-powered vessels.

Bulk carrier and wood chip carrier business: It was decided to integrate the Group's bulk carrier (small- and medium-sized bulkers) and wood chip carrier business and short sea ship and multipurpose cargo ship business to establish MOL Drybulk as a provider of one-stop services (began operations on April 1, 2021).

Open-hatch carrier business: We established the basis for further progress in streamlining the vessel costs of equity-method affiliate Gearbulk Holding.

Fiscal 2021 Priority Measures

Iron ore and coal carrier business:

- Enhancement of environmental strategies and transport quality—By introducing LNG-fueled ships, the Company will promote the reduction of CO₂ emissions in Scope 1. At the same time, we will incorporate into our service menu the knowledge gained from such in-house initiatives, and propose solutions to our customers that help lower their Scope 3 CO₂ emissions.

- We will acquire short- to medium-term contracts in overseas growth markets (as an addition to medium- to long-term contracts that are mainly with Japanese companies).

MOL Drybulk:

- We will promote marketing strategies aimed at supporting the decarbonization efforts of customers, including expansion of biomass fuel transport.

- We will advance sales activities for Panamax bulkers across divisions and improve profitability; increase overseas sales activities for multipurpose cargo ships, with a focus on Southeast Asia; and expand wood chip carrier-related sales activities targeting China's market.

- In India, which is seeing significant growth in demand for dry bulk transport, we will increase sales efforts and strengthen cost competitiveness. As for Europe and the United States, we will provide high-value-added services that meet the needs of highly environment-conscious customers.

Overview of Operations by Business Segment



Kenta Matsuzaka
 Director, Senior Managing Executive Officer
 Director General of Energy and Offshore Business Unit

Ahead of the global shift in energy use, the business unit will lead a “Green Ocean Shift” of MOL.

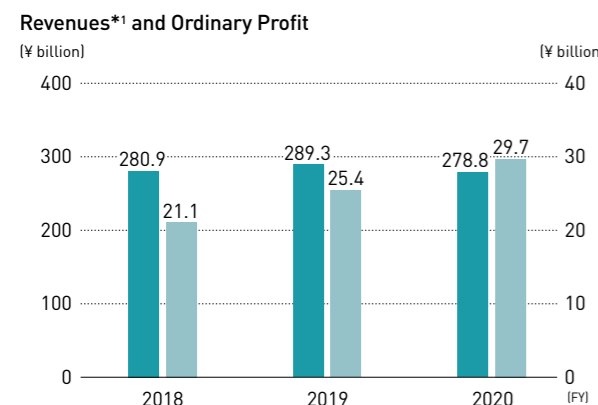
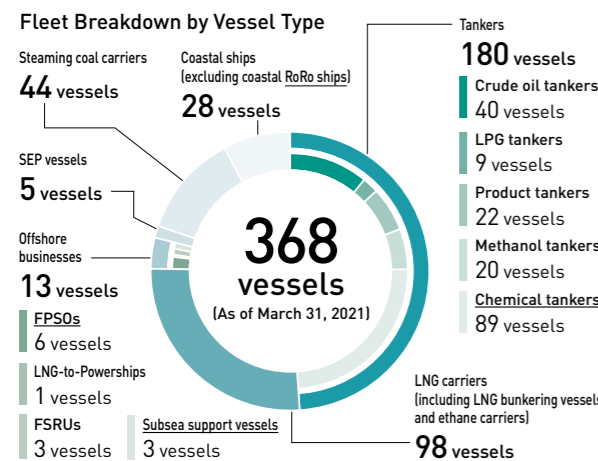
In fiscal 2020, the Energy and Offshore Business Unit performed well, growing profits year on year despite the complex business environment that arose as the COVID-19 pandemic increased market volatility and significantly affected crew member rotation and docking arrangements. In the first half of the fiscal year, the Tanker Division saw the market rise steeply due to higher demand for offshore storage that accompanied a drop in crude oil prices. Amid a favorable market, through the acquisition of comparatively long contracts with periods of about a year, the division ensured the profitability of vessels without cargo contracts matching their respective procurement periods and was able to curb the impact of a subsequent deterioration in the market. Also, vessels such as LNG carriers, which are primarily engaged in long-term, stable businesses, performed steadily and produced results in line with projections at the beginning of the fiscal year.

Meanwhile, the energy transport business is approaching a period of major change. Accordingly, in fiscal 2020 we outlined global scenarios that extend through to 2050 and to 2070, decided how the Group should respond to society’s ever-increasing expectations in relation to carbon reduction and decarbonization, and prepared a concrete plan of action. Going forward, the use of fossil fuels is likely to decrease worldwide, and we will probably transport different types of energy resources. Further, new business opportunities that are not limited to transport will arise, such as offshore wind power farm projects and various offshore-related businesses. Therefore, I strongly feel that we must respond with agility to major changes in the external environment. In light of this situation, in April 2021 we changed our name from the Energy Transport Business Unit to the Energy and Offshore Business Unit.

As we have long been keenly aware of the need to break away from a simple marine transport-centered business model that makes it difficult to differentiate ourselves from other companies, we have been actively expanding our business fields into upstream and downstream areas of the LNG value chain. For example, we have established business in such areas as FSRUs, LNG-to-Powerships, and LNG bunkering vessels. In the International Energy Agency’s scenario for sustainable development, which is aligned with the well below 2°C scenario set out in the Paris Agreement, demand for most fossil fuels declines, but demand for LNG rises. In the process of decarbonization, LNG will be an important fuel during the period of transition to new forms of energy. In particular, without LNG it will not be possible to meet demand for low-carbon energy in emerging countries, where robust economic growth is expected. From a global perspective, we believe that LNG-related businesses still have substantial scope for further growth in the short to medium term.

In addition, the achievements and experience we have garnered through pioneering initiatives in the LNG field have been well received by many customers and are leading to new businesses related to the transport and handling of clean alternative fuels, such as a project for the development of hydrogen supply infrastructure for the data centers of Keppel Data Centres Holdings Pte Ltd in Singapore and an ammonia bunkering business. Concentrating on such fields as offshore wind power, ammonia, hydrogen, and the transport of liquefied CO₂, the MOL Group aims at a “Green Ocean Shift” by contributing to clean energy supply chains from upstream through to downstream areas. Over the coming five to 10 years, the Group is set to change dramatically. As the driver of this transformation, the Energy and Offshore Business Unit will continue taking on ambitious initiatives.

Energy and Offshore Business Unit



*1 Joint ventures, which are the principal entities engaged in LNG carriers and offshore businesses, are equity-method affiliates and therefore have not been included in the consolidated revenues above.

Market Environment Analysis

Opportunity Risk

Growth in demand for LNG as a clean energy during the transition to a low-carbon or decarbonized society	Contraction of energy demand in Japan due to energy saving, a declining birthrate, and an aging population
A rise in demand for clean energy in emerging countries	A long-term decline in fossil fuel demand due to factors such as decarbonization and the introduction of carbon taxes
An increase in the transport of ammonia, hydrogen, and other clean alternative fuels and related business opportunities	Geopolitical risks related to resource-producing and consumer countries

Business Unit Strategy

- Increase value added and earn premiums by pursuing highly challenging projects, including transport in polar regions, and initiatives in peripheral areas beyond conventional transport, such as FPSOs, FSRUs, Powerships, bunkering vessels, etc.
- Strengthen low-carbon and decarbonization businesses with a focus on fossil fuel demand countries and regions, such as Japan and Asia, and supply countries and regions, such as Russia, the Middle East, and Australia
- Develop new businesses that tap into the expansion of the renewable energy industry in such areas as wind power generation
- Strengthen businesses in India, China, and other countries where energy demand is expected to increase

Fiscal 2020 Initiatives

Fiscal 2020 business results: The business unit’s ordinary profit increased ¥4.3 billion year on year, to ¥29.7 billion. The Tanker Division earned highly stable profits from the medium- to long-term contracts of crude oil tankers and methanol tankers while benefiting from a sharp rise in the market for spot-chartered crude oil tankers and product tankers. Also, five newly completed LNG carriers contributed to profits.

Expansion of highly challenging projects: We concluded charter contracts for three new ice-breaking LNG carriers for the Arctic LNG 2 Project in Russia. Following on from the Yamal LNG Project in the same country, this latest project increases our Northern Sea Route-related business, which has a high entry barrier.

Expansion of the LNG business field beyond transport: In addition to the beginning of operations by our first LNG bunkering vessel, the GAS AGILITY, KARMOL’s first FSRU was completed and will contribute to the Senegal LNG-to-Powership Project.

Development of new energy-related businesses: We concluded a charter contract and shipbuilding contract for Asia’s first service operation vessel (SOV) project.*2 Also, we concluded a transport contract with Tohoku Electric Power Co., Inc., in relation to a steaming coal carrier equipped with Wind Challenger (see page 51).

Advancement of strategies for liquefied chemical total logistics: MOL Chemical Tankers Pte. Ltd. integrated vessel operations and sales with the former MOL Nordic Tankers A/S and began operating under the MOL Chemical Tankers brand.

Fiscal 2021 Priority Measures

Environmental strategy:

- In the energy sector, we will acquire new business opportunities beyond the transport field by continuing to leverage strengths, namely, a track record and knowledge that other companies cannot match. While readying for the introduction of carbon-free fuels, such as ammonia and hydrogen, we will prepare to meet the demand for the transport of these new energy fuels.

- We will foster future earnings mainstays by concentrating on the expansion of low-carbon and decarbonized businesses. For example, we will advance business in areas related to wind power generation, such as self-elevating platform (SEP) vessels*3 and SOVs,*2 which we have been developing for some time.

- In preparation for the delivery of the first Wind Challenger-equipped vessel in 2022, which will be partly propelled by wind power, we will establish a “wind brand” and submit proposals to customers.

Regional strategy:

- In Japan, we will focus on capturing the business opportunities that emerge with the development of a low-carbon or decarbonized society. In India, China, and other countries where energy demand is expected to continue rising, we will sustain and deepen multilayered sales activities in coordination with the Group’s chief country / regional representatives. Also, in resource-rich countries and regions that are trying to break away from fossil fuel-dependent economies, such as Russia, the Middle East, and Australia, we will develop new businesses in the low-carbon and decarbonization fields.

*2 SOVs have accommodation for maintenance technicians working on the multiple wind turbines that make up an offshore wind farm, allowing technicians to stay on-site for extended periods.

*3 SEP vessels are special vessels that extend four legs to the seabed to enable the conduct of installation work for wind power generation equipment in stable conditions.

Overview of Operations by Business Segment



Hirotohi Ushioku
Managing Executive Officer
Director General of Product
Transport Business Unit

Always keeping abreast of the latest information and trends in an array of fields, we are preparing for growth in the post-COVID-19 era.

At the beginning of fiscal 2020, we expected that movements of most of the cargoes handled by the Product Transport Business Unit would decrease, with the exception of daily necessities. However, huge “stay-at-home demand” centered on North America caused a surge in the cargo volume being handled by logistics infrastructure, utilization of which had been declining due to the COVID-19 pandemic. This led to a tightening of supply and demand for transport space, producing a hike in container freight rates. Consequently, Ocean Network Express Pte. Ltd. (ONE), which is engaged in the liner business, posted favorable business results that significantly surpassed initial forecasts at the beginning of the fiscal year. Although these extraordinary business conditions have continued into fiscal 2021, we believe that both the demand and supply sides will settle down eventually, and the situation will gradually subside.

On the other hand, the car carrier business and ferry business were severely impacted by the pandemic. In the car carrier business, demand for completed car transport declined significantly due to a sudden drop in production and exports by car manufacturers. As emergency measures, MOL reduced the car carrier fleet by 12 vessels and implemented organizational structural reforms centered on integrating the management and operations of subsidiary Nissan Motor Car Carrier Co., Ltd. As a result, we were able to achieve a significant improvement in the vessel supply-demand balance as well as various improvements in operational efficiency. As for the ferry business, the freight transport operations showed signs of trending toward recovery from the second half, but the passenger operations continued to face challenging conditions. In partnership with a wide range of stakeholders, such as municipal authorities and the operators of hotels, inns, and various transport systems, the latter division is anticipating the post-pandemic era and steadily conducting sales activities aimed at creating passenger demand by marketing so-called “casual” cruises.*3

Fiscal 2020 was also a year that made me keenly aware of the increase in environmental awareness globally as well as the stepped-up pace at which we are expected to take measures in response. In realizing stress-free services for customers, we must not only provide safe, high-quality transport services in accordance with our existing policies but also contribute to the reduction of GHG emissions in the entire logistics field by following the concept of life cycle assessment, without being limited to marine transport. In our ferry business, Japan’s first two LNG-fueled ferries are scheduled for launching in December 2022 and March 2023. Meanwhile, the car carrier business will also replace its existing fleet with LNG-fueled vessels and consider developing next-generation car carriers with a view to realizing zero emissions vessels.

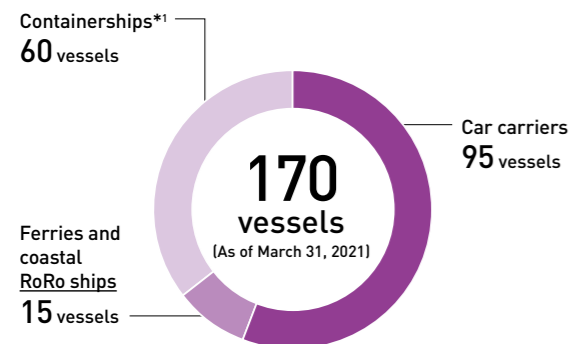
The sales divisions of the Product Transport Business Unit have the characteristics of network-type business. In the logistics field, the business unit has many branch offices around the world, mainly operated by Group companies, and has approximately 2,500 employees. We must use these sites and human resources as our values for pursuing synergies with the domestic and overseas networks of our port and ferry businesses and car carrier business. Moreover, broadening our perspective and making business proposals aimed at capturing the new demands for product transport of our existing customers related to dry bulk and the energy industry is important.

While the pandemic remains unpredictable, industries around the world are preparing for the post-COVID-19 era. As it is strongly correlated with global economic development, the product transport business still has enough room for further growth. With a strong sense of our mission to support the businesses of customers and the lives of people around the world by connecting production and consumption regions, we will meet customer needs by utilizing a “data-centric” approach that always keeps us abreast of the latest information and trends in an array of fields and by demonstrating flexible creativity.

*3 Elegant, comfortable MOL Group cruises that do not have a formal dress code
<https://www.mol.co.jp/casualcruise-sunflower/> (only available in Japanese)

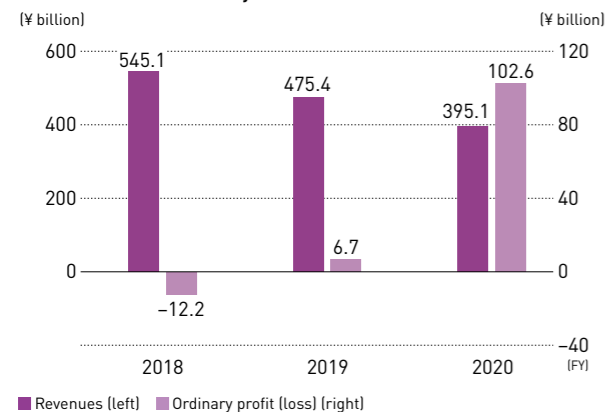
Product Transport Business Unit

Fleet Breakdown by Vessel Type



*1 All containerships are chartered to and operated by ONE.

Revenues*2 and Ordinary Profit (Loss)



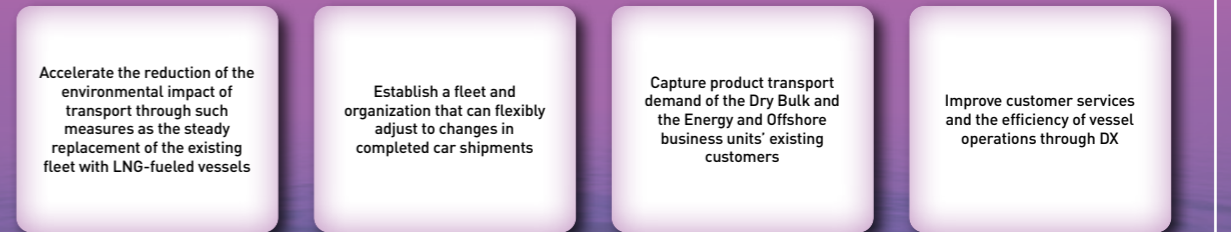
*2 ONE, which is responsible for containership businesses, is an equity-method affiliate and therefore has not been included in the consolidated revenues above.

Market Environment Analysis

■ Opportunity ■ Risk

An increase in logistics activity resulting from an economic recovery following containment of the pandemic	A slowdown in consumption due to the reemergence of COVID-19
An increasing need to reduce environmental impact in customers' supply chains	A rise in trade protectionism that suppresses demand for marine transport
Wide adoption of IT and digital technologies that help improve customer services	Changes in the structure of trade and a decline in transport demand for completed cars due to stricter environmental regulations or technological innovations, such as the widespread introduction of electric vehicles (EVs)

Business Unit Strategy



Fiscal 2020 Initiatives

Fiscal 2020 business results: Overall, the business unit posted a year-on-year increase of ¥95.9 billion in ordinary profit, to ¥102.6 billion. This growth was attributable to a rise of ¥112.9 billion in profits from the containership business, which more than compensated for pandemic-related decreases in profits from the car carrier and ferry businesses.

Car carrier business: In response to a dramatic slump in cargo movements, we flexibly took emergency measures, including reduction of the car carrier fleet by 12 vessels—equivalent to approximately one-tenth of the total fleet—and the implementation of organizational reforms.

Ferry business: Passenger operations rigorously implemented infection countermeasures. At the same time, the division collaborated with municipal authorities and the operators of hotels, inns, and various transport systems in the vicinity of points of departure and destinations to conduct marketing campaigns for new cruises that allow passengers to have an enjoyable excursion while avoiding crowds.

Containership business: In response to a sudden drop in demand for cargo movements at the beginning of the fiscal year due to the pandemic, ONE flexibly and swiftly adjusted the frequency of its services. After demand began recovering from the summer onward, ONE responded to a tightening supply-demand situation by introducing temporary services and securing new containers.

➤ For details on ONE's initiatives, please use the link below to view the company's disclosure documents.
https://www.mol.co.jp/en/ir/data/cfh/pdf/one2104_e.pdf

Fiscal 2021 Priority Measures

Car carrier business: Based on profit-making foundations strengthened by reduction of the car carrier fleet and organizational reform measures implemented in fiscal 2020, we will continue reducing costs further and utilizing information and communications technology (ICT) and DX to improve the efficiency of vessel operations and stowage planning.

Ferry business: We will capture demand resulting from modal shifts in freight transport while continuing to develop strategies for the passenger business with an eye on the post-pandemic era.

Logistics business: We will concentrate on distinctive fields where we can take advantage of our strengths. Specifically, we will expand the container transport of steel coils and chemical logistics including tank container transport.

Containership business: We will continue making every effort to achieve an early resolution of disruptions in logistics supply chains. At the same time, we will improve customer services through such measures as the promotion of e-commerce.

Overview of Operations by Business Segment



Yutaka Hinooka
Director, Managing Executive Officer
Responsible for Real Estate
Business, Cruise Ship Business,
Trading Business, and Others



Osamu Sakurada
Executive Officer
Responsible for
Tugboat Business,
New Businesses,
and Others

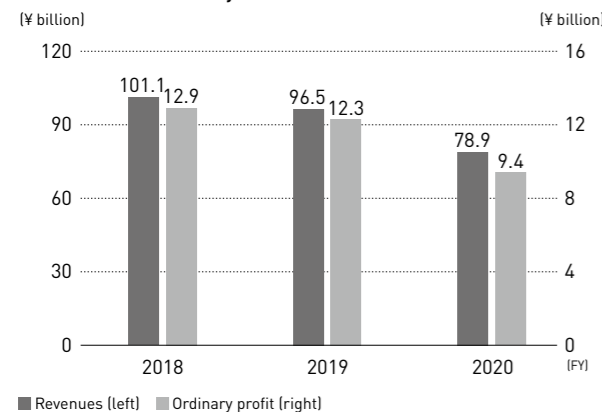
Associated Businesses

Business Fields

Real Estate	Leasing office buildings and other real estate primarily through Daibiru
Cruise Ship	Operating the cruise ship NIPPON MARU
Tugboat	Assisting large vessels' arrival at and departure from base ports in Japan and overseas and operating transport vessels to and from offshore wind power generation sites
Trading	Selling bunker, PBCF* and other equipment, and materials, etc.
Others	Conducting a travel agency business, which mainly arranges business travel, and an overseas personnel consulting business as well as developing new businesses, etc.

* Propeller Boss Cap Fins, which are energy-saving devices. For details, please visit this website. <https://www.pbcf.jp/>

Revenues and Ordinary Profit



We will create value added in a broad range of fields by promoting collaborations that transcend existing organizational frameworks.

In fiscal 2020, while profits increased in the real estate and trading businesses, the cruise ship and travel agency businesses faced extremely tough conditions due to restrictions on the movement of people caused by the COVID-19 pandemic. However, some valuable insights were gained as the strengths of the MOL Group became apparent even in divisions where business results were lackluster. In the cruise ship business, for example, despite uncertainty caused by the pandemic, we were able to reconfirm the existence of a robust customer base and deep-rooted demand for the enjoyment of safe, reassuring cruises. Similarly, we gained a new appreciation of how solid demand is for the arrangement of visas for overseas assignments, which is one of the strengths of the travel agency business. In fiscal 2021, we will take swift measures to respond to the aforementioned demand as well as demand in other areas.

Associated Businesses demonstrate a competitive edge by combining the distinctive strengths of each business segment with the networks and knowledge of the Group. In the real estate business, Daibiru Corporation has solid business foundations in Japan and is leveraging the Group's resources to expand overseas. The company already owns two office buildings in Vietnam, a country with abundant growth potential, and made a foray into Australia in 2020. Daibiru preserves management autonomy as a listed company, has business characteristics and experiences market cycles that differ from those of marine transport, and contributes stable profits over the long term. Therefore, the company plays a role in mitigating the volatility of the Group's business results. In the tugboat business, the Group's tugboat companies are laterally sharing best practices to raise the overall level of services. In addition to established operations, we plan to expand the tugboat business in Japan and overseas and increase the scale of peripheral businesses related to offshore wind power generation sites—an area where we expect growth in the coming years. Known for providing fine dining and hospitality, the cruise ship business will restore its operations to offer regular cruises as soon as possible and once again fulfill its role as the face of the Group. Meanwhile, the travel agency business will extend its customer base through hybrid operations that combine painstaking services delivered conventionally by personnel with internet-enabled business travel management—an area where we are ahead of competitors. Further, in fiscal 2020 we established a consulting company for

non-Japanese human resources in the Philippines targeting Japanese companies in collaboration with the Magsaysay Group, our longtime partner in seafarer training. Leveraging the Group's expertise, the new company is already tackling its first project. (For details, please see the bottom of this page.)

We feel that the pandemic has increased the pace of change in expectations with respect to the roles that the Group should fulfill. In the wide

range of fields that they cover, Associated Businesses must now provide value that goes beyond the reliable implementation of operations. By removing boundaries between the MOL Head Office and Group companies and stepping up personnel and information exchanges that transcend existing organizational frameworks, the Group will make a concerted effort to accelerate the creation of value added and differentiation.

Fiscal 2020 Initiatives

Fiscal 2020 business results: Significantly affected by the pandemic, the cruise ship and travel agency businesses recognized lackluster business results, which outweighed solid performances by the real estate and trading businesses. Consequently, as a whole Associated Businesses recorded a ¥2.8 billion year-on-year decrease in ordinary profit, to ¥9.4 billion.

Real estate business: Daibiru opened its first property in Australia, 275 George Street.

Cruise ship business: Upon completion of refurbishment work, the NIPPON MARU resumed cruises.

Tugboat business: The LNG-fueled tugboat ISHIN, which is operated by Nihon Tug-Boat Co., Ltd., received the highest rating under Japan's energy conservation rating system for coastal ships. Moreover, in recognition both of its excellent environmental performance and outstanding performance as a tugboat, the ISHIN won a Ship of the Year 2019 award in the Work Ship/Special Purpose Ship category.

In addition, a tugboat owned and operated by Green Kaiji Kaisha, Ltd. completed successful trial operations using euglena biodiesel fuel, which has a low environmental impact.

Trading business: With external partners, MOL Techno-Trade, Ltd. has begun studying the establishment of a commercial business for the development of hydrogen-powered vessels (Setouchi Cradle Project) and the supply of hydrogen as a vessel fuel.

New business: With our local partner the Magsaysay Group, we jointly established a company engaged in the overseas personnel consulting business in the Philippines, MM Empower Corp.

Fiscal 2021 Priority Measures

Real estate business: Daibiru proceeded with the demolition and rebuilding of Midosuji Daibiru Building. The new building will present a model for addressing such social issues as energy saving, the effective use of renewable energy, and new work styles in the post-COVID-19 era.

Cruise ship business: In order to properly respond to the needs of customers who want to enjoy cruises even in the midst of the COVID-19 pandemic—needs that became apparent in fiscal 2020—we will work to ensure customers have a sense of security and rebuild our business.

Tugboat business: The Group's tugboat companies in each region will maximize stable profits by laterally sharing best practices for efficient vessel operations, advanced technologies, and seafarer recruitment.

In addition to promoting the adoption of new technologies for tugboats that contribute to the reduction of environmental impact, the business will take advantage of its long-cultivated domestic and overseas sales networks as well as the Group's expertise to develop businesses related to offshore wind power generation sites and other fields that are expected to grow.

Trading business: While maintaining existing businesses, we will follow on from PBCFs and accelerate the development of new businesses in the environmental field, such as hydrogen-related businesses.

The Inaugural Project of MM Empower, Our Overseas Personnel Consulting Company

Jointly established by MOL and the Magsaysay Group in August 2020, MM Empower Corp. has received an order for its first project, which entails helping establish a system that allows a subcontractor of Osaka Gas Co., Ltd. to hire pipe fitters from the Philippines for long-term assignments in Japan. At the beginning of 2021, the new company conducted online recruitment and has already begun providing Japanese-language training for the first 19 prospective employees. In addition, MM Empower plans to suggest optimal resident statuses for recruits, introduce training facilities, consider education for trainees before they come to Japan, provide local information, and support communication.

By fully leveraging the MOL Group's networks in the Philippines—the world's largest exporter of labor—and the extensive experience and knowledge accumulated by the Group during decades of seafarer development and training, the company will continue enabling cross-border connections between workers and employers, thereby contributing to the sustained growth and development of both countries and their societies.



Trainee orientation before the commencement of education in the Philippines

Creating New Businesses Unbound by Existing Frameworks —MOL Incubation Bridge—



Introduced in September 2019, MOL Incubation Bridge is an internal system for proposing new businesses. It aims to provide opportunities for MOL Group employees to fully demonstrate their abilities and actively take on new challenges. The system also serves as an incubator of ideas for businesses and services that are not bound by existing frameworks and which match needs in a changing business environment. This special feature focuses on two employees who submitted proposals under the system in its inaugural year and have since launched businesses based on the proposals.



Case 1

Provide a “PLUS” in the form of new value for the marine transport industry by partnering with other industries

Takuya Sakamoto

Representative,
MOL PLUS Co., Ltd.

When an in-house announcement was made about a system for proposing new businesses, I immediately decided to take part. I made this decision because, based on my experience of working at MOL, I felt the Company's ability to develop and innovate in completely new fields was underdeveloped compared to companies in other industries. As the introduction of this new system gave me a sense of the Company's determination to transform itself in earnest, my aim was to seize the opportunity to create an example of a successful new business and thereby heighten momentum in-house.

Fortunately, my proposal was adopted, and after a nine-month preparation period I was able to launch MOL PLUS Co., Ltd. in April 2021. The company is a corporate venture capital entity that mainly invests in start-ups in the initial and intermediate stages of their development in Japan and overseas. We have included the word “plus” in both our name and mission because we want to be a company that adds new value, or a “plus,” to marine transport and society by combining the innovative ideas and technologies of start-ups with the MOL Group's expertise and network.

I love the marine transport industry and its long tradition. However, with the development of IT and changes in society, the industry and the MOL Group have reached a point where they must transform to reflect the needs of a new era. The mission of MOL PLUS is to drive such evolution. The experience of working in marine transport has left me feeling that there is still a great deal of potential for creating synergies with other fields. Backward calculation from the kind of society that is expected to take shape in five or 10 years reveals that we can take advantage of our marine transport know-how in a wide range of fields, including fields where we have not previously invested. When I meet start-up entrepreneurs, they tell me that while such business fields as marine transport, ports, and logistics represent large markets, creating new businesses in these fields is challenging because know-how is

concentrated in a limited number of companies. A great many people have commented that they expect a creative “chemical reaction” to occur when MOL—a company that has accumulated know-how on oceans, vessels, ports, and cargoes over more than 130 years—begins to explore partnerships with start-ups.

We have established three criteria for the selection of investees. First, the start-up must have the potential to grow into a new core business of the MOL Group from a medium- to long-term perspective. Second, we should be able to create a partnership based on mutually complementary strengths. Third, the start-up must have a business with the potential to realize our mission of adding new value, or a “plus,” to marine transport and society. By investing in companies that meet these criteria, we aim to grow together with investees. At the same time, we expect to gain “strategic returns” in the form of help with the creation of core businesses and the creation of business synergies, “financial returns” when exiting from investees, and “secondary returns,” such as personnel exchanges and knowledge sharing with investees and the incorporation of their organizational models.

MOL PLUS is one of the businesses developed during the first year of activities under the MOL Incubation Bridge system. In response to MOL's commitment to transformation, which led to the introduction of the system, and to serve as a good model for the future, I will devote myself to business management with a strong desire to achieve results.



MOL PLUS website
<https://en.molplus.net/>

Case 2

Address the problems of hunger and poverty through support for the mechanization of agriculture in Africa, while creating transport demand for ourselves

Mikio Oyama

Representative,
KiliMOL Ltd.



KiliMOL Ltd. (named after “Kilimo,” meaning agriculture in Swahili, and “MOL”), which I launched in May 2021, uses a cross-border e-commerce website to sell used agricultural machinery to customers in Africa and facilitates integrated transport of the machinery to local areas. As Africa is a region with an economy and population that are continuing to grow, I have been paying attention to it for some time as a market with significant potential. Against this backdrop, I got the idea for the business when I learned that, although the GDP per capita in certain regions of Africa is not much different from that of South Asia, Africa is far behind in the mechanization of agriculture. In addition, the use of an e-commerce website was based on an idea mentioned during an in-house training session when we were given an opportunity to envision and discuss the ideal profiles of each other's divisions in 10 years. As Africa's population grows, food security is expected to become an even more important issue in the region. Given this situation, I believe that development of a business aimed at advancing the mechanization of agriculture has great social significance because the business will help improve agricultural productivity throughout Africa and thereby address the problems of hunger and poverty.

Generally, transport providers cannot create demand by themselves. In this sense, transport can be called a passive industry. KiliMOL's business is innovative for MOL as a transport company

because the business creates transport demand for itself. Moreover, the business will establish a foothold for forays into Africa, which despite being a promising potential market is a region where we have had few contacts until now. I think entering the region could become an asset for the entire MOL Group from the perspective of acquiring a deep understanding of the situation in each country and developing business partners and a customer base.

Most of the small- and medium-sized agricultural machinery that KiliMOL carries has rarely been used in Africa. As we are creating a new market, there are various challenges. But if it can effectively stimulate demand, the company has the potential to develop into a large business. To begin, we are targeting Kenya in East Africa, which has thriving agriculture, many smallholder farmers, and conspicuous economic growth. When conducting investigative interviews and demonstrations before starting up full-scale operations, we were often well received. For example, the local media covered our efforts. If we succeed in Kenya, we may be able to expand the business throughout Africa. Therefore, we will continue to actively conduct demonstrations and seek new customers.

Submitting a proposal through the MOL Incubation Bridge system has given me a great opportunity to grow. Previously, I worked in the Corporate Planning Division and was in charge of the Company's work-style reform. While serving in this position, I came into contact with some start-ups and was greatly inspired by the many people who had set up their own companies at a young age and were actively developing businesses. The experience of starting up my own business—made possible by the MOL Incubation Bridge system—will definitely become a valuable asset for me. During the process from application through to selection, I had the strong impression that MOL is serious about supporting the development of new businesses. My business has just begun, but once I have accumulated enough experience I would like to share the lessons I have learned and the know-how I have garnered to benefit the entire MOL Group. I hope that the MOL Incubation Bridge system encourages even more employees to take on new challenges.



A demonstration of agricultural machinery in Kenya



KiliMOL website
https://kilimol.net/en/pages/about_kilimol

A Message from the CFO



We will simultaneously improve our financial position and implement the investment needed for growth and environmental initiatives.

Hisashi Umemura
Executive Officer
Chief Financial Officer (CFO)

Fiscal 2020 Review

I am Hisashi Umemura, and I was appointed as MOL's chief financial officer (CFO) in April 2021. In fiscal 2020, ended March 31, 2021, we initially expected to record a deficit due to the uncertain business environment produced by the COVID-19 pandemic. Ultimately, however, we posted our highest profit since fiscal 2010 thanks to a favorable performance by the containership business, which reflected growing "stay-at-home

demand" and housing-related investment mainly in North America. At the same time, with respect to the Rolling Plan 2020 target of creating free cash flow of ¥100.0 billion over three fiscal years, we were able to achieve positive cash flow of ¥44.2 billion in the first year. Although an extraordinary business environment helped, I am relieved that we have made a good start in improving our financial position.

The Financial Strategies of Rolling Plan 2021

In the 2000s, together with the explosive economic development of emerging countries, we expanded our business mainly in relation to dry bulkers and tankers, and rapidly became one

of the world's largest shipping companies. In the 2010s, however, we struggled due to an oversupply of vessels, which forced us to go through significant business structural reforms

Profit and Financial Targets for Fiscal 2027 (As of April 30, 2021)

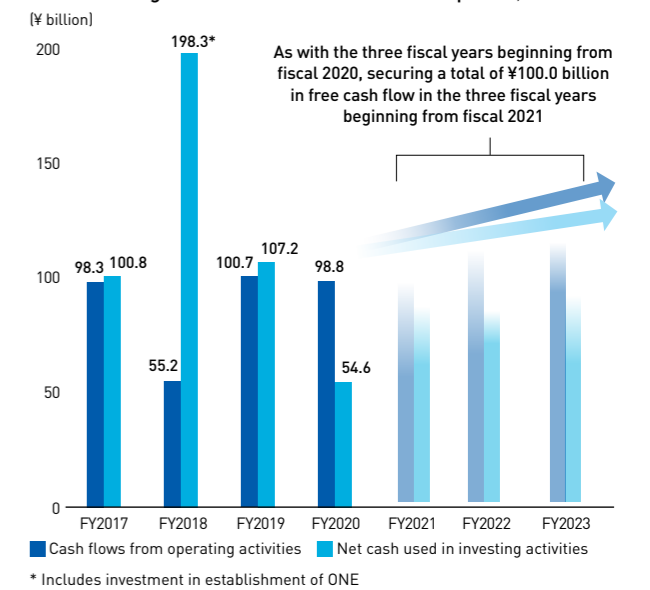
	FY2020 (Results)	FY2021 (Forecast)	FY2022 (Forecast)	FY2023 (Forecast)	FY2027 (Targets)
(¥ billion)					
Profit targets					
Ordinary profit	133.6	100.0	80.0	90.0	130.0
ROE (%)	16.5	15	10	10	10-12
Cash flows			FY2021-2023 cumulative total		FY2021-2026 cumulative total
Cash flows from operating activities (1)	98.8		350.0		800.0
Cash flows from investing activities (2)	-54.6		-250.0		-600.0
Of which, investment	—		-450.0		-1,000.0
Asset disposal and liquidation	—		200.0		400.0
Free cash flow [(1) + (2)]	44.2		100.0		200.0
Financial target (Fiscal year-end)					
Net gearing ratio (Times)	1.63	—	—	1.25	1.00

several times. To become more steady in business performance over the long term, we reduced our market exposure—particularly in relation to dry bulkers—and implemented large-scale investments in LNG carriers and offshore businesses, which offered the prospect of highly stable profits based on long-term contracts. As a result, we made steady progress in restructuring our business portfolio. In the containership business, which was another business segment to be improved, Ocean Network Express Pte. Ltd. (ONE) achieved significant profits in fiscal 2020, its third year of operations. Looking at the balance sheet, meanwhile, at the end of fiscal 2020, the equity ratio and the gearing ratio remained at the levels of 27.6% and 1.78 times, respectively. We still need to rebuild our financial position to realize stable management of the Company going forward. Continuing the strategy of fiscal 2020, Rolling Plan 2021 calls on the Company to secure free cash flow of ¥100.0 billion over the next three fiscal years. Under the plan, we have also set new targets for improving the net gearing ratio, which was 1.63 times at the end of fiscal 2020. Specifically, we aim to improve the ratio to 1.25 times by the end of fiscal 2023 and 1.0 time by the end of fiscal 2027. Although accurately forecasting the results of the containership business is difficult, profits from the long-term contracts of the dry bulk business and the energy and offshore businesses can be planned with quite a high degree of certainty. Therefore, particularly in the three years from fiscal 2021 to fiscal 2023, I believe that we will be able to advance steadily toward realization of both our profit and financial targets.

While improving our financial position, we must also continue to implement necessary investments. Marine transport is currently in a period of transformation. The increased focus on climate change countermeasures and decarbonization presents shipping companies with two issues: calls for reductions in the GHG emissions of existing vessels, most of which are fueled by heavy oil, and declining demand for the transport of fossil fuels, which are our mainstay cargo. On the other hand, increased environmental awareness offers us a significant opportunity to differentiate ourselves from other companies by visualizing and reducing GHG emissions in transport and

by expanding low-carbon and decarbonization businesses. We plan to invest approximately ¥450.0 billion over the three years from fiscal 2021 to fiscal 2023. Of this amount, we have earmarked roughly ¥200.0 billion for investment in low-carbon and decarbonization projects. During these three fiscal years, we expect cash flows from operating activities of ¥350.0 billion in total. This amount together with cash of ¥200.0 billion raised from the disposal or liquidation of vessels and other assets will create free cash flow of ¥100.0 billion in total. For environment-related capital expenditures, we will continue actively to raise funds by utilizing green bonds and loans and consider the use of transition finance that enables us to remain responsible to society and meet the needs of lenders who support environmentally friendly businesses. We will proactively provide readily understandable information to our investors and shareholders about our ESG and sustainability initiatives.

Financial Target (Cash Flow Forecast) (As of April 30, 2021)



Shareholder Returns

As well as continuing to improve our financial position and implement forward-looking investments, increasing shareholder returns is also a major task. We have been pursuing a dividend policy based on a target payout ratio of 20% partly because we had to spend a large amount on business structural reforms and investments focused on LNG carriers in the 2010s, as I mentioned earlier. We do not view this as a sufficient level of compensation for shareholders. Our aim is to provide a level of shareholder returns that is at least in line with the average level for companies listed on the Tokyo Stock Exchange.

We have made efforts to improve our financial position, and these efforts are likely to take several more years. However, we will consider raising the dividend payout ratio when the probability of achieving a net gearing ratio of 1.0 time, which is our target set at the end of fiscal 2027, is increased.

In closing, I would like to ask our shareholders, investors, and lenders for their continued support.

A Message from the Chief Environment and Sustainability Officer (CESO)



As momentum builds in-house, I will exercise leadership as CESO and accelerate efforts to address our Sustainability Issues.

Toshiaki Tanaka
 Director, Senior Managing Executive Officer
 Chief Environment and Sustainability Officer (CESO)

I am now serving in my second year as chief environment and sustainability officer (CESO), a position created in April 2020. When I assumed this position, my mission was to formulate overall sustainability strategies and oversee the implementation of measures from a Groupwide perspective. Immediately, however, the Group was confronted by a series of major issues related to sustainability, with the outbreak of COVID-19 being followed by an accident in which the WAKASHIO, a bulk carrier chartered by MOL, ran aground off Mauritius and spilled oil. In this sense, fiscal 2020 was an extremely challenging year for the MOL Group. On the other hand, through these experiences, I feel that all our employees have strongly reaffirmed our mission to society, which is to continue providing safe, reliable marine transport and other services worldwide no matter what the circumstances, along with

the awareness of the enormous impact that our business can have on the natural environment and local communities in the event of an accident, and the social responsibility that we bear in such cases.

With employees being more aware of social issues, such as the SDGs, in line with social trends, and through the process of identifying five Sustainability Issues (Materiality) in April 2019, recognition of the importance of sustainability has been spreading throughout the Company. Over the past year, the momentum for sustainability initiatives has become greater than ever. In advancing businesses, we now not only focusing on profitability but also sustainability. We have a widely shared sense of crisis stemming from the realization that the survival of the MOL Group is at stake if it falls behind with sustainability efforts.

The change in our awareness is reflected in various initiatives, including our response to the WAKASHIO accident and the establishment of MOL Group Environmental Vision 2.1.

This shared awareness is precisely what has enabled us to react swiftly following the oil spill that resulted from the running aground of the WAKASHIO. In response to the accident, we have been taking a two-pronged approach. The first set of measures is restoring the local environment and contributing to the local community, while a second set of measures is rigorously preventing reoccurrence and strengthening safety management capabilities. More specifically, the first set of measures has entailed expediting efforts to dispatch employees, provide cleaning materials, establish a local representative office, launch projects for the restoration and protection of the natural environment, and establish a charitable trust. In considering contribution measures for the local community, we are holding dialogues with a wide range of stakeholders, such as environmental NGOs, with whom we previously had little contact, and making use of such stakeholder feedback in deciding on specific support. As for the second set of measures, immediately after the accident we set up Companywide cross-divisional project teams tasked with tackling specific themes. We are thoroughly reforming our safety management system, which was more centered on our owned vessels and our managed vessels, by broadening its focus to include chartered vessels and vessels operated by Group companies. Our degree of involvement

in the response to the accident may surprise some, given that charter contracts in the marine transport industry normally attribute responsibility for accidents that vessel caused to shipowners. However, we view this accident as an issue that has significantly shaken the foundations of our business. (For details, please see "Value-Added Transport Services" on page 40.)

Announced on June 18, 2021, MOL Group Environmental Vision 2.1 also reflects the change in our awareness. The new vision's predecessor, which we released a year earlier, called on the Group to "Reduce total annual GHG emissions from the ships by 50% in 2050 compared to 2008" and "Achieve Net Zero GHG Emissions within this century, pursuing earlier." These targets were aligned with goals established in 2018 by the UN International Maritime Organization (IMO), which deliberates on international rules related to marine transport. However, the upgraded environmental vision raises the bar above the IMO's goals by setting the following target: "With a concerted effort throughout the Group, achieve Net Zero GHG Emissions by 2050." Based on this target, we have formulated a long-term road map for emission reduction. This is an extremely ambitious target for the Group as its operation of a large fleet currently consumes a great deal of fossil fuel. Nonetheless, recognizing that emission reduction is an urgent issue for our

sustainability as well as that of society, we are determined to make a concerted Groupwide effort to achieve the target. (For details, please see "Marine and Global Environmental Conservation" on page 44.)

In terms of human resources, in April 2021 we established the Diversity & Inclusion Management Basic Policy and the Declaration on Health and Productivity Management. Diverse personnel are essential for the medium- to long-term

enhancement of corporate value that the MOL Group is seeking going forward. Moreover, to enable such personnel to work with vitality we believe that maintaining and promoting physical and mental health is important. Accordingly, we have clarified our commitment to diversity and health by setting out the policy and declaration. (For details, please see "Human Resource Cultivation and Community Development" on page 52.)

Under the new sustainability promotion framework, we will take vigorous measures to address our Sustainability Issues.

As I have described, we are steadily implementing initiatives under respective themes. The world is changing rapidly, however, and the time has come for us to review the five Sustainability Issues that we identified in fiscal 2019. We plan to make the new Sustainability Issues consistent with the current situation and revise their expression to make them easier to communicate and understand in-house and externally. Further, we plan to set more-specific goals and KPIs by the end of fiscal 2021 so that progress management can be accurately carried out.

As part of efforts to address such tasks promptly and step up our promotion of sustainability, we established the Environment & Sustainability Strategy Division in April 2021. By upgrading the Environment and Sustainability Team, which was formerly subordinate to the Corporate Planning Division, to a division and increasing its personnel, the new division has become the leader of the various initiatives I have mentioned so far. At the same time, the

Environmental Management Committee, a subordinate organization of the Executive Committee, was renamed the Environment and Sustainability Committee to expand its scope of responsibility. These structural changes will strengthen senior management's commitment not just to environmental issues but to sustainability in general.

Our goal is to become a company that earns the trust of stakeholders worldwide for all aspects of its businesses, including service quality, contribution to social issue resolution, and compliance. These are the objectives of the MOL Group that are incorporated into the newly established MOL Group Corporate Mission and the MOL Group Vision. By taking advantage of the growing in-house momentum, I will help enhance the MOL Group's corporate value by demonstrating leadership and performing a cross-functional role throughout the Group while moving forward decisively with reforms.

FOCUS

Dedicated division established to strengthen environmental and sustainability initiatives

By responding to a wide range of social expectations, we will contribute to the improvement of sustainability.



Yuko Shima
 General Manager, Environment & Sustainability Strategy Division

My name is Yuko Shima, and I am general manager of the Environment & Sustainability Strategy Division, which was established in April 2021. With the environmental strategy set at the center of our management plan Rolling Plan 2021 and enhancement of sustainability initiatives becoming increasingly important as a management issue, I feel a great sense of responsibility and fulfillment in leading the division that is tasked with advancing the Group's sustainability measures.

The division has three missions. The first is to establish and promote policies and strategies related to the Group's overall sustainability. The second is to formulate and manage the progress of the MOL Group Environmental Vision and provide cross-divisional support for marketing activities across the Company in relation to environmental strategy. Our third mission is to restore the natural environment and support local communities in Mauritius following the WAKASHIO accident that occurred in 2020.

Soon after its launch, in order to accelerate efforts to address environmental issues such as global warming, the division supported the senior management team's deliberations and was able to announce MOL Group Environmental Vision 2.1 in June 2021. Based on this vision, which is a long-term action plan extending through 2050, we will steadily implement and monitor measures and make detailed adjustments to correct its course.

The next major tasks we need to focus on are a revision of the Sustainability Issues that we identified in fiscal 2019 and the establishment of KPIs. In the more than two years since our identification of these issues, society's expectations and in-house awareness in relation to

sustainability have greatly increased. Consequently, the number of themes we should address has risen, along with the need to clarify goals and manage progress more closely. For example, I believe that we should review our risk management system for issues such as safety, environmental issues, and human rights in relation to supply chains, including yards contracted to demolish owned and chartered vessels, because such issues were not sufficiently examined at the time of identification of the Sustainability Issues. We plan to hold extensive discussions in the Environment and Sustainability Committee and make revisions during fiscal 2021.

In addition, the division will continue to work on restoring the local environment and supporting local communities following the WAKASHIO accident. We are tackling multiple projects in collaboration with experts and local NGOs, coordinating with the personnel of our local representative office. In June 2021, we also completed the establishment of a fund, the MOL Charitable Trust. Further, to ensure the lessons of the accident are internalized by our employees, we plan to hold in-house workshops to review the events of the accident as well as provide training programs to deepen understanding of our social contribution activities in the region. Drawing on my experience as the leader of the fourth team dispatched to the local area, I will continue working toward our goals.

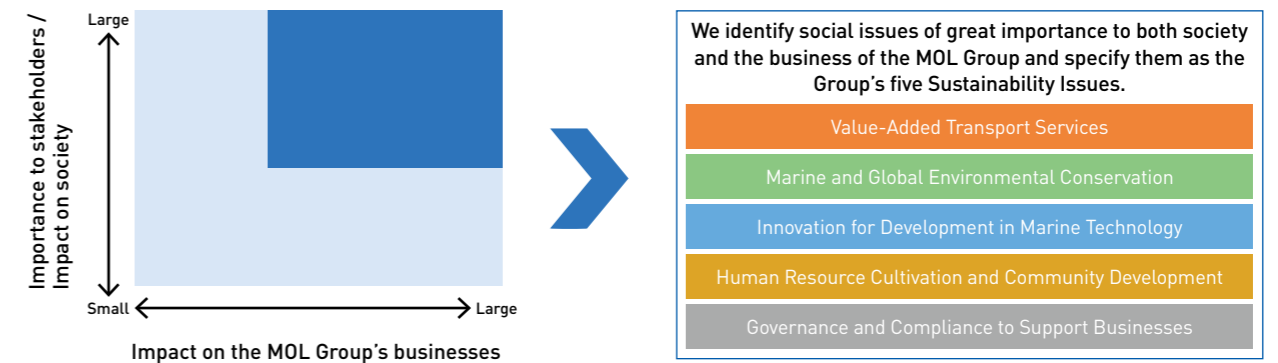
As mentioned above, the division's missions are not only wide-ranging—each of them is equally important. I will steadily advance our initiatives while proactively disclosing information to our stakeholders.

Overview of MOL's Sustainability Issues (Materiality)

The services provided by the MOL Group, centering on marine transport, play an indispensable role as social infrastructure that supports people's day-to-day lives. Upon evaluating the impact on society of the business activities associated with these services from both positive and negative perspectives and assessing the services' relationships with respective social issues, we have identified five issues that need to be given priority as Sustainability Issues (Materiality). We believe that tackling Sustainability Issues will contribute to the achievement of the SDGs as well as the continuous enhancement of our corporate value.

Process for Identifying Materiality

The Sustainability Promotion Project Team, which was formed in 2018, took the lead in discussions according to the following procedure, and the results were approved by the Executive Committee in April 2019.



Revision of MOL's Sustainability Issues

More than two years have passed since we identified the Sustainability Issues. Since then, the environment surrounding the Company and society's expectations of it have changed at a remarkable speed. In order to reflect the current situation and to clarify goals and set KPIs so that the Company can advance initiatives even more actively, the Environment and Sustainability Committee, which is a subordinate organization of the Executive Committee, is conducting deliberations with the aim of revising the Sustainability Issues by the end of fiscal 2021.

Sustainability Issues (Materiality)	Themes / Targets / Goals	Risks (Negative impact in the event goals on the left are not achieved)	Opportunities (Positive impact in the event goals on the left are achieved)	Key initiatives associated with the Sustainability Issues	SDGs to which we contribute via our initiatives (Numbers in parentheses are 169 corresponding targets)				
Value-Added Transport Services P40	<ul style="list-style-type: none"> Safe and reliable transport Large-volume, bulk transport services High-quality transport services Elimination of maritime accidents Elimination of cargo accidents Prevention of work-related injuries 	<ul style="list-style-type: none"> Slowdown in economic activities and logistics Loss of trust in the Company from society Economic burden and damage to assets due to an accident Risk of casualties as a result of an accident 	<ul style="list-style-type: none"> Contribution to active economic activity and creation of new transport demand Contribution to establishment of energy infrastructure in emerging countries Long utilization of vessels through appropriate ship maintenance, leading to enhancement of competitiveness Cultivation of operational insight 	<ul style="list-style-type: none"> Reverifying and strengthening the safety management system that encompasses chartered vessels and vessels operated by Group companies Implementing initiatives aimed at fostering a safety-focused culture through holding in-house events, training, etc. 	<ul style="list-style-type: none"> Promoting inclusive and sustainable industrialization (9.2) and alleviating poverty (1.1, 1.2) Supplying modern and sustainable energy to developing countries (7.b) Preventing marine pollution (14.1) Environmentally sound management of chemicals and waste (12.4) Promoting partnerships with the public and private sectors (17.17) 				
Marine and Global Environmental Conservation P44	<ul style="list-style-type: none"> Prevention of marine pollution Promotion of measures to mitigate climate change Reduction of air pollution Response to environmental regulations Realization of transport means with low environmental impact 	<table border="0"> <tr> <td style="vertical-align: top;">Climate Change</td> <td> <ul style="list-style-type: none"> Decline in energy transport volume Delay in response to changing transport demand and trade dynamics Obstruction to safe operation caused by extreme climate conditions </td> </tr> <tr> <td style="vertical-align: top;">Response to Regulations</td> <td> <ul style="list-style-type: none"> Disruption to vessel operation Loss of trust in the Company from society Economic burdens such as fines and sanctions </td> </tr> </table>	Climate Change	<ul style="list-style-type: none"> Decline in energy transport volume Delay in response to changing transport demand and trade dynamics Obstruction to safe operation caused by extreme climate conditions 	Response to Regulations	<ul style="list-style-type: none"> Disruption to vessel operation Loss of trust in the Company from society Economic burdens such as fines and sanctions 	<ul style="list-style-type: none"> Incorporation of new transport demand and establishment of new transport model that quickly captures changes in cargo movements Development of new sailing routes (Arctic Ocean) 	<ul style="list-style-type: none"> Advancing strategies to achieve the goals of MOL Group Environmental Vision 2.1 Reflecting the TCFD framework in business management 	<ul style="list-style-type: none"> Improvement of energy efficiency (7.3), promotion of clean energy use (7.a) Mitigation of climate change (13.3) Preventing marine pollution (14.1) and protecting biodiversity (14.2) Promotion of sustainable forest management (through biomass fuel transport) (15.2) Promoting partnerships with the public and private sectors (17.17)
Climate Change	<ul style="list-style-type: none"> Decline in energy transport volume Delay in response to changing transport demand and trade dynamics Obstruction to safe operation caused by extreme climate conditions 								
Response to Regulations	<ul style="list-style-type: none"> Disruption to vessel operation Loss of trust in the Company from society Economic burdens such as fines and sanctions 								
Innovation for Development in Marine Technology P48	<ul style="list-style-type: none"> Promotion of LNG fuel usage Advancement in the Wind Challenger Project Realization of autonomous sailing 	<ul style="list-style-type: none"> Obsolescence of existing technologies Inability to respond to future shortage of seafarers 	<ul style="list-style-type: none"> Reduction of environmental impact by the widespread use of LNG fuel and the application of natural energy Improved competitiveness of offshore businesses and marine transport Enhanced ability to respond to environmental regulations 	<ul style="list-style-type: none"> Utilizing digital technologies that enable the realization of stress-free services Developing technologies that contribute to environmental measures, vessel management and operation support, and crew member workload reduction 	<ul style="list-style-type: none"> Improvement of energy efficiency (7.3), promotion of clean energy use (7.a) Improvement of sustainability through increased resource-use efficiency and greater adoption of clean technology (9.4) Efficient use of natural resources (12.2) Mitigation of climate change (13.3) Prevention of marine pollution (14.1) Promoting partnerships with the public and private sectors (17.17) 				
Human Resource Cultivation and Community Development P52	<ul style="list-style-type: none"> Employment of high-quality seafarers Development of human resources Pursuit of work-style reforms Promotion of diversity Contribution to regional development 	<ul style="list-style-type: none"> Loss of outstanding human resources Decline in productivity 	<ul style="list-style-type: none"> Improvement of human resource competitiveness through recruitment of outstanding talent and improved work productivity Promotion of innovation and response to business opportunities Incorporation of various ideas by attracting a diverse pool of talent from all over the world Economic development and a higher standard of living in emerging countries 	<ul style="list-style-type: none"> Implementing various measures in accordance with our Diversity & Inclusion Management Basic Policy Creating an environment where employees can demonstrate their creativity Developing outstanding seafarers through MMMA, a jointly owned maritime academy in the Philippines 	<ul style="list-style-type: none"> Providing access to high-quality technical and vocational education (4.3) Ensuring women's full participation and equal opportunities for leadership (5.5) Providing productive employment and rewarding, decent work (8.5) Promoting partnerships with the public and private sectors (17.17) 				
Governance and Compliance to Support Businesses P65	<ul style="list-style-type: none"> Adherence to fair business transactions Prevention of bribery and corruption Establishment of information security structure Prevention of harassment Protection of human rights 	<ul style="list-style-type: none"> Business continuity risks due to insufficient governance and internal controls Corrupted corporate culture 	<ul style="list-style-type: none"> Highly transparent and fair management Decision-making based on appropriate risk management 	<ul style="list-style-type: none"> Studying governance strengthening measures through the Corporate Governance Council Revising and monitoring the directors' remuneration plan Reviewing the Board of Directors with respect to such considerations as a skills matrix and diversity & inclusion 	<ul style="list-style-type: none"> Ensuring equal opportunity (10.3), achieving inclusion regardless of attributes (10.2) Reduction in bribery (16.5) Promoting partnerships with the public and private sectors (17.17) 				

Value-Added Transport Services

In today's globalized society, reliable shipment of a wide variety of goods from all over the world underpins the richness and comfort of everyday life. In addition, the existence of means to transport goods from regions with surpluses to those with shortages generates economic activity and creates value added. As the provider of one of the main logistics arteries supporting people's daily life and industries around the world, the MOL Group must fulfill the role that is both its greatest responsibility as well as the very reason for its existence by constantly providing safe, high-quality transport services.



Safety is the keystone of our value creation.

Akihiko Ono

Representative Director, Executive Vice President, Executive Officer, Chief Safety Officer (CSO)

Safety is an eternal, unchanging task for MOL as an entity engaged in marine transport, a part of society's infrastructure. Through "transport" that links various parts of the world, we deliver resources and goods to those who need them, thereby supporting industries and people's daily life. For this reason, disruption of this transport by an accident could hinder a wide range of activities. Of course, accidents must also be avoided at all costs as they can harm or damage irreplaceable natural and living environments, not to mention the crew members and vessels that support our operations. Continuing to provide safe, reliable transport services—and thereby maintaining the trust of our customers and other stakeholders—is the keystone of our value creation.

In this sense, the accident in 2020 in which the WAKASHIO, a bulk carrier chartered by MOL, ran aground and spilled oil was an event that could shake the foundations of our business. Under shipping laws and time-charter contracts, the shipowner is usually held responsible for the damages related to an accident caused by the vessel. As this accident was caused by a vessel that MOL had chartered from the shipowner, in principle the shipowner has the legal liability. However, the majority of the approximately 800 vessels in MOL's fleet are chartered from various shipowners. Since we use chartered vessels in providing a large part of our marine transport services, we do not believe that accidents caused by such vessels have nothing to do with us. As the charterer, we were one of the parties involved in the accident. We have a social responsibility to support the shipowner, work in good faith to prevent further damage and restore the environment, and do our utmost to prevent such an

accident from happening again. This accident has shown that we need to take a more proactive approach to safety management and crew training for chartered vessels, with respect to which our involvement has been more limited than it is for our owned vessels. Determined not to let this opportunity go to waste, I will work with a strong resolve as chief safety officer (CSO) to heighten our levels of safety.

In December 2020, we announced measures to prevent the reoccurrence of the accident, which included establishment of four themes: (1) Enhance the skills of crew members and ensure their safety-related behavior, (2) Review ship operation management and strengthen support system from shore side, (3) Enhance methods for selecting and evaluating shipowners and ship management companies, and (4) Other hardware measures. A dedicated project team for each theme is studying and implementing Companywide measures that transcend divisional boundaries. In implementing the measures, we are seeking cooperation not only in-house but also from shipowners and other external stakeholders. By carefully explaining our approach and gaining their understanding, we will steadily heighten safety levels.

Now, in the early 2020s, the MOL Group is facing a time of change. Going forward, the Group will go beyond marine transport to develop a range of social infrastructure businesses. Nevertheless, our commitment to safety will not change in any way. Allow me to reiterate—our ability to provide value to society is premised on safety. With this in mind, we will continue forging ahead in pursuit of the world's highest levels of safety.

Organizational Structure Supporting Safe Operation

The Operational Safety Committee, which is a subordinate organization of the Executive Committee, deliberates and determines basic policies and measures for ensuring and thoroughly enforcing the safe operation of all Group vessels. In addition, the CSO is delegated by the CEO to supervise strategy planning and policy implementation to make sure safety is maintained in the overall business of the MOL Group and provide necessary advice to sales units' director generals and executive officers. The Safety Operations Headquarters is responsible for the formulation and implementation of measures related to Companywide safe operation.

Further, to provide support that is more closely coordinated with frontline operations, we have established the Safety Operation Supporting Center (SOSC) in our Head Office. Staffed by experienced captains, the center supports safe vessel operations 24 hours a day, 365 days a year from shore. Since MOL Group vessels crisscross the world's oceans, they must respond effectively not only to adverse weather and sea conditions, such as stormy weather, tropical depressions, and frozen sea routes, but also to numerous challenging situations, such as political instability and piracy. The SOSC gathers all sorts of information relevant to vessels underway, including the itineraries and positions of the approximately 800 vessels operated by the MOL Group,

weather and sea information, and reports from domestic and international news media. The center shares timely information on risks with related parties both land-based and sea-based, including vessels, ship management companies, marine technical teams, and vessel operators. Whenever necessary, the center also provides advice to individual captains. In these ways, the SOSC makes every effort to prevent serious accidents. In response to the accident off Mauritius in 2020, we have further strengthened our support capabilities by increasing the number of personnel at the SOSC and utilizing digital technologies.



The SOSC, located in our Head Office

Organizational Structure Supporting Safe Operation (Fiscal 2021)

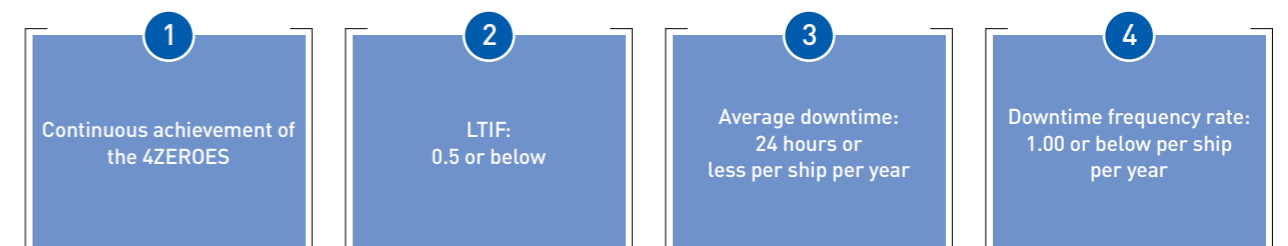
Operational Safety Committee	Safety Operations Headquarters	
Chair: Executive vice president Members: Eight executive officers including the CEO Observer: Chairman	Marine Safety Division Offshore Technical Division Smart Shipping Division Marine Technical Management Division	LNG Marine Technical & Ship Management Strategy Division Ship management companies (MOL Ship Management Co., Ltd. and MOL LNG Transport Co., Ltd.)

KPIs for Ensuring Thoroughly Safe Operation

With the aim of ensuring thoroughly safe operation, the MOL Group quantitatively assesses safety levels and visualizes the processes for achieving safe operation. In doing so, we set goals using indicators such as "4ZEROES" (zero serious marine incidents, zero oil pollution, zero fatal accidents, and zero serious cargo damage), lost time injury frequency (LTIF),*1 average downtime,*2 and downtime frequency rate*3—all of which we have been pursuing since 2010. We revise our standards and their scope in a timely manner. In fiscal 2020, we set a more stringent LTIF numerical target, lowering it from 0.7 or below to 0.5 or below. Further, taking into consideration the accident in 2020 in which a chartered vessel ran aground off Mauritius and

spilled oil, as of fiscal 2021 MOL has extended the scope of safety KPI calculations beyond its approximately 240 owned vessels and managed vessels to encompass all of the roughly 800 operating vessels of the MOL Group, including chartered vessels. The KPI results of MOL's owned vessels and managed vessels are shared with all employees monthly. The results of all the MOL Group's operating vessels and chartered vessels are calculated every three months, and plans call for sharing quarterly results Companywide. Also, we are considering disclosing these KPI results to external stakeholders via our website.

[▶ For details on our KPI results, please see page 14.](#)



*1 The number of work-related accidents per one million hours worked. In the scope of calculations, we previously included only workplace illnesses and injuries requiring disembarkation from vessels. However, the LTIF criterion was made more stringent in fiscal 2015 and now includes any workplace illness or injury that prevents a worker from resuming normal duties or light duties on that day, regardless of whether the illness or injury requires disembarkation.

*2 The amount of downtime due to mechanical malfunction or accident per ship per year

*3 The number of mechanical malfunctions or accidents that result in downtime per ship per year

Value-Added Transport Services

Marine Incident Readiness

The MOL Group has compiled its own response manual to deal with emergencies involving serious marine incidents and makes it available to all employees at all times. Moreover, we regularly conduct emergency response training onboard all MOL-operated vessels, simulating various situations, such as fires, water immersion, piracy, and acts of terrorism. Once a year, we conduct tabletop drills, which involve MOL's CEO, relevant executive officers, and representatives of relevant departments and ship management companies, operating vessels, and Group companies. The Coast Guard and the media also cooperate with these drills. In 2018, we conducted a tabletop drill simulating the collision of an LNG carrier with another vessel, and in 2019 we conducted a drill simulating a fire on a containership. (In 2020,

MOL did not conduct a drill as it was taking measures in response to the accident off Mauritius.) We plan to continue regularly conducting drills, and will disclose the details of drills externally.



A tabletop drill simulating an emergency response to a serious marine incident

Fostering a Safety Culture throughout the Company

► Coordination between Land-Based and Sea-Based Employees

At MOL, about 40% of sea-based employees spend significant portions of their careers assigned to offices, such as the Head Office. These employees are mainly assigned to departments that require onboard experience and expertise. While providing marine technical support that includes help with efforts to ensure safety, sea-based employees communicate on a daily basis with the sales division personnel working in the same office.

► Onboard Training

Achieving safe operation requires not only sea-based employees but also land-based employees to have high levels of safety awareness based on an in-depth understanding of what is happening in frontline operations onboard vessels. MOL encourages land-based employees to train onboard our vessels for approximately one to three weeks so that the employees can gain knowledge and hands-on experience of vessels and vessel operations.

► Safety Campaigns

MOL takes a variety of measures to provide opportunities for officers and employees on land and at sea to think about safety together. During annual safety campaigns in normal years,

officers and employees visit ships in port and exchange opinions on accident prevention with crew members in charge of on-site safety. As a new initiative in response to the COVID-19 pandemic, we conducted online video conferences linking land and sea in fiscal 2020. A total of 576 employees and crew members on board 92 vessels participated. As well as enabling employees to have many meaningful discussions, the conferences provided an opportunity to give moral support to crew members, who continue to support the frontline operations of marine logistics as essential workers despite facing a range of challenges associated with the COVID-19 pandemic.

► Operational Safety Workshops

The Marine Safety Division regularly holds Operational Safety Workshops targeted at land-based officers and employees to underscore that safe operation is not merely entrusted to crew members but involves every employee. Held online, the fiscal 2020 workshops were themed on topics about which employees are particularly concerned, including the accident off Mauritius in 2020 and the COVID-19 pandemic's effect on vessel operations and crew member rotation. Numerous employees participated in the workshops and had lively question and answer sessions and discussions. The details of the discussions are posted on the intranet so that employees can refer to them at any time.

A Renewed Commitment to Safety Included in a Revision of Our Values and Code of Conduct

In April 2021, we renamed our MOL CHART values and code of conduct "MOL CHARTS," with the additional "s" standing for "safety." This revision signifies our unshakable resolve to pursue world-class safety levels in light of the accident in which the WAKASHIO ran aground and spilled oil. By instilling a stronger awareness of MOL CHARTS in Group employees worldwide, we will further reinforce the position of safety in our corporate culture.



Rigorous Measures to Prevent Reoccurrence of the WAKASHIO Grounding and Oil Spill Accident



Very regrettably, the WAKASHIO, a bulker chartered by MOL under a long-term charter, ran aground off Mauritius and spilled bunker oil into the sea in 2020. This accident has significantly impacted the local natural environment as well as the local community. Although responsibility for selection of the sea route and operation of the vessel lay with the shipowner, we view the accident as an extremely serious issue with ramifications for our management foundations because it was caused by a vessel that is part of our supply chain and is

engaged in providing our marine transport services, the core of our business. Therefore, we believe that we have a responsibility to review all aspects of our safety management systems and take rigorous measures to prevent reoccurrence. Soon after the accident, we established cross-divisional project teams and assigned them specific themes. These teams are formulating and implementing measures to prevent reoccurrence, shown in the table below.

Overview of Measures to Prevent Reoccurrence

Themes	Items	Details
Enhancing the skills of crew members and ensuring their safety-related behavior	Improving the safety awareness of crew members	<ul style="list-style-type: none"> Thoroughly disseminating the outline and cause of the accident throughout the Group, including chartered vessels Conducting safety campaigns and questionnaire surveys of crew members
	Improving crew members' knowledge of vessel facilities	<ul style="list-style-type: none"> Producing and distributing educational videos about electronic nautical charts
	Increasing our involvement in the selection of crew members for chartered vessels	<ul style="list-style-type: none"> Ensuring that shipowners rigorously comply with MOL's requirements for crew members Having MOL observers participate in shipowners' pre-boarding briefings, etc., with the senior crew members of vessels for MOL
Reviewing ship operation management and strengthening support system from shore side	Ensuring operating vessels select appropriate routes and navigate safely	<ul style="list-style-type: none"> Standardizing instructions to vessels and route confirmation procedures
	Sharing safety awareness with the owners of chartered vessels	<ul style="list-style-type: none"> Sharing knowledge with shipowners and identifying items that need to be addressed
	Enhancing Companywide vessel operation capabilities and educating operators	<ul style="list-style-type: none"> Deepening understanding of operational practices through Companywide study meetings and considering internal certification for vessel operations personnel
	Ensuring close coordination between land-based and sea-based employees and enhancing the SOSC's support of operating vessels	<ul style="list-style-type: none"> Strengthening cooperation through information dissemination from the SOSC to operators and mutual communication Increasing SOSC personnel and reinforcing the monitoring system Developing and introducing a navigation risk monitoring system
Enhancing methods for selection and evaluation of shipowners and ship management companies	Revising quality standards	<ul style="list-style-type: none"> Explaining revised quality standards to shipowners and concluding memorandums
	Reinforcing vessel inspections	<ul style="list-style-type: none"> Implementing stricter vessel inspections based on the revised quality standards
	Checking the current situations of shipowners	<ul style="list-style-type: none"> Strengthening involvement with substandard chartered vessels, shipowners, and ship management companies
Other hardware measures	Receiving external assessments of MOL's safety management system	<ul style="list-style-type: none"> Requesting assessments of our safety management system by ship classification societies or other third parties
	Enhancing vessel communication facilities	<ul style="list-style-type: none"> Installing satellite communication facilities onboard our owned vessels Encouraging chartered vessel owners to install such facilities

► Time Line of the WAKASHIO Grounding Accident and the MOL Group's Responses

Accident Time Line

MOL Group's Actions	
July 25	Ran aground off Mauritius
August 6	Began spilling bunker oil (approx. 1,000 tons)
September 11	Announced initiatives to restore the environment and help the local community
September 15	Conducted dialogue with environmental NGOs and experts
December 18	Announced measures to prevent reoccurrence
January 9	Cleanup completed by a specialist cleaning company (arranged by the shipowner)

The MOL Group's Responses

Personnel contributions <ul style="list-style-type: none"> Dispatched a total of 21 employees to Mauritius as support teams Established a local subsidiary and assigned a representative
Measures to restore the natural environment <ul style="list-style-type: none"> Conducted an environmental assessment in collaboration with experts on mangroves, wild birds, coral reefs, and fisheries
Social contribution activities in collaboration with NGOs <ul style="list-style-type: none"> Partnered with an international NGO to support local fisheries workers Supported a local NGO in building a new childcare facility in the community near the area polluted by oil Conducted other support activities based on local needs
Measures to prevent reoccurrence <ul style="list-style-type: none"> Established project teams tasked with addressing specific issues and formulated and implemented measures to prevent reoccurrence

► Development and Introduction of a Navigation Risk Monitoring System

In March 2021, in partnership with NAPA Ltd., which develops support systems for vessel operations, and Nippon Kaiji Kyokai, or ClassNK, we began the full-scale development of navigation risk monitoring systems, which we had been studying since immediately after the accident off Mauritius as part of efforts focused on "reviewing ship operation management and strengthening support system from shore side"—one of the themes of our measures to prevent reoccurrence. We have started with development of a grounding risk monitoring system that uses data on vessel positions and water depth to automatically detect vessels that may enter highly dangerous waters and issues alerts in real time. Field tests involving actual operating vessels have already begun, aimed at an early full-scale introduction of the system. In the long run, we plan to develop this system into a more sophisticated navigation risk monitoring system by working with partners.

► For details on our responses to the accident, please visit the special section of our website.

<https://www.mol.co.jp/en/sustainability/incident/index.html>

Marine and Global Environmental Conservation

For the sustainability of both the MOL Group and society, environmental issues that can affect the entire human race—such as mitigating climate change, preserving the marine environment, protecting biodiversity, and preventing air pollution—are crucial and should be given a high priority. Based on MOL Group Environmental Vision 2.1, established in June 2021, we will contribute to the sustainable development of our society and preservation of nature. Through such efforts, from the blue oceans, we sustain people's lives and ensure a prosperous future.

Overview of MOL Group Environmental Vision 2.1

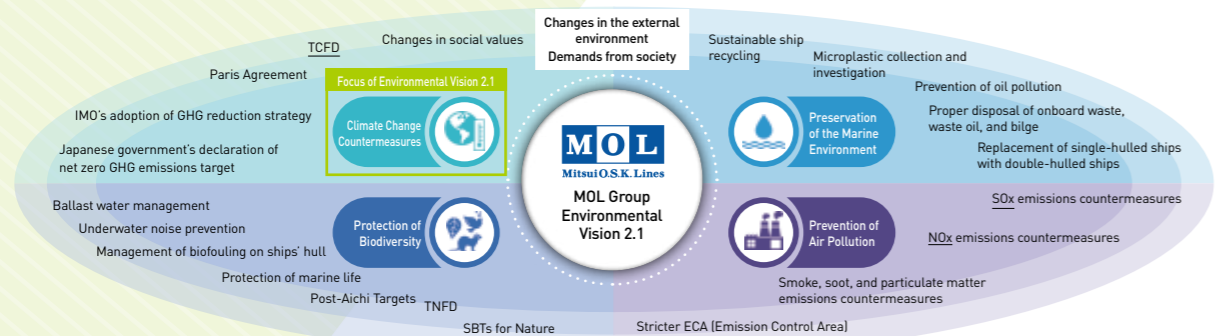
In April 2018, the International Maritime Organization (IMO) adopted a strategy on the reduction of GHG emissions from ships, which comprehensively set out international shipping GHG reduction targets and measures to achieve them. A target in it was to achieve zero GHG emissions from international shipping within the 21st century. To reflect our commitment to achieving this, in June 2020 we formulated MOL Group Environmental Vision 2.0. Since then, however, the social movement toward reducing GHG emissions has accelerated even more rapidly, as exemplified by the Japanese government's declaration for

attaining net zero GHG emissions by 2050. In response, we announced MOL Group Environmental Vision 2.1 in June 2021, as an upgrade of the previous vision. In the area of climate change countermeasures, which is at the heart of the new environmental vision, we have set an ambitiously high GHG reduction target and also drew up a road map for achieving it. In addition, we clarified our intention to undertake efforts that exceed regulatory requirements in other areas, such as preservation of the marine environment, protection of biodiversity, and prevention of air pollution.

MOL Group Environmental Vision 2.1

For the next generation on board this planet, the MOL Group will work collaboratively with our partners and stakeholders with creativity to resolve environmental issues. We will continue to provide solutions for issues of high importance such as the preservation of the marine environment, protection of biodiversity and prevention of air pollution, and in order to tackle climate change with utmost urgency, the MOL Group will make a concerted effort to achieve net zero GHG emissions by 2050. With these contributions for the sustainable development of our society and the preservation of nature, from the blue oceans, we sustain people's lives and ensure a prosperous future.

▶ Please visit our website for more details about MOL Group Environmental Vision 2.1.
https://mol.disclosure.site/pdf/en/env-vision/mol_group_environmental_vision_2.1.pdf



Climate Change Countermeasures

Medium- to Long-Term Targets

- 1 Deploy net zero emissions oceangoing vessels in the 2020s
- 2 Reduce GHG emissions intensity by approximately 45% by 2035 (vs. 2019*)
- 3 With the concerted effort throughout the Group, achieve net zero GHG emissions by 2050

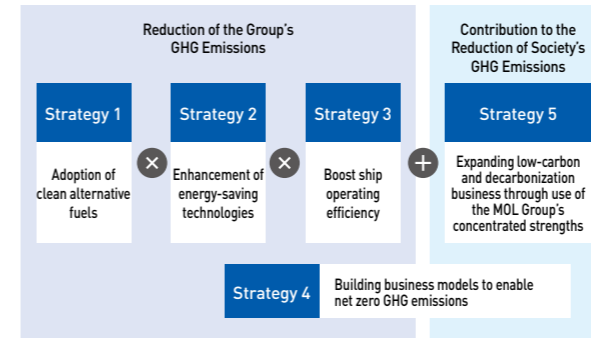
*1 Intend to acquire certification in compliance with SBT guidance for marine transport

2035 target: In addition to Scope 1, part of Scope 3 covered (international marine transport operated by MOL)
 2050 target: All of Scope 1, 2, and 3 covered (MOL + consolidated subsidiaries)

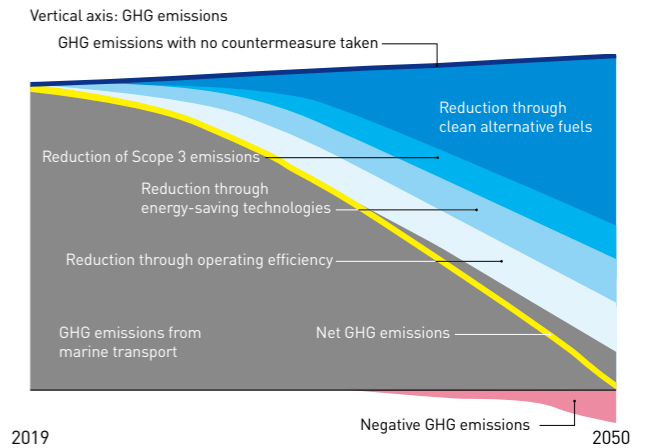
Highlights of Revisions

- ▶ Brought forward the target year for beginning deployment of a zero emissions oceangoing vessel
 In response to progress in technological development and other changes in the external environment, we aim to begin the deployment of zero emissions oceangoing vessels at an earlier stage.
- ▶ Set new medium-term intensity reduction targets
 In line with the SBT guidance for marine transport, we have established new targets for intensity reduction based on scientific evidence.
- ▶ Brought forward the target year for achieving net zero GHG emissions to 2050
 To achieve the 1.5°C target, we aim to achieve net zero GHG emissions for the entire Group by 2050.
- ▶ Set a net zero GHG emissions target that includes emissions in supply chains
 We have extended the coverage of the net zero GHG emissions target from the previous Scope 1 to include Scope 2 and Scope 3.

Five Initiatives to Achieve Medium- to Long-Term Goals in MOL Group Environmental Vision 2.1



The MOL Group's Pathway to Net Zero GHG Emissions

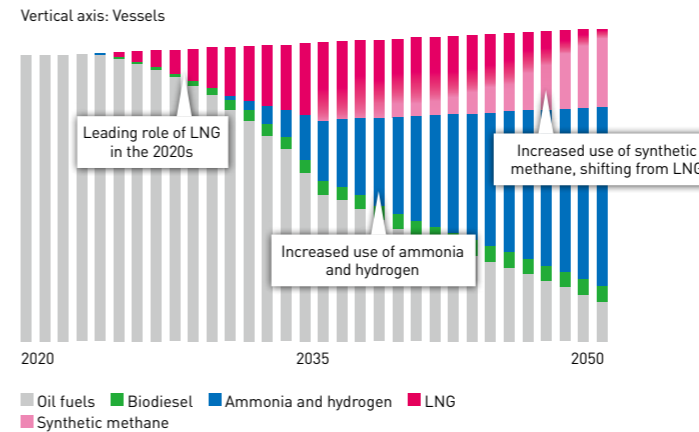


Strategy 1 Adoption of Clean Alternative Fuels

Technologies have not been established yet for using net zero emission fuels in large oceangoing vessels and are still under development. The MOL Group has already completed designing an electric-powered net zero emissions coastal tanker, and plans to commence its operations in 2022. As for oceangoing vessels, we aim to start operating net zero emissions vessels in the late 2020s, and

expand such fleet to approximately 110 vessels by 2035, in a bid to reduce GHG emissions intensity by roughly 45%. We will start by adopting immediately available lower emission fuels, such as LNG and biodiesel, while at the same time work to introduce next-generation fuels like ammonia. We aim to achieve our targets by maximizing the reduction effect of a variety of clean alternative fuels.

Composition of the MOL Oceangoing Fleet by Fuel Type Going Forward*



Major Milestones

- During the 2020s
Deploy net zero emissions oceangoing vessels
- 2030
Approximately 90 LNG-fueled vessels**
- 2035
Approximately 45% reduction in emissions intensity (vs. 2019, plan to acquire SBT certification)
Approximately 110 net zero emissions oceangoing vessels (use synthetic methane, ammonia, hydrogen, biodiesel, etc.)

*3 Only includes vessels operated by MOL that fall under Scope 1 emissions
 *4 Excluding LNG carriers that already use LNG as fuel

Strategy 2 Enhancement of Energy-Saving Technologies

In addition to promoting environmentally friendly technologies we have developed to date, we will boldly tackle the introduction of innovative energy-saving technologies.

- Wind Challenger Project (Please refer to page 51 for details.)
- Reduce environmental load with Propeller Boss Cap Fins (PBCFs)

Strategy 3 Boost Ship Operating Efficiency

While accumulating industry-leading levels of big data on vessel operations, we will collaborate with domestic and overseas research institutions, universities, and start-ups to increase the efficiency of vessel operations with cutting-edge fluid analysis and AI analysis.

- FOCUS Project (Please refer to page 50 for details.)
- Establishment of a project team tasked with boosting ship operating efficiency

Strategy 4 Building Business Models to Enable Net Zero GHG Emissions

- Active involvement in regulation and rule-making
- Development of negative emissions projects
- Fair disclosure of emissions
- Creation of carbon credits
- Reduction of GHG emissions in supply chains
- Introduction of internal carbon pricing



Marine and Global Environmental Conservation

Strategy 5 Expanding Low-Carbon and Decarbonization Business through Use of the MOL Group's Concentrated Strengths

Capturing the wave of global energy shift, the MOL Group will contribute to the decarbonization of society as a whole by combining its accumulated knowledge to enhance the value of clean energy supply chains.

Expertise in Liquefied Gas Transport and Handling	Business Development and Project Management Capabilities	Trust of Customers Earned through Existing Marine Transport Operations
<ul style="list-style-type: none"> Broad knowledge and experience in LNG transportation with a world-class track record and in LNG-related fields, such as LNG fuel supply and operation of offshore LNG receiving terminals (FSRUs) Extensive experience transporting liquefied gas other than LNG, such as LPG, ammonia, and ethane 	<ul style="list-style-type: none"> Experience that includes becoming the first shipping company in Asia to own and operate an FSRU First Japanese shipping company to invest in business for self-elevating platform (SEP) vessels for installation of offshore wind power generation systems As a member of the e5 Consortium, involved in the development of the world's first electric tanker 	

Leveraging our expertise and conducting concrete projects to help advance transition to a low-carbon or decarbonized society
Enhancing the value of the clean energy supply chains and contributing to the decarbonization of society

Generating clean energy	Production	(Prime Examples) <ul style="list-style-type: none"> Projects related to offshore wind power farms (first SOV business in Asia, investment in a company that owns SEP vessels, transport of wind power generation equipment, etc.) 		
	Storage and supply	<ul style="list-style-type: none"> Development of green hydrogen production and supply systems on ships (Wind Hunter) Involvement in projects for CCU/CCS and liquefied CO₂ carriers for producing blue ammonia and blue hydrogen 		
Delivering clean energy	Marine transport	<ul style="list-style-type: none"> Transport of LNG, ammonia, and liquefied hydrogen 		
Utilizing clean energy	Storage and supply	<ul style="list-style-type: none"> Joint development of ammonia fuel supply chains for ships Joint research into liquefied hydrogen supply infrastructure Operation of offshore LNG receiving terminals (FSRU and FSU) 		
	Use	<ul style="list-style-type: none"> Supply of clean electric power with LNG-to-Powerships Proactive switching to clean alternative fuels Promote use of Wind Challenger systems to propel vessels with wind power 		

Initiatives for Environmental Issues Other than Climate Change Initiatives

Prevention of Air Pollution

- SOx emissions countermeasures**
- Utilizing compliant fuel with sulfur content of 0.50% or less
 - Equipping vessels with SOx scrubbers
 - Switching to alternative fuels
- NOx emissions countermeasures**
- Installing onboard SCR (selective catalytic reduction) systems
 - Installing onboard EGR (exhaust gas recirculation) systems

Protection of Biodiversity

- Compliance with ballast water regulations**
- Developing ballast water management systems in cooperation with manufacturers
 - Steadily installing the systems on MOL-owned vessels since fiscal 2014; 215 vessels completed as of May 2021 (80% coverage) and should finish for all vessels in fiscal 2024

Preservation of the Marine Environment

- Collection and investigation of marine microplastics**
- Planning to install microplastic collection equipment in a new wood chip carrier scheduled for completion in 2022
- Processing of onboard waste, waste oil, and bilge**
- Processing waste, waste oil, and bilge (water contaminated with oil, etc.) in compliance with applicable treaties and environmental regulations
- Initiatives regarding ship recycling**
- ➡ Please refer to page 75 for more information.

Support for TCFD Recommendations and Conduct of Scenario Analysis

MOL conducts scenario analysis using the TCFD framework to identify risks and opportunities that may arise from climate change. MOL Group Environmental Vision 2.1 incorporates the latest results of scenario analysis into measures for addressing potential risks

and opportunities. To further enhance its response to climate change, in fiscal 2021 we plan to add a 1.5°C scenario to the cases for analysis, which so far has included the well-below 2°C scenario.

➡ Please visit our website for more detailed information about disclosures based on TCFD recommendations. <https://mol.disclosure.site/en/themes/215>

Governance

In April 2019, MOL established the Environmental Management Committee (renamed the Environment & Sustainability Committee effective April 1, 2021) as a subordinate committee of the Executive Committee. The committee deliberates and determines basic policies for climate change-related matters. On April 1, 2021, we also newly established the Environment & Sustainability Strategy Division to execute initiatives for the Group's environmental strategies and sustainability issues in an integrated manner. Going forward, we will integrate the TCFD framework into our management plan (rolling plan) to incorporate

the impact of climate change in our business strategies and our financial plan.

Organizations Mainly Involved in Policy Making and Strategy Execution

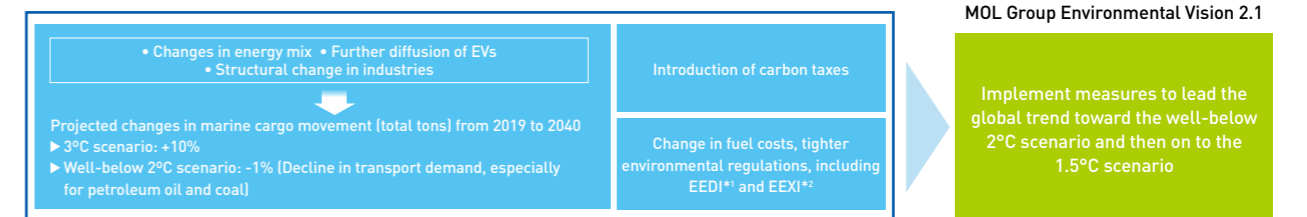


Strategy

MOL strives to grasp various risks and opportunities expected to result from climate change. In fiscal 2020, the Environment & Sustainability Strategy Division held intensive discussions with the sales divisions to shed light on not only transition risks that are easier to relate to a financial impact but also the impact we face when physical risks materialize. In regard to overall climate change risks and opportunities, the Environment & Sustainability Committee monitors items, content, and the status of our response to confirm the impact on our businesses from a

long-term viewpoint. Especially regarding the impact of climate change on cargo movement, each sales division creates their own long-term outlook based on the well-below 2°C scenario and the 3°C scenario, and quantitatively assesses the impact on their operations, using fiscal 2040 as a reference year. Going forward, we will advance our analysis based on the 1.5°C scenario. In the meantime, we will also carry forward various measures to demonstrate our resilience in any of these scenarios.

Major Risks and Opportunities Identified in Scenario Analysis (Items likely to have a major impact)



*1 EEDI (Energy Efficiency Design Index): An index of the CO₂ emissions of new vessels at their design and construction stages that compares the fuel economy performance of different vessels. A reduction percentage versus a standard is established and must be met when building new vessels.

*2 EEXI (Energy Efficiency Existing Ship Index): An indicator and regulation for the fuel efficiency of vessels that will be introduced from 2023. Required standards must be satisfied by limiting engine output limitations, etc. The standards are set at the same level as EEDI regulatory levels for new vessels in 2023.

Risk Management

In our core oceangoing marine transport business, risks related to climate change include bunker price fluctuations, disruptions

in ship operation, and damage from natural disasters. These may have an impact on our businesses and performance.

➡ Please refer to "Risk Management" on page 70 for more information.

Indicators and Targets

MOL sets three medium- to long-term targets in MOL Group Environmental Vision 2.1. We also actively demonstrate our

efforts to reduce GHGs, including disclosing emission results in the range of Scope 1, 2, and 3.

➡ Please refer to "The Outcomes of Value Creation" on page 14 and "Financial and Non-Financial Highlights" on page 76 for more information about Scope 1 GHG emissions. ➡ Please visit our website for details on our Scope 2 and 3 GHG emissions. <https://mol.disclosure.site/en/themes/113>

Innovation for Development in Marine Technology

The MOL Group is advancing the development of novel technologies based on its broad technological base that ranges from long-accumulated knowledge of ship hardware to the latest digital and artificial intelligence (AI) technologies, with the aim of solving various management issues, such as achieving net zero GHG emissions by 2050 and realizing the world's highest levels of safety.



MOL aims to create innovation that can upgrade marine logistics as a whole.

Makoto Yamaguchi

Executive Officer
Director General, Technology
Innovation Unit
Chief Technical Officer (CTO)

Today, the marine transport industry is facing a major inflection point. With concern about the environment growing around the world, customer needs are changing and industry regulations are being tightened. At the same time, innovation in areas such as information technology that has advanced ahead in other sectors is being adopted more actively by the marine transport industry, expanding opportunities for us to enhance value added and create new businesses. Against this backdrop, the form of technological development at MOL is also changing dramatically.

The mission of MOL's Technical Division has always been supporting safe transport services by building quality vessels that can reliably carry the cargo of our customers. Accordingly, the Technical Division has focused on the management of the shipbuilding process, provision of feedback to shipyards from an operational perspective, and maintenance after the ship was completed. As a result, technological development tended to be relatively limited to the engineering aspects of ships, such as design, structure, machinery, and other hardware. However, numerous new technological requirements have been emerging recently, such as sensing, AI, and other digital technologies, to realize a more sophisticated system for safe operations, technologies to reduce environmental impact, such as GHG emissions, and technologies to operate in new business fields, including offshore businesses. The scope of our technological development has been expanding remarkably.

Established in April 2018, the Technology Innovation Unit consists of the Technical Division, the Smart Shipping Division, MOL Information Systems, Ltd., and the Offshore Technical Division (please refer to "Organizational Structure for Technological Innovation" on page 49). Through collaboration among these four organizations, each with their respective and unique know-how, the unit is working to create new value added and realize technical innovation that matches this new era for the MOL Group. In the three years that have passed since the unit's establishment, we have made progress in a number of projects, including the Wind Hunter Project, which seeks to harness the power of wind for propulsion and power generation;

the Wind Challenger Project (page 51), which plans to finish construction of its first vessel in 2022; and the development of vessels that use clean alternative fuels. Meanwhile, we have also managed to establish a foundation for promoting technological development across the entire Group, such as making standard processes—from decision-making to arrangement of resources—and creating an internal information platform for the unit. Going forward, we will strongly advance the development of technologies that can contribute to "safety enhancement," "environmental protection," and "work-style reforms on ships," which align with the overall Companywide direction.

The key to our success will be DX. The MOL Group is already taking initiatives in promoting the introduction of information technologies in various areas, including the development of autonomous vessel navigation that should reduce the workloads of crew members and enhance safety; the utilization of big data for ship operations in the FOCUS Project (page 50); market forecasting; and optimization of the scheduling and allocation of car carriers (page 51). I believe that as a company actually operating vessels and running a marine transport business, we can achieve our unique forms of technological innovation through DX by fully leveraging the voluminous data and expertise accumulated in vessel operations and marine transport. As the entire logistics industry is poised to undergo major change with DX, we will strive to increase our competitiveness while being the first to identify emerging needs so that we can lead the transformation.

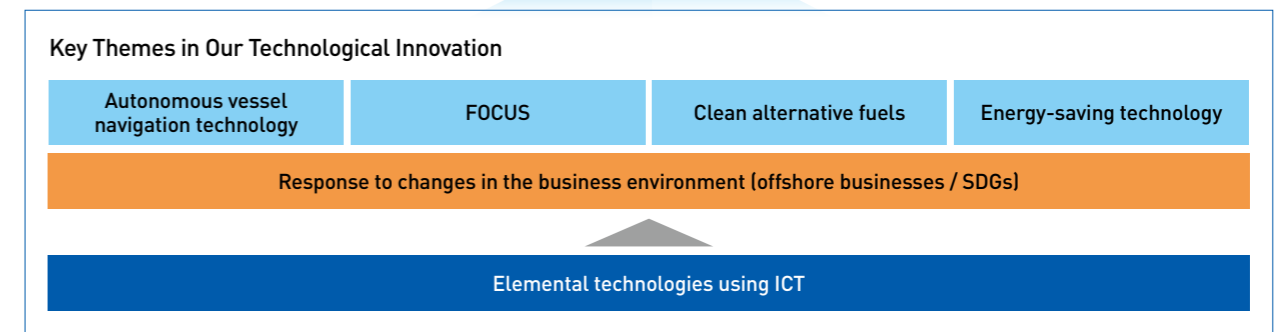
Last, I believe the concept of co-creation will become even more important in overcoming challenges and realizing sustained growth in a time when major changes are expected of the marine transport industry. Over many long years, we have built a wide network of partners that includes domestic and foreign shipbuilders and research institutions. As chief technical officer (CTO), I will continue endeavoring to contribute to the development of MOL and the entire marine transport industry by shining a light on the path of innovation for the MOL Group and proactively encouraging co-creation to achieve this.

Basic Policy on Technological Innovation

Technological development in the marine transport industry has traditionally focused on the engineering aspects of ships, such as design, structure, machinery and other hardware around hulls, engines, cargo holds or tanks, other machinery and cargo handling equipment, etc., aimed at safety, efficiency, and maintainability of ships. However, amid recent advances in computer performance, higher-capacity and faster communications, and the proliferation of high-performance and inexpensive sensing devices, the DX revolution has advanced broadly across

society, in which information technologies such as the Internet of Things (IoT), big data, and AI are utilized in business.

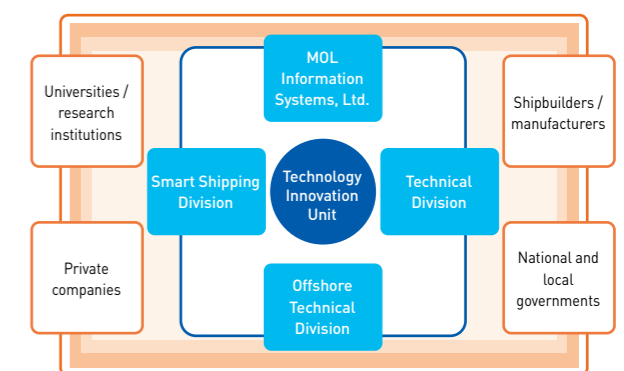
The time has come for the marine transport industry to adopt the benefits of these technological advances. The MOL Group has clarified its goals for technological innovation in line with the direction of its management plan. To achieve these goals, we will focus on the technological development that is unique to the Company by combining technologies related to vessels and information technologies.



Organizational Structure for Technological Innovation

The MOL Group established the Technology Innovation Unit in April 2018 with the goal of stepping up its efforts in technological development. The unit comprises four organizations: the Technical Division, which is in charge of managing and developing technologies on the engineering aspects of vessels; the Smart Shipping Division, which is in charge of marine-related ICT; MOL Information Systems, Ltd., a Group company responsible for providing Groupwide IT support; and the Offshore Technical Division, which was created in October 2020 to reinforce technological development in the offshore business field. These four organizations collaborate to promote the development of next-generation technologies. Additionally, for each development project, the Technology Innovation Unit actively pursues inter-industry collaboration with outside parties, including other companies, organizations, and research institutions.

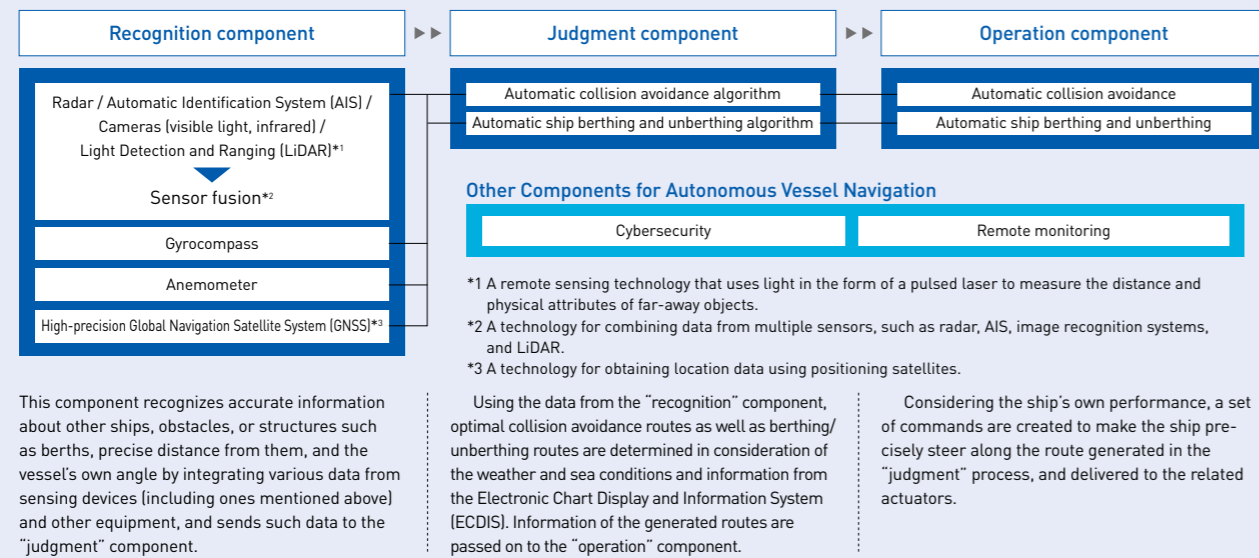
Technological Development Platform



Topic 1 Progress in Autonomous Vessel Navigation Projects

The MOL Group is developing technologies for autonomous vessel navigation with the aim of increasing safety in vessel operations and reducing workloads for crew members. By introducing technology that supports crew members, we intend to reduce human error, which is said to be the cause of approximately 70% to 90% of

maritime accidents, and thereby realize safe vessel operations. We are currently working on the development of technologies for the three functions—recognition, judgment, and operation—that are essential for ship navigation.



Achievements to Date and Future Plans

In March and April 2021, MOL demonstrated an automatic berthing and unberthing system using the large-size car ferry SUNFLOWER SHIRETOKO, which is owned and operated by Group company MOL Ferry Co., Ltd. It was the first successful demonstration in the world of automatic berthing and unberthing by a large-size car ferry, which is susceptible to wind force. (<https://www.mol.co.jp/en/pr/2021/21043.html>)

Moreover, in what is likely to be a world first, MOL plans to conduct a field test of autonomous pier-to-pier vessel navigation by existing merchant ships using a combination of various technologies under development in cooperation with various partners. In 2020, we began to develop technologies and install the necessary equipment on these ships. In 2021, we plan to conduct verification tests of each technology, and then carry out final testing through berth to berth.

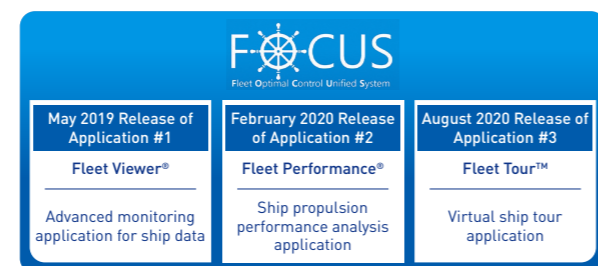
Topic 2 Release of Fleet Tour™, a New Application in the FOCUS Project

The FOCUS Project is an initiative that utilizes big data obtained from MOL-operated vessels. In fiscal 2018 and 2019, we released the Fleet Viewer® and Fleet Performance® applications. These applications use voluminous data collected from approximately 10,000 sensors on each vessel to observe the conditions of the operating vessel in a timely manner not only on the ship but also from shore, and utilize such information for advanced monitoring of each vessel in operation and propulsion performance analysis, with the aim of further enhancing safe operations and improving efficiency.

In fiscal 2020, as the third application in the FOCUS Project, Fleet Tour™ was released in August as a virtual ship tour application. With this application, it is now possible for ship management companies and ship operators to view 360° pictures and videos of various parts of ships remotely from PCs and smartphones even under conditions that make a physical visit to the ship difficult, such as during the pandemic. Fleet Tour™ can be utilized for vessel management in such ways as comparing conditions of vital areas—main deck, cargo compartment, engine room, etc.—at different times,

or horizontally sharing the Company's maritime expertise and knowledge by adding remarks to each photograph. In these ways, we will further enhance safe navigation.

MOL is planning further expansion of data volume by increasing the number of vessels equipped with sensors and utilization of data for climate change countermeasures through monitoring CO₂ emissions or other means. We will continue to promote digital utilization in our unique way by making the most of our fleet, one of the largest in the world.



Topic 3 Launch of Support System for Car Carrier Allocation Planning

In May 2021, the MOL Group commenced operations of a support system for car carrier allocation planning that uses mathematical optimization.*4 Theoretically, there are as many as several million options for the allocation of our approximately 100 vessels with varying ship types and specifications to meet demand for marine transport of automobiles from manufacturing bases to consumer sites around the world. As both demand from customers and the situation of our vessels keep changing, planning the optimal allocation for the entire fleet is an extremely daunting task. By utilizing

the system, we are able to analyze and compare a large number of options and derive the optimum solution in a short time, and thereby flexibly respond to changes in transport demand. In addition, we can improve transport efficiency for the entire fleet of vessels, which should reduce fuel consumption per unit load and consequently lower environmental impact.

*4 An underlying technology of AI. For the purpose of decision-making and problem-solving, the technology finds an answer that minimizes (or maximizes) objective functions under given constraints and conditions.

Topic 4 Progress on the Wind Challenger Project

This project is an ambitious attempt to reduce burdens on the environment by converting wind energy into propulsion using hard sails and cut the amount of fuel consumed by large merchant ships that currently depend mostly on fossil fuels for propulsion. Because Wind Challenger's propulsion assist equipment is installed on ship decks, it does not interfere with engines that burn clean alternative fuels such as LNG and methanol, or measures taken on the hull to reduce propulsion resistance, meaning it can add to the benefits of other energy-saving technologies. This is one of the great advantages of Wind Challenger. A single sail is estimated to reduce GHG emissions by roughly 5% on routes between Japan and Australia and 8% on routes between Japan and the West Coast of North America. In the future, by installing multiple sails and combining with other GHG emission reduction measures, it is expected to become a powerful means toward achieving the targets set forth in MOL Group Environmental Vision 2.1 (please see page 44).

Currently, preparations are underway for completion of a new coal carrier in 2022, which will be the first merchant ship equipped with a Wind Challenger system. In addition, we have entered into a partnership with Enviva Partners, a major global company in the wood biomass energy field, and begun to examine the design and

installation of hard sails that are smaller in size than the original one. Taking this opportunity, we aim to expand our lineup of sails to cover a broader range of vessel types. Moreover, we have newly formed a project team that includes sales personnel in order to incorporate the viewpoints of the sales department in development. We will step up activities to propose adoption of the Wind Challenger system to customers and further expand the project.

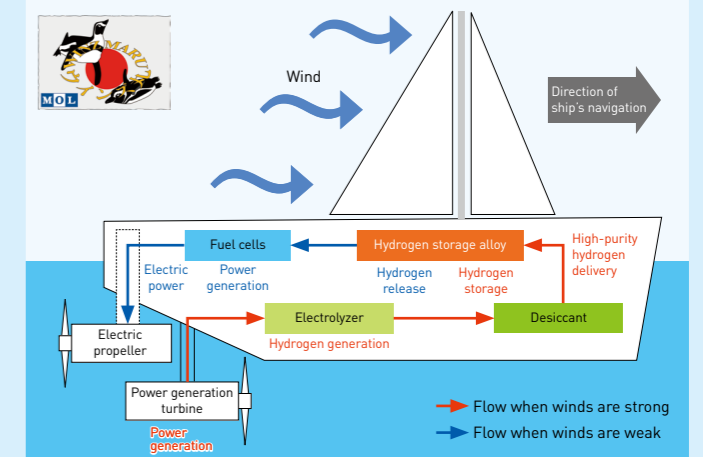


Launch of Wind Hunter Project on Path to Zero Emissions Using Wind Power and Hydrogen

In November 2020, MOL launched the Wind Hunter Project, which utilizes its accumulated knowledge and technologies from the Wind Challenger Project. This project entails the use of sails for propulsion and uses any leftover wind power energy to generate hydrogen through water electrolysis, which is stored on the ship. When the wind is too weak and sails cannot provide enough propulsion power, electricity generated from the stored hydrogen and fuel cells can be converted into propulsion power. By upgrading this system, we ultimately aim to develop a zero emissions vessel that does not emit any GHGs at all.

As the first stage, a demonstration experiment using a 12-meter sailing yacht is being conducted until December 2021, and after that, a verification test will be carried out with a 60-meter vessel. Our final goal is to develop and build a zero emissions oceangoing vessel by 2030.

Demonstration Experiment Using a Sailing Yacht



Human Resource Cultivation and Community Development

Human resources drive growth of the MOL Group and underpin its brand and reliability. Based on MOL CHARTS, the values shared by all Group members worldwide, we will sustain our growth and establish a new competitive superiority by achieving real diversity management that fosters, promotes, and empowers personnel from many different backgrounds. Further, by providing training through in-house educational institutes and offering stable employment, we will secure highly competent crew members—who are indispensable for our operations—and contribute to the economic and industrial development of emerging countries.

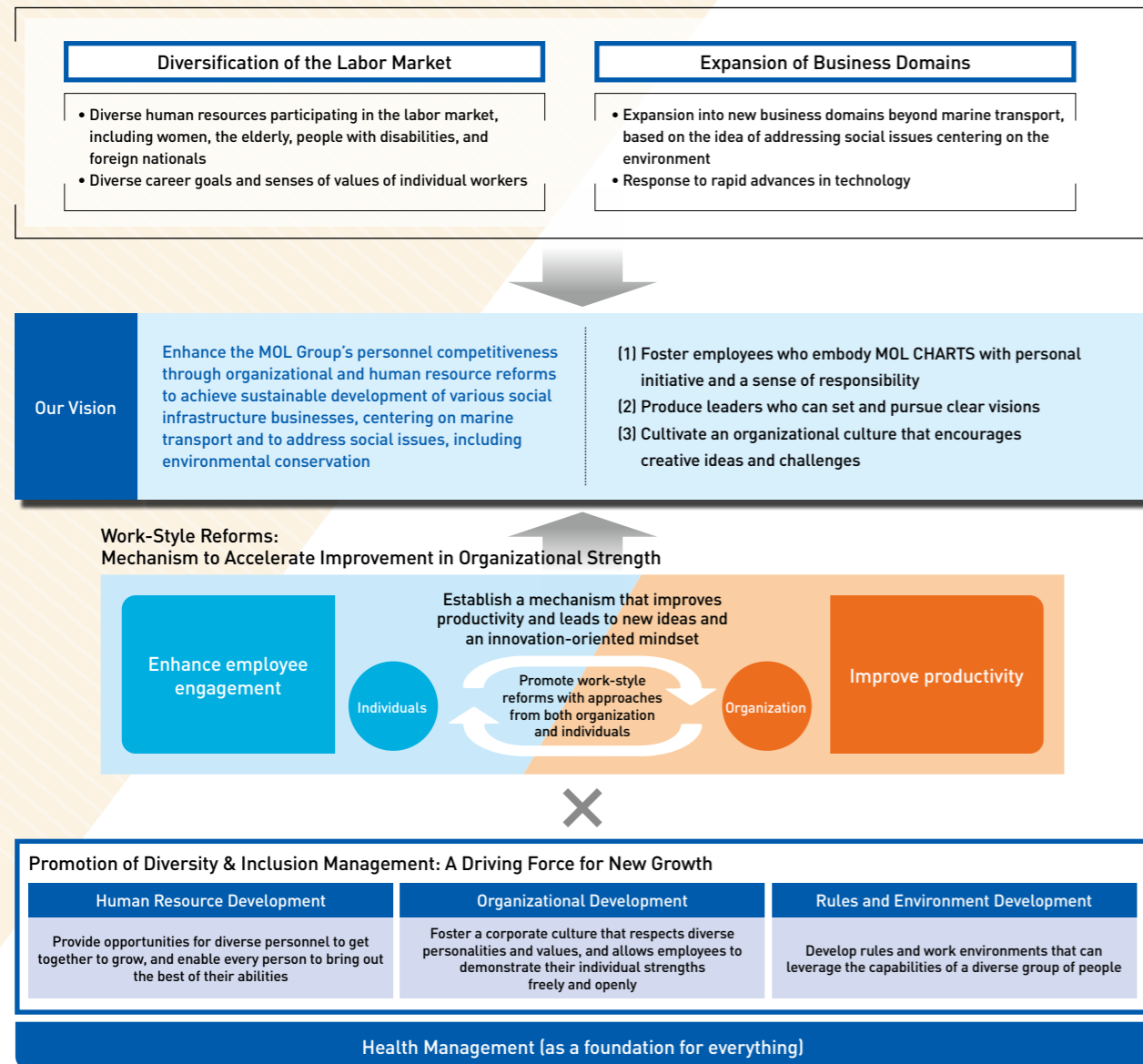
Basic Policy on Human Resource Development and Deployment

With each passing year, the Company's needs for human resources have become more and more sophisticated in order to execute its business strategies, such as expansion in business domains beyond marine transport and the reinforcement of regional strategies centered on Asia. To reliably fulfill these needs, MOL must promote qualified personnel from a more diverse pool of talent than ever before, without regard to their attributes.

MOL will secure the personnel necessary to advance its business strategy by (1) fostering employees who embody MOL CHARTS with personal initiative, a sense of responsibility, the competence to play important roles in a global market, and the

creativity to bring about change, (2) producing leaders who can set and pursue clear visions together with team members, and (3) cultivating an organizational culture that encourages diverse personnel to generate creative ideas and take on challenges. Moreover, we will improve productivity through initiatives under work-style reforms, etc., and reallocate surplus personnel to priority business areas.

At the same time, on both land and at sea, MOL is keen to create attractive workplaces through initiatives that enhance employee engagement, and to promote health management based on the belief that maintaining the mental and physical health of its employees is an essential foundation for the Company.



[Human Resource Development] Provide opportunities for diverse personnel to get together to grow, and enable every person to bring out the best of their abilities

► Change in Human Resource Deployment Policy

In the past, MOL's basic approach to the allocation of human resources has long been to assign needed personnel in accordance with the work volume projections of each division. Amid significant changes in the business environment, however, a more focused allocation of human resources has become needed. Starting in fiscal 2020, MOL strengthened its approach to deploy personnel more strategically based on the decisions

of management to specify priority areas. In addition, through Companywide initiatives to improve productivity, we are in the process of freeing up some personnel by reducing and outsourcing some routine work positions so that we can reassign surplus personnel to focused areas, especially in the environment-related and offshore business fields.

► Talent Management Enhancement

MOL's business is diversifying and new business activities are increasing in areas beyond its traditional marine transport domain. On the other hand, the career goals of employees are changing, and ways of working are multiplying. Under these circumstances, to further improve the abilities of each and every employee—our most valuable resources—we are preparing to introduce a talent management system. By visualizing

the skills and experience that employees have gained throughout their careers in various fields, we will be able to increase the competitiveness of the organization by deploying personnel in areas where they can apply their abilities the most. For younger employees, identifying areas in which they can grow and reinforce will increase their motivation and translate into more efficient personnel training.

► Global Human Resource Management

The diversification of MOL's business operations is happening all over the world. As part of our regional strategy, which is included in the sales strategies in Rolling Plan 2021, we will invigorate our sales activities by strengthening cooperation across the Head Office business divisions, corporate divisions, and overseas bases as well as training and promoting national staff who can lead our strategies locally. One such measure is promoting national staff members to a deputy country / regional representative position, which was created in January 2021 to support the chief country / regional representatives. As of July

2021, seven national staff members have been appointed to the position and are working actively to fulfill their roles.

Also in July 2021, MOL established Human Resources Division (HRD) offices, affiliated with the Human Resources Division at the Head Office, within the chief executive representative offices in the United States, the United Kingdom, and Singapore as bases to advance our global personnel strategy. By globally managing the skills, qualifications, and career plans of national staff around the world through HRD offices, we will broaden the scope for talented personnel to demonstrate their abilities.

Initiatives to Develop Local Communities

Contributions to Maritime Industry in Oman

Since the early 2000s, MOL has been providing continuous help to the Omani government, which was facing the challenges of fostering the maritime industry, by dispatching personnel and giving close support through representatives stationed in the country, and thereby contributing to the launch and development of Oman Shipping Company (OSC), a nationally run marine transport firm, and Oman Ship Management Company (OSMC), which manages the fleet for OSC. In August 2021, the first Omani captain was appointed for an LNG carrier co-owned by MOL and OSC, marking a major milestone in talent development. Our company will continue to contribute to the development of Oman's maritime industry and human resources.

Operation of Maritime Academy in the Philippines

For a long time, MOL has proactively contributed to the fostering of seafarers in the Philippines under the Academia-Industry Linked Program promoted by the Philippine government. Advancing this initiative further, MOL has been running MOL Magsaysay Maritime Academy (MMMA), one of the largest independent maritime academies in the Asia-Pacific region, with a local partner since 2018. As of 2021, the fourth year since the academy's establishment, a cumulative total of 668 students (total of first-year through third-year students as of the end of August 2021) have enrolled at MMMA to acquire the knowledge and skills of marine transport professionals. The MOL Group expects to secure a stable supply of quality candidates for officers by actively employing MMMA graduates, thereby realizing the world's highest level of safe operations. We will continue striving to foster excellent talent to support the development of the MOL Group and local communities.



Human Resource Cultivation and Community Development

[Organizational Development] Foster a corporate culture that respects diverse personalities and values, and allows employees to demonstrate their individual strengths freely and openly

▶ Diversity & Inclusion Management

The MOL Group believes that its competitiveness is derived from personnel with diverse backgrounds, including outward-looking attributes such as gender, age, disability, and nationality, as well as inward-looking attributes such as lifestyle, experience, and value systems. We think this is also important

from the standpoint of creating a better society for everyone. Based on the following basic policy drawn up in April 2021, MOL focuses on providing support and creating an environment for diverse personnel to work actively and nurturing a corporate culture that embraces and respects diversity.

Diversity & Inclusion Management Basic Policy (formulated in April 2021)

The Mitsui O.S.K. Lines Group will create new value by combining the diverse individuality and capabilities of all Group employees, all over the world, and ensure sustainable enhancement of corporate value. We position diversity and inclusion as the driving force of new growth, and will implement the following initiatives:

- ▶ Provide opportunities for diverse personnel to get together and grow, and enable every one of them to bring out the best of their abilities.
- ▶ Foster a corporate culture that enables them to express their diversity, individuality, sense of value, and points of view, freely and openly.
- ▶ Flexibly establish a human resource system and workplace environment that can leverage the diversity of the Group.

▶ Further Empowerment of Women

Further empowering female employees is an essential aspect of advancing diversity & inclusion. In line with this idea, we have proactively updated our systems for each life stage of our employees, such as childcare support, and expanded assistance for career development. In recognition of these efforts, MOL was selected as a “Nadeshiko Brand” company by the Tokyo Stock Exchange and the Ministry of Economy, Trade and Industry for being a company that excels at promoting women in the workplace. In March 2021, we renewed our action plan based on the Act on Promotion of Women’s Participation and

Advancement in the Workplace. To realize the plan, we will redouble our efforts to empower women by assigning positions that match the individual abilities and by providing growth opportunities through strengthening talent management, while also offering diverse career opportunities along multiple career paths.



[Rules and Environment Development] Develop rules and work environments that can leverage the capabilities of a diverse group of people

▶ System for New Business Ideas

In fiscal 2019, the MOL Group introduced a system for proposing new business ideas, which encourages employees to develop their own careers and take on new challenges. Applicants present their ideas for new businesses and services, regardless of their current duties, to officers in charge of closely related business divisions. If the business idea is approved, resources are allocated so they can proceed toward the business launch. This system reflects the spirit of

“challenge” set forth in MOL CHARTS and matches our needs to create new businesses outside the realm of marine transport. In fiscal 2019, eight proposals were submitted, and two of these have been launched (see the Special Feature on page 32). In fiscal 2020, 11 proposals were received, of which five were approved and are now being developed.

▶ Use of Project Teams

In fiscal 2018, MOL introduced the project team system for the purpose of effectively solving Companywide issues. The aim is to bring together the knowledge and resources of diverse employees from across existing organizations. Members of teams span across not only divisions at the Head Office but also across Group companies. In fiscal 2020, 16 project teams related to Rolling Plan 2020 were nimbly formed to develop new

businesses, promote environmental measures and ship operational efficiency, increase productivity, and so forth. The achievements included making mega-trend forecasts of a “with COVID-19” and “post-COVID-19” world from a macro perspective, and Companywide corporate business rationalization. We will continue to accelerate the rollout of new initiatives by flexibly forming various project teams.

Promoting Work-Style Reforms to Accelerate Improvements in Organizational Strength

The MOL Group is undertaking work-style reforms to increase the productivity and fulfillment of employees, and to spur innovative ideas and concepts accordingly. Led by the Work-Style Reforms Committee headed by the CEO, we focused on corporate culture reforms in fiscal 2017, introduction of a new personnel system in fiscal 2018, opening of a pilot office in fiscal 2019, and establishment of a teleworking system in

fiscal 2020. In fiscal 2021, we plan to implement and pursue new work styles in each division by combining and leveraging the achievements in the past. We will quantitatively evaluate the implemented initiatives with KPIs, and share best practices from among all the ideas for new work styles in each division, with the intention of further advancing work-style reforms.

▶ Please visit our website for details on our measures related to work-style reforms.
<https://mol.disclosure.site/en/themes/117>

Initiatives in Fiscal 2021

Personnel System Reforms	<ul style="list-style-type: none"> • Review of personnel system introduced in fiscal 2018 • Examination of hybrid work systems that effectively combine office work and telework
Workplace Reforms	<ul style="list-style-type: none"> • Redefine roles needed in offices with new work styles • Consider Companywide rollout of pilot offices with unassigned seating that were trialed in some departments in fiscal 2019
Improvement of Productivity	<ul style="list-style-type: none"> • Set KPIs to evaluate productivity • Enhance productivity with ICT tools and robotic process automation (RPA)
Corporate Culture Reforms	<ul style="list-style-type: none"> • Strengthen internal communications • In-house education on work-style reforms

Health Management as Foundation for Everything: Maintaining and Improving Mental and Physical Health of Employees

MOL has formulated the Declaration on Health and Productivity Management and the Declaration of Harassment Prevention based on the recognition that the foundations of our corporate activities and what underpins our sustained growth are the safety as well as mental and physical health of employees, in addition to the creation of work environments where all employees can work without worry. While instilling and spreading awareness of these declarations across the Group, the MOL Group endeavors in unison to provide work environments where each and every employee is motivated to engage in their work duties with a healthy mind and body.

In recognition of these efforts, MOL was newly selected as a Health & Productivity Stock by the Tokyo Stock Exchange and the

Ministry of Economy, Trade and Industry. Moreover, for three consecutive years, MOL has been selected by Nippon Kenko Kaigi as a Certified Health and Productivity Management Outstanding Organization (“White 500”) in the large corporation category.



▶ Please visit our website for details on our measures related to health management.
<https://mol.disclosure.site/en/themes/118>

Declaration on Health and Productivity Management (formulated in April 2021)

The Mitsui O.S.K. Lines Group positions the promotion of every employee’s health as an important management issue for realizing the Group Vision under the Group Corporate Mission. Toward this end, we will implement the following initiatives.

- ▶ Empower employees in promoting their physical and mental health.
- ▶ Forge ahead to create a workplace environment where employees work with peace of mind and a sense of unity, as they contribute to our corporate culture.
- ▶ Also, provide thorough support, specifically to seafarers, who work under a unique environment at sea, in promoting their physical and mental health, and develop an environment where all seafarers enjoy robust health and put their families’ minds at ease.

Declaration of Harassment Prevention (formulated in December 2020)

The Mitsui O.S.K. Lines Group will take the following measures to promote the creation of healthy and dynamic workplaces free from harassment.

- ▶ We will foster an organizational culture in which each and every employee on land and at sea will respect each other regardless of position and will be able to freely and energetically demonstrate diverse individuality, values, and viewpoints.
- ▶ Employees and the Company will work together to build an organizational culture that enhances knowledge and awareness of harassment prevention and deters or stops any form of harassment.
- ▶ We shall establish a system in which anyone can feel safe about reporting harassment issues, and in the event of harassment, we shall take fair and appropriate measures in a resolute manner and establish an organizational structure to prevent recurrence.

A Message from the Chairman

Business management is about continuity. How best to pass on business management to the next generation was always on my mind.

“The selection of a successor is a CEO’s most important task.” I often hear this type of statement in discussions on corporate management. When I became CEO, I saw succession as one of my most important management tasks, and from that time began considering possible successors. As I wrote in the annual report at the time of my appointment, business management is about continuity. During their respective terms, each CEO gives their all to advance the Company closer to the goal. In a way, the process is like a long-distance relay race. Mindful that my role was also to pass on the baton to a successor, I mulled over the optimal timing and to whom I should entrust the position. In my view, the best time to hand over to a successor was not when I myself had reached a particular goal but rather when our measures had prepared a foundation for the business management of the next CEO and reached a stage from which transformation and advancement to a higher stage could be pursued. After taking such considerations into account

and looking over the state of MOL Group, I determined that now was the best time to pass the baton to a new CEO.

When I became CEO in 2015, the marine transport industry was facing long-lasting difficulties due to an oversupply of vessels and sluggish market conditions. The MOL Group was also suffering from a prolonged slump in its performance. In response, we used “No. 1 competitiveness in respective areas” as a guiding principle and tackled three overall reforms, which were focused on our business portfolio, business model, and business fields. As part of these efforts, we undertook major structural reforms of the dry bulk business and integrated the containership business. Finally, in fiscal 2019, all business segments posted ordinary profit. Moreover, we are establishing businesses that promise to become new earnings mainstays, such as offshore businesses. For this reason, I believe we are on track to resolve the pressing issues that we faced at the time of my appointment as CEO.

On the other hand, as my tenure continued, I developed a sense of crisis over the emergence of “habituation” throughout the organization. For example, such new concepts and goals as “No. 1 competitiveness in respective areas” and “stress-free

services,” which I emphasized in the years after taking office, have borne fruit and established a common understanding throughout the Company. In itself, this progress may be something we should evaluate positively. But paradoxically, once we become habituated to such phrases, they lose their potency as drivers of change.

My concern about habituation was further reinforced in fiscal 2020. On the whole, our organization began the fiscal year with a considerable sense of urgency due to the spread of COVID-19. By the third quarter, though, the prospect of achieving favorable business results had come into view thanks to the structural reforms of businesses and the accumulation of highly stable profits we had achieved up to that point coupled with good market conditions for Ocean Network Express Pte. Ltd. (ONE) and the tanker business. While we were of course pleased with the favorable performance itself, I sensed that our employees were beginning to relax because they thought that we might be able to just go on as we were and perform well. However, to sustain long-term growth we must still break away from the business model that is solely reliant on traditional marine transport. Looking at the MOL Group from a medium- to long-term viewpoint, if anything the Group’s critical period still lies ahead. Therefore, in the present situation we cannot afford to slacken the pace of transformation. With this in mind, I concluded that the most effective way to get the message across and accelerate the evolution of our business model was a change of CEO.

Given his unshakable commitment to transformation and excellent ability in presenting clear-cut views on the world economy and politics and showing where the Company should be headed based on these views, I have high expectations of our new CEO, Takeshi Hashimoto.

As I have explained, I considered the selection of a successor to be one of my most important tasks as the leader of corporate management. After a series of discussions at meetings of the Nomination Advisory Committee, we formulated a succession plan for the president and CEO in fiscal 2019. We began this process by clarifying and sharing our views on the requirements for the management leader in the Company’s next stage. Through discussions in the committee, we set out 15 requirements for the new CEO based on two axes, with the first being values and mindset and the second being practical ability. Of these requirements, Mr. Hashimoto was most highly evaluated for having an unshakable commitment to transformation. In addition, we have high expectations of Mr. Hashimoto’s ability to present clear-cut views of the world and show where the Company should be headed based on these views. This is

because in advancing and giving shape to transformation, the ability to deliver coherent messages that show the way forward is extremely important. At meetings of the Board of Directors, Mr. Hashimoto has always been able to provide explicit and strategic explanations of the proposed investments under his management. In addition, he has a wealth of global experience and is thoroughly familiar with the LNG carrier and offshore businesses, which are becoming core businesses. He also has a track record of building close relationships with companies that we did not have contact with before, such as PAO NOVATEK of Russia and Karpower International B.V. of Turkey, and bringing negotiations with them to a successful conclusion. Based on these attributes, I am confident that our new CEO can clearly communicate the course MOL should follow and lead the entire Group in this period of change.

In my new role, I will press ahead with initiatives aimed at increasing the MOL Group’s corporate value even further.

In conclusion, I would like to talk about my future role and aspirations. As of fiscal 2021, I have assumed the position of chairman executive officer, a position that was vacant. In reinstating this position, many questions and recommendations were received from outside directors to the effect that the position’s roles and status should be clarified. Normally, within Japanese companies, it is rare for a someone who has experience as a CEO to remain in an executive position. Nonetheless, the position of chairman executive officer has been reinstated because the valuable experience and insights that only a former CEO has can be useful in business execution. However, I would like to make it clear to all stakeholders that the CEO is always the highest authority in the execution of business. The position of chairman executive officer represents a special assignment given by the CEO. Specifically, in the current fiscal year I plan to further enhance corporate governance, develop management personnel, and build an external network. Already, we have taken swift measures to enhance and reinforce corporate governance. In April 2021, we launched the Corporate Governance Council, which hosts frank discussions with outside experts when necessary. When we introduced an executive officer system in the early 2000s, we were proud to be a governance pioneer among major Japanese companies. As society’s expectations rapidly change and diversify, however, I feel that the evolution of our governance has been somewhat lacking in pace in recent years. Although the development of governance is an endless task, we intend to use the establishment of the Corporate Governance Council as an opportunity to comprehensively review and improve our governance system. In my new role, I will press ahead with initiatives aimed at increasing the MOL Group’s corporate value even further.

Junichiro Ikeda

Representative Director
Chairman Executive Officer



I am confident that our new CEO, Takeshi Hashimoto, will provide MOL with strong leadership in this period of transformation.

Messages from the Chairs of the Advisory Committees

Nomination Advisory Committee

Always keeping in mind the enhancement of corporate value and ESG value, the Nomination Advisory Committee engages in constructive discussions.

As society continues to change constantly, succession plan of the CEO and selection of directors in order to enhance corporate value over the long term is extremely important for management. From this perspective, the role of the Nomination Advisory Committee is becoming more and more important and this committee is required to function more effectively.

The Nomination Advisory Committee of MOL was established in fiscal 2015. While ensuring objectivity, transparency, and credibility, a majority of directors are outside directors and the chair is also an outside director, who is taking turns every year, the committee engages in lively and constructive discussions. As an outside director and member of the committee, I am always keeping in mind the need to share the point of view of the shareholders, while considering the sustained enhancement of corporate value as well as ESG factors and other aspects of social value. In fiscal 2019, outside Audit & Supervisory Board members were able to be nonvoting participants in the advisory committees, which has enabled discussions from a greater diversity of perspectives. In recent years, we have been thinking about how nominations should be made within a larger framework, such as what kind of presence the Company should have in the international community, including initiatives to address climate change. As a result, our discussions have become more strategic in nature.

Nomination Advisory Committee members have more opportunities to meet face-to-face with the executive officers, which is helping us to select and develop candidates for the

next generation of directors from a wider pool of talent. When our standpoint is outside a company, there can be unavoidable difficulties in obtaining sufficient internal information. However, I believe that minimizing information asymmetry will make the committee more effective from a long-term perspective.

Careful consideration was devoted to formulating a succession plan and analyzing the recent appointment of a new CEO.

In explaining the process of appointing the new CEO last year, I should begin by describing the formulation of a succession plan. A succession plan is a framework that is essential for a company's sustained growth. MOL formulated a succession plan in fiscal 2020 and disclosed in its corporate governance report. It was the result of our careful consideration over more than a year. In particular, we discussed the requirements of the CEO from a wide range of perspectives. Ultimately, we decided that "the results expected from a CEO" should be our starting point. For this requirement, we made eight requirements related to nature and mindset and seven requirements related to practical competency. We have also established a framework in which the list of potential successors is updated annually in light of these requirements as well as consideration of the solicitation of external candidates. Such processes are important to ensure that all stakeholders are satisfied with MOL's outcome. Moreover, our recent efforts clarified the criteria and procedures for not only the selection but dismissal of CEOs. In this way, the formulation of the succession plan was a good opportunity for the Nomination Advisory Committee to take a more active role in the nomination.

Takeshi Hashimoto, the new CEO, was one of the names on the list of potential successors. A major deciding factor was the leadership that he has displayed in the LNG carrier and off-shore businesses, which are priority business fields for MOL strategically and becoming core business fields. Mr. Hashimoto earned high marks for his expertise in the energy sector, the extensive international network that he has cultivated, and the management skills he has shown in especially the realization of a decarbonized society.

In addition, given the volatility of the marine transport industry's business environment, leaders must be able to detect changes in conditions by gathering information and seeing the big picture and adopt flexible stances in response to changing circumstances. The blog that the CEO has been posting on the intranet since April presents just such a big picture as he stays abreast of many different fields and developments, including international politics, macroeconomics, the energy industry, the future of decarbonization, and capital market trends. I believe that he will lead the entire Group by mulling and clearly presenting a strategic vision based on this wide perspective.

I expect the chairman executive officer to utilize the experience and knowledge that the Board needs for the execution of business.

In connection with the change of CEO, the Nomination Advisory Committee also discussed the role of the chairman executive officer. Although some concerns were raised about the structure of management becoming multilayered and his holding of supervisory and executive positions, in the end the committee decided on a governance system that clearly establishes the CEO's supreme authority over business execution and gave more weight to maximizing corporate value by utilizing the insights of someone with experience in serving as CEO. Further, the chairman executive officer, Junichiro Ikeda, has a global network of contacts in economic organizations and industries, and we are confident that these will bring great benefits to MOL. We also believe that the senior management team will be enhanced by an experienced former CEO backing up a current CEO who is responsible for business execution. The effectiveness of this management framework will be carefully and constantly monitored by the Board of Directors and the Nomination Advisory Committee, and I believe that once concrete results are produced under the framework, it will live up to every stakeholder's expectations.

We must continue to consider the management organization from a backcasting perspective.

In fiscal 2021, the Remuneration Advisory Committee revised the director remuneration plan by increasing long-term incentives. The highest priority is constructing a management structure that is consistent with the enhancement of corporate value, ESG value, and other types of social value. In light of this backcasting perspective, the Company's corporate philosophy, and the profile MOL wants to have 10 years later, we must always keep in mind the kinds of skills, values, and backgrounds that directors should have to achieve this profile.

In clarifying the required skill sets, we need to discuss in greater detail the skills matrix that the Company began disclosing in fiscal 2020. This clarification will allow us to select candidates and foster the next generation of senior executives based on the skills that are needed to solve management issues. In addition, given that MOL is already engaged in business activities globally and employs personnel from many different countries, ensuring diversity in terms of the nationalities in the Board of Directors will be essential. From the viewpoints of the senior management team's composition and the international development of businesses, securing non-Japanese senior executives is important.

The Nomination Advisory Committee will also need to flexibly adapt its approaches in accordance with the profile MOL is targeting 10 years from now. In this sense, and with the change of CEO, I have high expectations for the discussions that the Nomination Advisory Committee will be able to hold under our new Board and hope that members will become even more actively involved in evolving the committee. The committee will continue to ensure accountability to MOL's stakeholders while always emphasizing objectivity, transparency, and credibility.



Etsuko Katsu
Outside Director

We must continue optimizing the effectiveness of the Board of Directors by backcasting from the desirable future of MOL.

Overview of the Nomination Advisory Committee [Fiscal 2020]

Chair of committee: Etsuko Katsu (outside director)	Percentage of outside directors: 75% Number of meetings: 5
Committee members: Junichiro Ikeda Hideto Fujii (outside director) Masaru Onishi (outside director)	

Main Agenda Items in Fiscal 2020

- Development of management personnel
- Selection of the next CEO based on the succession plan for the president and CEO
- Election of directors and executive officers for fiscal 2021 and other matters

Remuneration Advisory Committee

The role of the Remuneration Advisory Committee's chair is to encourage fruitful discussions and thereby help sustain the enhancement of the MOL Group's corporate value.

With respect to its governance system, MOL is a company with an Audit & Supervisory Board, and the Board of Directors has both executive and supervisory functions. Although investors sometimes point out that execution and supervision should be separated, I believe the governance system functions effectively because it brings together and enables discussions among those with supervisory positions and viewpoints, such as outside directors and Audit & Supervisory Board members, and those who have executive positions and viewpoints and are well-versed in the businesses. In addition, MOL has enhanced the transparency and objectivity of governance by establishing the Remuneration Advisory Committee as a voluntary body for deliberation and examination of director remuneration plan that is chaired by an outside director and comprises a majority of outside directors. In fiscal 2020, I chaired the Remuneration Advisory Committee. I believe that the chair's role is to maximize shareholder value as a representative appointed by shareholders, take into consideration all other stakeholders, and realize sustainable enhancement of the MOL Group's corporate value as well as to encourage fruitful discussions that support these efforts.

In the recent revision of the director remuneration plan, we designed the system with a view to resolving four issues.

Revision of the director remuneration plan was the biggest initiative for the Remuneration Advisory Committee in fiscal 2020. Remuneration systems are closely linked to corporate culture, and implanting a system that is inconsistent with a company's values and organization causes dysfunction. For example, the ideal form for a remuneration system changes depending on whether a company emphasizes working as a team or as an individual. While considering the current corporate culture, it should be considered how to inspire the senior management team so that it could achieve the corporate vision and design a system that will encourage transformation.

In designing a new director remuneration plan, we have focused on resolving four issues that were not being fully addressed by the current remuneration plan.

First, we sought to incorporate into the remuneration plan incentives that are consistent with the characteristics of MOL's business. In marine transport, corporate performance is extremely susceptible to the market conditions at any given time. Even with the best efforts, controlling fluctuations in near-term corporate performance is extremely difficult. On the other hand, the nature of the business is such that seeds planted now influence the performance trends and single-year business results of the future. In light of the aforementioned characteristics, we have established long-term target contribution-based remuneration (stock remuneration) that accounts for the same percentage of total remuneration as single fiscal year performance-based remuneration (cash remuneration).

The next issue is related to the stock option system itself. The basic purpose of the stock option system was to foster a common interest between directors and shareholders. However, since the exercising of rights was up to the individual, the system did not always achieve its purpose. As a result, the number of shares of the Company held by directors did not increase as much as expected. To address this issue and create a system that increases the sharing of values between directors and shareholders, we have introduced performance-linked stock remuneration in which long-term target contribution-based remuneration is paid in the form of shares themselves.

In rectifying the third issue, we revised single fiscal year performance-based remuneration. Although MOL had been using performance-based bonuses, there was room for discretion in the management of these bonuses. For example, the Company's performance in fiscal 2019 was good enough to warrant the payment of bonuses in fiscal 2020 that surpassed those paid in the previous fiscal year. However, as the COVID-19 pandemic made the performance outlook uncertain at the beginning of fiscal 2020, it was decided to drastically curtail the bonuses paid to directors in the same fiscal year. While made in light of the severe business environment at the time, this decision was not in line with the purpose of the system, which was to evaluate based on results. In formulating the new single fiscal year performance-based remuneration, we made the evaluation criteria as quantitative as possible to increase transparency and realize bonuses that are acceptable to both directors and shareholders.

Last, the fourth improvement introduced is the incorporation of a multi-stakeholder perspective. Specifically, we have included safe operation as an evaluation indicator in single fiscal year performance-based remuneration and Total Shareholder Return (TSR) as an evaluation indicator in long-term target contribution-based remuneration. I think incorporating safe operation as an evaluation indicator not only for the executive in charge of safety but for all directors is particularly noteworthy. Even without dwelling on the grounding and oil spill accident off the coast of Mauritius in 2020, the paramount importance of safe operation in marine transport is evident, and this importance should of course be reflected in remuneration. I hope that this change will raise the safety awareness of the entire Group even further.

The optimal form for a remuneration plan changes over time. We will continue to engage in active discussions with a view to evolving governance.

Fiscal 2020 was a year in which we focused on the establishment of a new director remuneration plan. Going forward, the primary task of the Remuneration Advisory Committee will be to verify whether the new plan is actually functioning as intended. If these verification activities reveal areas that are not functioning properly, naturally we will need to make necessary adjustments. Additionally, scope remains for further development of the system in terms of a multi-stakeholder perspective. For example, themes such as the environment, the SDGs, and employee engagement have yet to be incorporated into indicators.

While avoiding excessive complexity that could impair the functionality of the system, we will continue deliberations on maximizing the use of indicators in evaluation criteria and disclosing such indicators as ways of increasing transparency and credibility. As for financial indicators, ROE has been chosen as an evaluation benchmark in the remuneration plan with the aim of aligning with the management plan. A time may come, however, when we need to discuss whether this indicator is appropriate.

The target profiles of companies change with the times, and a remuneration plan should evolve accordingly to promote and support the realization of these profiles. We have revised the director remuneration plan on this occasion, but I believe the ideas that form the basis of the plan are applicable to the design of remuneration plans for the entire MOL Group, including employees. We will continue active discussions for the further evolution of governance to support sustained enhancement of MOL's corporate value.

Masaru Onishi
Outside Director

To support the realization of MOL's vision, we must change the remuneration plan as required.

Overview of the Remuneration Advisory Committee (Fiscal 2020)


Chair of committee: Masaru Onishi (outside director)	Percentage of outside directors: 75%
Committee members: Junichiro Ikeda Hideto Fujii (outside director) Etsuko Katsu (outside director)	Number of meetings: 8


Main Agenda Items in Fiscal 2020

- Fiscal 2019 bonuses for directors and fiscal 2020 remuneration for directors
- Revision of the director remuneration plan
- Policy for decisions on matters such as remuneration of individual directors pursuant with an amendment to the Companies Act and other matters

Board of Directors, Audit & Supervisory Board Members, and Executive Officers

[As of June 22, 2021]

 Nomination Advisory Committee

 Remuneration Advisory Committee



Junichiro Ikeda

Representative Director

Born 1956

Number of the Company's shares held: 23,700 shares
Attendance at the Board of Directors' meetings:
14 of 14 [Attendance rate: 100%]
Number of years as Director: 8 years

Apr. 1979 Joined Mitsui O.S.K. Lines, Ltd.
Jun. 2004 General Manager of Human Resources Division
Jun. 2007 General Manager of Liner Division
Jun. 2008 Executive Officer
Jun. 2010 Managing Executive Officer
Jun. 2013 Director, Senior Managing Executive Officer
Jun. 2015 Representative Director, President,
Chief Executive Officer
Apr. 2021 Representative Director, Chairman Executive Officer
(to present)



Takeshi Hashimoto

Representative Director

Born 1957

Number of the Company's shares held: 10,700 shares
Attendance at the Board of Directors' meetings:
14 of 14 [Attendance rate: 100%]
Number of years as Director: 6 years

Apr. 1982 Joined Mitsui O.S.K. Lines, Ltd.
Jun. 2008 General Manager of LNG Carrier Division
Jun. 2009 Executive Officer, General Manager of
LNG Carrier Division
Jun. 2011 Executive Officer
Jun. 2012 Managing Executive Officer
Jun. 2015 Director, Managing Executive Officer
Apr. 2016 Director, Senior Managing Executive Officer
Apr. 2019 Representative Director,
Executive Vice President Executive Officer
Apr. 2021 Representative Director, President,
Chief Executive Officer (to present)



Akihiko Ono

Representative Director

Born 1959

Number of the Company's shares held: 8,400 shares
Attendance at the Board of Directors' meetings:
14 of 14 [Attendance rate: 100%]
Number of years as Director: 3 years

Apr. 1983 Joined Mitsui O.S.K. Lines, Ltd.
Jun. 2010 General Manager of Corporate Planning Division
Jun. 2011 Executive Officer, General Manager of
Corporate Planning Division
Jun. 2015 Managing Executive Officer
Apr. 2017 Senior Managing Executive Officer
Jun. 2018 Director, Senior Managing Executive Officer
Apr. 2020 Representative Director,
Executive Vice President Executive Officer (to present)



Hideto Fujii

Outside Director (Independent Officer)

Number of the Company's shares held: 2,000 shares
Attendance at the Board of Directors' meetings:
14 of 14 [Attendance rate: 100%]
Number of years as Outside Director: 5 years

Jun. 2015 Adviser, Sumitomo Corporation (to present)
Jun. 2016 Outside Director, Mitsui O.S.K. Lines, Ltd. (to present)

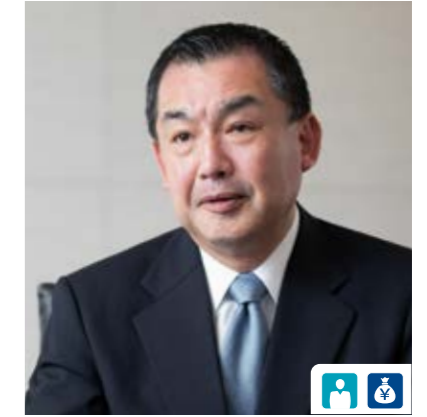


Etsuko Katsu

Outside Director (Independent Officer)

Number of the Company's shares held: 2,000 shares
Attendance at the Board of Directors' meetings:
14 of 14 [Attendance rate: 100%]
Number of years as Outside Director: 5 years

Apr. 2003 Professor, School of Political Science and
Economics, Meiji University (to present)
Jun. 2016 Outside Director, Mitsui O.S.K. Lines, Ltd.
(to present)
Nov. 2016 Administrative Board Member,
International Association of Universities (IAU)
(to present)
Apr. 2018 Chairman of Fund Management Advisory Committee,
The Japan Foundation (to present)
Mar. 2019 Outside Director (Audit and Supervisory Committee
Member), Dentsu Group Inc. (to present)



Masaru Onishi

Outside Director (Independent Officer)

Number of the Company's shares held: 800 shares
Attendance at the Board of Directors' meetings:
14 of 14 [Attendance rate: 100%]
Number of years as Outside Director: 2 years

Apr. 2013 Trustee, KEIZAI DOYUKAI (Japan Association of
Corporate Executives) (to present)
Jun. 2015 Trustee, International University of Japan (to present)
Jul. 2018 Visiting Professor, Toyo University (to present)
Jun. 2019 Outside Director, TEIJIN LIMITED (to present)
Jun. 2019 Outside Director, Mitsui O.S.K. Lines, Ltd.
(to present)
Feb. 2021 Senior Advisor, Alton Aviation Consultancy Japan
Co., Ltd. (to present)
Jun. 2021 Outside Director, Kadoya Sesame Mills Inc. (to present)



Toshiaki Tanaka

Director

Born 1960

Number of the Company's shares held: 4,600 shares
Attendance at the Board of Directors' meetings:
10 of 10 [Attendance rate: 100%]
Number of years as Director: 1 year

Apr. 1984 Joined Mitsui O.S.K. Lines, Ltd.
Jun. 2011 General Manager of Iron Ore & Coal Carrier Division
Jun. 2014 Executive Officer, General Manager of
Iron Ore & Coal Carrier Division
Jun. 2015 Executive Officer
Apr. 2017 Managing Executive Officer
Jun. 2020 Director, Managing Executive Officer
Apr. 2021 Director, Senior Managing Executive Officer
(to present)



Kenta Matsuzaka

Director

Born 1961

Number of the Company's shares held: 2,300 shares
Attendance at the Board of Directors' meetings: -
Number of years as Director: -

Apr. 1984 Joined Mitsui O.S.K. Lines, Ltd.
Jun. 2014 General Manager of LNG Carrier Division
Jun. 2015 Executive Officer, General Manager of
LNG Carrier Division
Apr. 2017 Executive Officer
Apr. 2018 Managing Executive Officer
Apr. 2021 Senior Managing Executive Officer
Jun. 2021 Director, Senior Managing Executive Officer
(to present)



Yutaka Hinooka

Director

Born 1961

Number of the Company's shares held: 4,000 shares
Attendance at the Board of Directors' meetings: -
Number of years as Director: -

Apr. 1985 Joined Mitsui O.S.K. Lines, Ltd.
Jun. 2012 General Manager of Liner Division
Apr. 2016 Executive Officer, General Manager of
Liner Division
Apr. 2018 Executive Officer
Apr. 2019 Managing Executive Officer
Jun. 2021 Director, Managing Executive Officer (to present)



Toshiaki Takeda

Audit & Supervisory Board Member

Born 1964

Attendance at the Board of Directors' meetings:
14 of 14 [Attendance rate: 100%]
Attendance at the Audit & Supervisory Board
Members' meetings: 11 of 11
[Attendance rate: 100%]
Number of years as Outside Director: 2 years

Apr. 1986 Joined Mitsui O.S.K. Lines, Ltd.
Jun. 2013 General Manager of
General Affairs Division
Apr. 2018 General Manager of
Secretaries & General Affairs Division
Jun. 2019 Audit & Supervisory Board Member,
Mitsui O.S.K. Lines, Ltd. (to present)



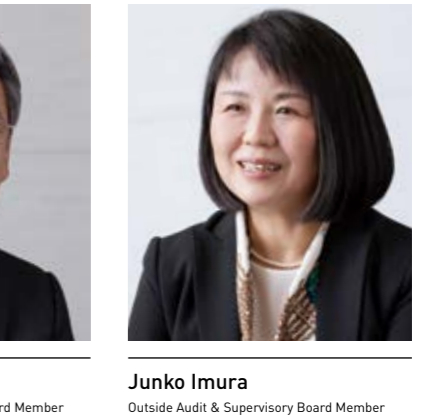
Masanori Kato

Audit & Supervisory Board Member

Born 1961

Attendance at the Board of Directors' meetings: -
Attendance at the Audit & Supervisory Board
Members' meetings: -
Number of years as Outside Director: -

Nov. 1985 Joined Mitsui O.S.K. Lines, Ltd.
Jun. 2013 General Manager of
Marine Safety Division
Apr. 2016 Executive Officer
Apr. 2017 Managing Executive Officer
Apr. 2021 Adviser
Jun. 2021 Audit & Supervisory Board Member,
Mitsui O.S.K. Lines, Ltd. (to present)



Hideki Yamashita

Outside Audit & Supervisory Board Member
(Independent Officer)

Attendance at the Board of Directors' meetings:
14 of 14 [Attendance rate: 100%]
Attendance at the Audit & Supervisory Board
Members' meetings: 11 of 11
[Attendance rate: 100%]
Number of years as Outside Director: 7 years

Apr. 1982 Registered as an attorney at law
Apr. 1985 Established YAMASHITA HIDEKI LAW
OFFICE (now YAMASHITA & TOYAMA
LAW OFFICE) (to present)
Mar. 2012 Outside Corporate Auditor, I-cell
Networks Corp. (to present)
Jun. 2014 Outside Audit & Supervisory Board
Member, Mitsui O.S.K. Lines, Ltd.
(to present)

Junko Imura

Outside Audit & Supervisory Board Member
(Independent Officer)

Attendance at the Board of Directors' meetings:
13 of 14 [Attendance rate: 93%]
Attendance at the Audit & Supervisory Board
Members' meetings: 11 of 11
[Attendance rate: 100%]
Number of years as Outside Director: 2 years

Aug. 1994 Registered as a certified
public accountant
Sep. 2015 Visiting Professor, Tama Graduate
School of Business (to present)
Jul. 2018 Established Imura Accounting Office
(to present)
Jun. 2019 Outside Audit & Supervisory Board
Member, Mitsui O.S.K. Lines, Ltd.
(to present)
Dec. 2019 Outside Audit & Supervisory Board
Member, T. HASEGAWA CO., LTD.
(to present)
Jun. 2020 Outside Director, Audit and
Supervisory Committee Member,
Mitsubishi UFJ Trust and
Banking Corporation
(to present)

* Only important concurrent positions and certification registration years have been included in the resumes of outside directors and outside Audit & Supervisory Board members.

Executive Officers

Junichiro Ikeda

Chairman Executive Officer

Takeshi Hashimoto

President, Chief Executive Officer

Akihiko Ono

Executive Vice President Executive Officer
Assistant to President, Chief Safety Officer Chief Compliance Officer, Chief Information Officer, Deputy Director General of Safety Operations Headquarters, Deputy Director General of Technology Innovation Unit, Responsible for Refreshing organization, Enhancing group management, Recovery of environmental damage from the WAKASHIO incident and contribution to the Mauritian community, Secretaries & General Affairs Division, MOL Information Systems, Ltd.

Toshiaki Tanaka

Senior Managing Executive Officer
Chief Environment and Sustainability Officer, Director General of Dry Bulk Business Unit, Responsible for Environment & Sustainability Strategy Division, Supervisor for Corporate Marketing Division

Kenta Matsuzaka

Senior Managing Executive Officer
Director General of Energy and Offshore Business Unit, Responsible for Europe and Africa Area

Masato Koike

Managing Executive Officer
Deputy Director General of Energy and Offshore Business Unit, Responsible for Bunker Business Division, Tanker Division

Yutaka Hinooka

Managing Executive Officer
Chief Communication Officer, Responsible for Corporate Planning Division, Corporate Communication Division, Accounting Division

Toshinobu Shinoda

Managing Executive Officer
Deputy Director General of Dry Bulk Business Unit, Responsible for Work Efficiency Improvement, Dry Bulk Business Planning & Co-ordination Division, Iron Ore & Coal Carrier Division

Hirofumi Kuwata

Managing Executive Officer
Deputy Director General of Dry Bulk Business Unit, Deputy Director General of Energy and Offshore Business Unit, Responsible for Power Solution & Carbon Project Division, Wind Power Energy Business Division, Secondly Responsible for Ferry and Associated Business Division

Nobuo Shiotsu

Managing Executive Officer
Responsible for Asia, the Middle East and Oceania Area, Managing Director of MOL (Asia Oceania) Pte. Ltd., Managing Director of MOL Treasury Management Pte. Ltd.

Hiroyuki Nakano

Managing Executive Officer
Deputy Director General of Energy and Offshore Business Unit, Responsible for Offshore Project Division, Secondly Responsible for Offshore Technical Division

Hiroto Ushioku

Managing Executive Officer
Director General of Product Transport Business Unit, Responsible for The Americas Area, Car Carrier Division

Kazuhiko Kikuchi

Managing Executive Officer
Deputy Director General of Dry Bulk Business Unit, President of MOL Drybulk Ltd.

Junko Moro

Managing Executive Officer
Responsible for Diversity Promotion, Corporate Communication Division (ER), Human Resources Division

Mitsuru Endo

Executive Officer
Deputy Director General of Safety Operations Headquarters, Responsible for Marine Technical Management Division, LNG Marine Technical & Ship Management Strategy Division, Secondly Responsible for Marine Safety Division, Smart Shipping Division

Osamu Sakurada

Executive Officer
Deputy Director General of Product Transport Business Unit, Responsible for Regional Strategy in Japan, Port Projects & Logistics Business Division, Ferry and Associated Business Division

Ryusuke Kimura

Executive Officer
Chief Digital Officer, Assistant to Chief Information Officer, Deputy Director General of Technology Innovation Unit, Deputy Director General of Product Transport Business Unit, Responsible for Corporate Marketing Division, Liner Business Management Division

Kyoya Nitta

Executive Officer
Deputy Director General of Energy and Offshore Business Unit, Responsible for Energy Business Strategy Division

Akio Mitsuta

Executive Officer
Deputy Director General of Energy and Offshore Business Unit, Responsible for Tanker Division (Chemical Tanker Business), Managing Director/Chief Executive Officer of MOL Chemical Tankers Pte. Ltd.

Ryoji Mitani

Executive Officer
General Manager of Accounting Division

Mitsuhiro Tanimoto

Executive Officer
Assistant to Chief Safety Officer, Director General of Safety Operations Headquarters, Responsible for Human Resources Division, Marine Safety Division, Secondly Responsible for Offshore Technical Division, Smart Shipping Division

Makoto Yamaguchi

Executive Officer
Chief Technical Officer, Director General of Technology Innovation Unit, Responsible for Technical Division, Offshore Technical Division, Smart Shipping Division, Secondly Responsible for MOL Information Systems, Ltd.

Hisashi Umemura

Executive Officer
Chief Financial Officer, Responsible for Corporate Communication Division (IR), Finance Division

Kazuya Hamazaki

Executive Officer
Deputy Director General of Energy and Offshore Business Unit, Responsible for LNG Carrier Division, Offshore Gas Project Division, LNG Marine Technical & Ship Management Strategy Division

Corporate Governance

Corporate Governance That Supports Sustainable Growth and Greater Corporate Value

Around the year 2000, MOL appointed outside directors and introduced an executive officer system, creating an advanced and highly transparent corporate governance structure for a Japanese company at the time. Due to the constantly changing business conditions and risk profiles in the marine transport industry, management needs to be able to effectively allocate business resources in a sophisticated manner while striking a delicate balance between offensive and defensive strategies and accurately grasping business conditions and risks. We believe corporate governance should aim to achieve

sustainable growth and greater corporate value through swift and decisive decision-making based on appropriate risk control, while ensuring transparency and fairness in management and incorporating the opinions of diverse stakeholders. In recent years, the level of governance demanded of listed corporations by society has only increased, and we will continue to focus efforts on improving our corporate governance in order to remain a company chosen by our stakeholders.

Governance Summary (As of June 30, 2021)

Governance System	Total Directors	Total Audit & Supervisory Board Members	Independent Officers (Directors and Audit & Supervisory Board Members)
Company with an Audit & Supervisory Board	9 Including outside directors (ratio) 3 (33.3%) Including female directors (ratio) 1 (11.1%)	4 Including outside members (ratio) 2 (50%)	5
Term of Directors	Number of Board Meetings Held	Attendance Rate of Outside Directors for Board Meetings	
1 year	14 (Fiscal 2020)	100% (Fiscal 2020)	
Voluntary Committees	President and CEO Succession Plan	Performance-Based Compensation	Retirement Benefit System
Yes (Nomination Advisory Committee and Remuneration Advisory Committee)	Yes	Yes (Cash and stock)	No
Cross-Shareholdings as Percentage of Net Assets		Anti-Takeover Measures	
8.8% (including unlisted stocks) (as of March 31, 2021)		No	

Past Initiatives to Improve Governance

Achievements in Fiscal 2019

- Formulated succession plan for president and CEO
- Outside Audit & Supervisory Board members participate on Nomination Advisory Committee and Remuneration Advisory Committee as an observer
- Created skills matrix for directors
- Reduced cross-shareholdings

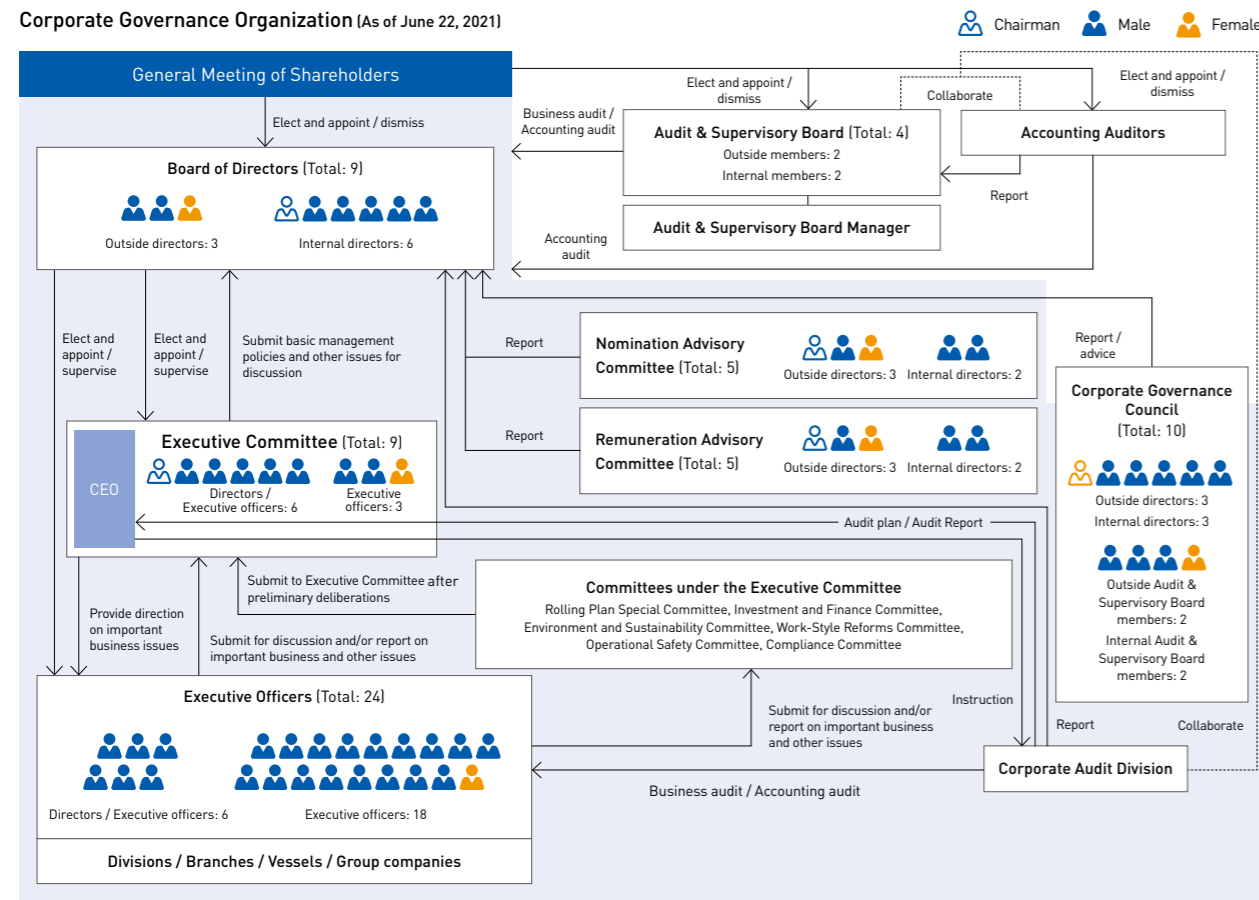
Achievements Since Fiscal 2020

- Reformed director remuneration plan (introduced performance-linked stock compensation)
- Updated skills matrix for directors and included in notifications about convocation of General Meeting of Shareholders
- Established Corporate Governance Council
- Reduced cross-shareholdings

Corporate Governance Structure

MOL has established a corporate governance system that maximizes shareholder profits through the most appropriate allocation of management resources, with higher transparency of corporate management.

Corporate Governance Organization (As of June 22, 2021)



Major Organizations

Name	Details
Board of Directors	As the central decision-making body of the Company, the Board of Directors deliberates and make decisions on the basic policies and the most important matters for the management of the MOL Group. In addition, the Board of Directors also conducts the "Deliberation on Corporate Strategy and Vision," during which the directors exchange opinions freely with outside directors and outside Audit & Supervisory members on management strategies, the long-term vision, and other subjects related to overall management. In fiscal 2020, the Deliberation on Corporate Strategy and Vision was held five times for members of the Board of Directors, and despite each member having an extremely tight schedule, each meeting fully used up the prescribed 90 minutes (see page 67 for the main topics they discussed).
Audit & Supervisory Board	The Audit & Supervisory Board draws up audit plans and reports and shares the results of audits. All Audit & Supervisory Board members attend meetings of the Board of Directors, and full-time members also attend Executive Committee and other committee meetings to audit the deliberation and decision-making processes. By combining the information held by the full-time members about the Company and its operations with the high level of specialized expertise of the outside members, MOL has created a system that ensures the active exercise of authority from an objective standpoint.
Nomination Advisory Committee and Remuneration Advisory Committee	The Nomination Advisory Committee and the Remuneration Advisory Committee are established as arbitrary organizations under the Board of Directors. Both committees are chaired by outside directors and are composed of three outside directors, the Chairman, and the CEO. The Nomination Advisory Committee deliberates on the election, appointment, and dismissal of directors and executive officers, as well as proposals for the next CEO based on the succession plan. From an objective standpoint, the Remuneration Advisory Committee deliberates and reports its findings for director remuneration, including incentives for long-term enhancement of corporate value, as well as for the operation of related systems, including the methods and amount of bonuses.
Executive Committee and Committees under the Executive Committee	Within the scope of the basic policy approved by the Board of Directors, MOL transfers a significant amount of authority to conduct businesses to the Executive Committee. This helps to expedite decision-making on individual matters. Six committees exist under the Executive Committee to study and deliberate particularly important matters which are brought to the Executive Committee, as well as cross-divisional propositions.
Corporate Governance Council	Due to the difficulties in securing sufficient time for debate at the current Board of Directors, the Corporate Governance Council was established under the Board of Directors in fiscal 2021 to serve as a forum for facilitating discussion, while incorporating outside knowledge, with respect to overall issues related to enhancing and strengthening the corporate governance structure. The council plans to hold more in-depth and objective discussions about related topics by appointing external experts and have them participate in meetings depending on the agenda.

Main Agenda Items for the Board of Directors' "Deliberation on Corporate Strategy and Vision" in Fiscal 2020

Month	Agenda	Month	Agenda
July	Business plans of respective sales division and Companywide investment based on those plans	October	Environment and sustainability promotion structures
September	Strategies for offshore business (constituting the next step beyond transport of fossil fuels)	December	Direction of next management plan
		January	LNG carrier business policy (to be a consistently exceptional company in the LNG business)

Appointment and Dismissal Procedures of Directors and Audit & Supervisory Board Members

The MOL Group has set up the Nomination Advisory Committee in order to improve objectivity and transparency in selection procedures for directors and Audit & Supervisory Board members and also to strengthen accountability. The committee selects the candidates based on its set of standards and submits a report to the Board of Directors (candidates for Audit & Supervisory Board member are selected with the consent of the Audit & Supervisory Board). Since fiscal 2019, outside Audit & Supervisory Board members have also attended committee meetings to voice their opinions as observers for the purpose of strengthening audit functions.

The Board of Directors nominates the candidate directors and Audit & Supervisory Board members, taking into account reports submitted by the Nomination Advisory Committee.

Standards for Appointing Directors

- Personnel who are able to contribute to enhancement of the corporate value of the Company based on a wealth of experience and knowledge
- Personnel who are able to make management decisions globally from a broad-ranged perspective and foresight
- Personnel with high ethical standards and solid common sense

Standards for Appointing Audit & Supervisory Board Members

- Personnel who have an appropriate set of experience, qualification, ability, and expertise
- Personnel who possess a high degree of financial and accounting knowledge (more than one member)

Expected Expertise and Attributes for Directors

	Corporate management	Finance	Business strategy / Marketing	Global business	Risk management / Compliance	ESG	ICT / DX	Government agencies / Research institutions
Internal	Junichiro Ikeda Representative Director	●		●	●	●		
	Takeshi Hashimoto Representative Director	●	●	●	●			
	Akihiko Ono Representative Director	●		●	●	●	●	
	Toshiaki Tanaka Director			●	●	●		
	Kenta Matsuzaka Director	●		●	●			
	Yutaka Hinooka Director		●		●	●		
	Outside	Hideto Fujii Outside Director (Independent Officer)		●			●	
Etsuko Katsu Outside Director (Independent Officer)			●	●		●		●
Masaru Onishi Outside Director (Independent Officer)		●		●	●	●	●	

The chart above shows expected expertise and attributes, but does not indicate all the knowledge or expertise each director possesses.

President and CEO Succession Plan

To appoint a president and CEO (hereinafter referred to as the "CEO") who is eligible for the Company in a timely and appropriate manner, MOL formulated a succession plan in fiscal 2019 for the CEO that contains requirements, the appointment procedures, and a cultivation plan for successor candidates. The Nomination Advisory Committee will deliberate on a plan for

the next CEO (including the re-appointment and dismissal of the incumbent CEO) based on the succession plan and submit it to the Board of Directors. The new CEO appointed on April 1, 2021 was nominated in accordance with this succession plan.

Method of Computing Remuneration for Directors and Audit & Supervisory Board Members

Director Remuneration

In June 2021, MOL revised its director remuneration system as outlined below, following a resolution by the Board of Directors based on the advice of the Remuneration Advisory Committee and approval at the General Meeting of Shareholders.

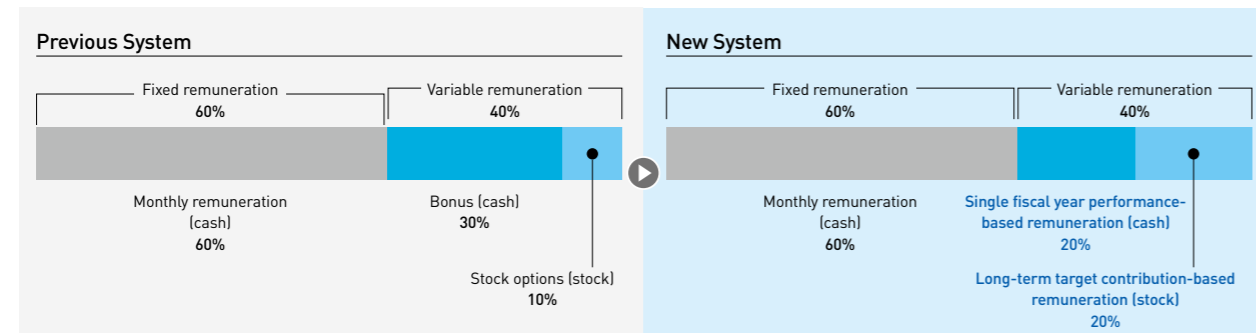
Purpose of Revisions

- Provide incentives to achieve the MOL Group Vision and management plan (rolling plan) while encouraging to perform duties that align with MOL CHARTS, the MOL Group's values and code of conduct
- Provide a remuneration system that is suitable for securing human resources and leads to the greater motivation of employees to become directors
- Remuneration percentages are appropriately set in accordance with short-term and medium- to long-term performance in light of the nature of the business. Director remuneration plans are designed to foster a healthy entrepreneurial spirit, further align values with shareholders, and improve even more the transparency and fairness of system operations.

Highlights of Revisions

- Introduction of long-term target contribution-based remuneration (stock) to strengthen long-term incentives, employ a highly transparent, quantitative evaluation standards
- Inclusion of safe operations indicator in evaluation standards for single fiscal year performance-linked remuneration (cash) to incorporate social responsibility perspectives

Change in Remuneration Structure from Revision in Systems (Model remuneration when performance targets achieved)



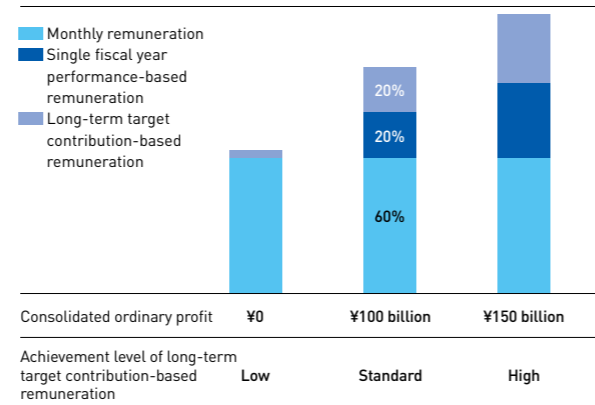
* The above diagrams are illustrations calculated based on a certain level of the Company's business performance and share price. The percentages shown above may change depending on the Company's business performance, share price, etc. For outside directors, under the previous system, remuneration consisted of monthly remuneration, bonuses, and stock options. However, since their main role is to supervise business execution, under the new system, remuneration for outside directors is only monthly remuneration (cash).

Monthly Remuneration (Cash)	Monthly remuneration is paid as a fixed remuneration based on responsibilities to encourage robust business execution.
Single Fiscal Year Performance-Linked Remuneration (Cash)	Single fiscal year performance-linked remuneration was newly introduced to (1) link remuneration to consolidated ordinary profit, a performance indicator in the Rolling Plan, to incentivize achievement of goals in the plan, and (2) link to the safe operations KPI and 4ZER0ES benchmark in order to reflect safety in evaluations and foster a greater awareness in our Company. In addition, to provide an incentive for directors in charge of business divisions to improve the performance in their business division, the degree of achievement of the profit targets are reflected to the amount paid, as a surplus to Companywide performance.
Long-Term Target Contribution-Based Remuneration (Stock)	MOL introduced a performance-linked stock remuneration system with the objective of aligning the values of its directors (excluding outside directors) more closely with those of shareholders by increasing their stake in the Company and remuneration paid are linked to its medium- to long-term share price and performance. Under this system, as shown in the chart below, stock is granted based on the degree of achievement of predetermined share price indicators as well as earnings benchmarks and targets over a certain time frame. A portion of this remuneration is paid in cash as a source of funds for income tax payments by the director.

Evaluation Indicators for Long-Term Target Contribution-Based Remuneration

Indicators	Weight	Reason for choosing this indicator
(i) (a) Comparison of the Company's Total Shareholder Return (TSR) and growth rate of Tokyo Stock Price Index (b) Comparison of the Company's TSR growth rate to competitors' TSR growth rates	30%	Incentive to see share price increase
(ii) ROE	40%	Incentive to improve profit attributable to owners of parent and increase efficiency of shareholders' equity
(iii) Individual medium- to long-term contribution targets	30%	Promote initiatives in the fiscal year that will show results in future years, in order to enhance corporate value

Illustration of Director Remuneration Payments by Achievement Level



Remuneration for Audit & Supervisory Board Members

Remuneration for Audit & Supervisory Board members is determined based on discussions between the members within the limits approved at the General Meeting of Shareholders, with consideration given to whether an Audit & Supervisory Board member serves in a full-time capacity or not, the amount of auditing work assigned, and the levels of director remuneration. Bonuses and stock options are not provided to Audit & Supervisory Board members.

Remuneration for Directors and Audit & Supervisory Board Members (Fiscal 2020)

Category	Number of people	Total compensation (millions of yen)	Total remuneration, by type (millions of yen)		
			Basic remuneration (monthly remuneration)	Performance-based remuneration (bonus)	Non-monetary remuneration (stock)
Directors (of which, outside directors)	9 (3)	460 (51)	274 (30)	172 (18)	13 (2)
Audit & Supervisory Board members (of which, outside Audit & Supervisory Board members)	4 (2)	85 (20)	85 (20)	— (—)	— (—)
Total (of which, outside members)	13 (5)	545 (72)	359 (51)	172 (18)	13 (2)

* The figures above include remuneration for one director (zero outside directors) who retired at the end of the Ordinary General Meeting of Shareholders held on June 23, 2020.
* Rounded down to the nearest one million yen.

Effectiveness Evaluation of the Board of Directors

MOL assesses and analyzes the effectiveness of its Board of Directors by conducting a self-assessment questionnaire each year and deliberating the results at a Board of Directors' meeting. We strive to further enhance Board of Directors' effectiveness by ascertaining issues through this process and formulating improvement measures.

Implementation of Effectiveness Evaluation	Implementation schedule Survey implementation: Early May Discussion about survey results: Late May	Main Items in Self-Assessment Survey <ul style="list-style-type: none"> Composition and operation of Board of Directors (agenda items, time allocation, form of the meetings, etc.) Quality of discussions of Board of Directors (consistency with corporate principles and business plans, risk controls, sustainability issues, consideration to the SDGs, etc.) Effectiveness of discussions about business plans Content of discussions about Deliberation on Corporate Strategy and Vision
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Results of Fiscal 2020 Evaluation	Based on the results of the survey, the Company deems that its Board of Directors is effectively functioning. <p>Main Reasons</p> <ul style="list-style-type: none"> Secured a large amount of time for deliberation on formulating Rolling Plan 2021, in order to have intensive and procedural discussions on changes in the business environment due to the COVID-19 pandemic, and important next steps in medium- to long-term strategy while monitoring trends in the global economy as the pandemic ends Facilitated flexible discussions and decision-making based on the seriousness of the agenda item before the Board of Directors, through ad hoc meetings and online meetings of the Board of Directors Properly explained to the Board of Directors, following active deliberation, reforms to the director remuneration system, the execution of succession plans for the CEO, and the adequate operation of the Nomination Advisory Committee and Remuneration Advisory Committee, advisory entities to the Board of Directors <p>*1 Total Risk Control is our proprietary risk management method developed by adapting methods used by financial institutions for MOL's use. Please see page 73 for more details.</p>	Areas in Need of More Discussion and Improvement <ul style="list-style-type: none"> Examine composition and diversity of Board of Directors, as well as skill sets required for the Company's operations in light of future business development, in order to address global environmental and sustainability issues Monitoring the progress of Rolling Plan 2021 in order to strongly advance the plan and conduct appropriate evaluation and examination of the results, giving shape to longer term policies Increase sophistication of the Company's risk management and overall internal controls by building a structure to systematically identify risks, and deploying Total Risk Control*1 Secure more time for debate about important matters by being more selective with agenda items and improving materials and explanations
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Policy for Fiscal 2021	MOL aims to improve the effectiveness of the Board of Directors further through the following initiatives in fiscal 2021, while referencing the issues identified in the fiscal 2020 evaluation. <ol style="list-style-type: none"> Examine and improve skill sets of directors based on future corporate governance policies Examine and evaluate progress on the management plan Rolling Plan 2021, secure sufficient time to discuss long-term management policies, and properly reflect the results of deliberations in the next management plan Establish system for deciding appropriate risk exposure by creating systematic risk management and internal controls Secure sufficient time to discuss important matters by being more selective of agenda items before the Board of Directors
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Policy for Cross-Shareholdings

MOL holds shares in companies with which it has important business relationships and close cooperative relationships, including business alliances, for the purpose of enhancing the growth and corporate value of the Company over the medium to long term by maintaining and strengthening these relationships. For the shares held by the Company, the rationality of holding them, such as the adequacy of the purpose and the profitability in light of the cost of capital, are reported to the Board of Directors individually every year. Following a comprehensive verification, shares that do not have adequate reasons to be kept are gradually reduced. As the result of the reduction of shares under this policy, the ratio of cross-shareholdings to net assets*2 was 8.8% as of March 31, 2021.

*2 The total balance sheet amount of investment securities held for purposes other than pure investment as a percentage of consolidated net assets

▶ Basic Approach to Risk Management

MOL faces a variety of risks in its worldwide operations. For the following types of risks explained in the below chart, the respective division in charge takes steps to mitigate risks, including identifying risk amounts, reducing risk exposure with hedges, and transferring risk through insurance and other means, in accordance with defined rules and processes in each division. The situation of risk management in each division is periodically reported to the Executive Committee, where information is centrally managed and necessary decisions and responses are made. For new investment decisions, the division responsible for assessment identifies risks and evaluates

them as needed with the relevant division, and then the decision-making process starts. Depending on the importance of the project, the Investment and Finance Committee discusses the matter prior to deliberations by the Executive Committee to dive deeper into the risk and summarize key points of discussion. Matters of utmost importance are put on the agenda of the next Board of Directors' meeting after deliberate discussion by the Executive Committee. Risk management is emphasized in making decisions, such as making it a rule to discuss the matter based on a summary sheet of potential risks.

Major Risks in Business Operations

Risk	Responsible division	Key management rules and guidelines
Operational risks	Marine Safety Division Sales divisions, Insurance Team	Manuals for each ship management company based on international rules
Shipping market fluctuation risks, customer credit risks, and country risks	Corporate Planning Division Sales divisions	Total Risk Control Market risk management rules
Exchange rate, interest rate, and bunker price fluctuation risks	Finance Division (exchange rate, interest rates) Bunker Business Division, Sales Divisions (bunker prices)	Market risk management rules
Climate change risks	Environment & Sustainability Strategy Division Sales divisions	MOL Group Environmental Vision 2.1 TCFD, CDP
Cybersecurity risks	MOL Information Systems, Ltd.	ICT security rules ICT security standards
Natural disaster and epidemic risks	Secretaries & General Affairs Division, Marine Safety Division All divisions	MOL BCP summary
Group governance risks	Corporate Audit Division Division responsible for Group company management	Group company management rules Internal audit rules
Risks related to human rights and supply chains	Environment & Sustainability Strategy Division Human Resources Division	Declaration of Harassment Prevention Compliance rules, Rules of conduct Basic procurement policy

▶ Summary of Major Risks and Countermeasures

Risks Associated with Operations of Vessels and Offshore Plants (Maritime accidents, oil spills, piracy, etc.)

Centered on marine transport, MOL operates roughly 800 vessels of various types and offshore plants. As a company that provides social infrastructure, some of the most serious risks we face are damage to ships and cargo or injury to crew members caused by vessel collisions, ships running aground, fires and other accidents, as well as environmental pollution from leakage of cargo oil and bunker oil (oil spills). To prevent accidents from occurring, without regard to owned vessels or chartered vessels, MOL's Safety Operations Headquarters, sales divisions, shipowners (for chartered vessels), and ship management companies work closely together on tangible and intangible aspects of safety, from training and supervising crew members to adoption of safety standard specifications which effectively maintain the safety of our vessels. We also make a variety of preparations to counter the dangers of piracy and

terrorism by providing sufficient training, putting in place precise operational rules, providing support from Head Office, and installing necessary facilities.

Even in the event of an accident that could not be avoided despite our best efforts, involving damage to MOL or related parties, the Company is prepared with insurance policies that have the necessary amount of coverage (general liability insurance, hull insurance, war-risk insurance, loss of earnings insurance) in order to secure adequate funds for any compensation and to avoid a major impact to profit.

To mitigate reputational risk, MOL implements emergency response training once a year for major maritime accidents, responding to the media and disclosing information about the accident. Media consultants are hired when necessary.

▶ For details, please refer to "Value-Added Transport Services" on page 40.

Shipping Market Fluctuation Risks

Another fundamental risk on a par with accidents in the marine transport business is the risk of fluctuations in the shipping market. To prevent excessive market risks, we manage risks by (1) limiting the total amount of risks, (2) dispersing risks, and (3) reducing the amount of risks during each fiscal year.

To limit total risk exposure, we take steps to obtain medium- to long-term contracts with domestic and overseas customers that are highly creditworthy. In addition to narrowing down the portion of the fleet that is exposed to the market, we work to minimize risks by setting vessel charter periods from shipowners to coincide with periods of contracts with customers, thus neutralizing our exposure to market fluctuation. When investing in vessels not allocated under medium- to long-term agreements, we carefully monitor future vessel supply-demand balance and selectively execute such investments.

To disperse risk, we use a portfolio strategy of diverse types of vessels subject to different patterns of market fluctuation. This approach helps us to balance market risk across business units, compensating for peaks and troughs.

Last, we reduce the amount of risks during each fiscal year by using freight forwarding agreements (FFAs) to hedge risk on vessel types such as Capesize bulkers and Very Large Crude Carriers (VLCCs). We secure stable profits by reducing market exposure during each fiscal year.

We manage our total amount of shipping market risks with a method we uniquely developed, called Total Risk Control (explained later), to periodically measure and control risks so that it does not become excessive in comparison with shareholders' equity.

▶ For reference, please also see "Risk Management for Business Investments" on page 73.

Exchange Rate, Interest Rate, and Bunker Price Fluctuation Risks

Exchange Rates

While Japanese international shipping company's revenues are mostly in U.S. dollars, some costs and borrowings are on a Japanese yen basis, presenting an exchange rate risk. MOL strives to limit its exposure by dollarizing costs and borrowings. To reduce this risk further, we also flexibly employ foreign exchange hedging to limit profit sensitivity.

Interest Rates

The MOL Group is constantly investing capital to build new ships and replace existing ones. When securing long-term funding for capital investment, in principle we hedge interest rate risk by using fixed-rate loans or interest rate swaps.

Bunker Prices

Bunker costs represent a large portion of ship operating costs, and in the past, price fluctuations had a significant impact on the MOL Group's profits. However, currently, most medium- to long-term contracts with customers contain bunker adjustment factor or bunker price surcharge clauses that have the customer shoulder the risk of bunker price fluctuations. For short-term contracts, we work out freight rates reflecting bunker prices at the time, or employ a formula to adjust freight rates that take into account changes in bunker prices. For the remaining exposure, we work to reduce the risk amount by using bunker forward trading. With these countermeasures, the impact of bunker price fluctuations on profit and loss is now very limited.

Climate Change Risks

By causing more severe weather and sea events, climate change such as global warming can present a danger to safe ship operations. The movement toward decarbonization to combat climate change has the potential to drastically change the business environment for MOL, which requires large volumes of bunker oil and transports various kinds of fossil energy as a main cargo, in the context of higher costs to comply with public regulations and a structural reduction in transport demand.

Under MOL Group Environmental Vision 2.1, which is in tune with these trends, MOL aims to achieve net zero GHG emissions

by 2050. The Company has formulated and disclosed a road map for achieving this goal, and is now in the process of introducing clean alternative fuels and energy-saving technologies while increasing the sophistication of efficient fleet operations. By developing and providing solutions for alternative fuel transportation and low-carbon or decarbonization technology, MOL views this change as a business opportunity as decarbonization stimulates new demand. The MOL Group uses a TCFD framework to visualize its climate change risks and formulate related policies.

▶ For details, please refer to "Marine and Global Environmental Conservation" on page 44.

Cybersecurity Risks

MOL aims to prevent security incidents by implementing the following measures to counter cybersecurity risks that have increased in recent years. In the event one occurs, we will take steps to minimize any adverse effects.

- (1) Create organization dedicated to cybersecurity, and establish a response system for serious ICT incident (strengthen collaboration across worldwide Group companies, including operating vessels)
- (2) Standardizing regulations, security tools, IoT environment updates, and operations within the Group
- (3) Assess Groupwide cyber risks and execute countermeasures
- (4) Implement e-learning and targeted email training to improve security awareness and literacy of executives and employees
- (5) To quickly gather information, coordinate with National Center of Incident Readiness and Strategy for Cybersecurity (NISC), JPCERT, Tokyo Metropolitan Police Department, Transportation ISAC Japan, and Nippon CSIRT Association
- (6) Other: Build a cybersecurity management system (CSMS) for operating vessels that complies with international rules, strengthen network security with cloud security services, and assess and devise countermeasures for ransomware

► For details, please visit our website.
<https://mol.disclosure.site/en/themes/199>

Natural Disaster and Epidemic Risks

To keep vessels operating even in the event of major earthquakes or other natural disasters and to fulfill our social role of maintaining supply chains, we have formulated a BCP manual and introduced satellite offices and backup systems, and also provide ample training. We have completed the distribution of notebook PCs to all executives and employees and put remote working environments in place that use cloud-based tools.

In response to the ongoing COVID-19 pandemic that started at the outset of 2020, in February 2020, MOL quickly launched a response headquarters led by an executive vice president executive officer. We implemented a range of measures to

simultaneously ensure (1) securing the safety of related parties, and reducing the risk of spreading the infection, and (2) fulfilling MOL's mission to serve as social infrastructure. We transitioned to full-time teleworking and rapidly identified any impacts on operating vessels and took necessary measures. As a result, we have successfully maintained business operations without any major disruptions, with the exception of challenges for crew member changes due to restrictions on travel between countries.

Group Governance Risks

The MOL Group consists of more than 450 companies around the world. To ensure operations are being properly executed at each company, Group companies submit required reports to MOL in a timely manner in accordance with Group Company Management Regulations. MOL adequately ascertains the financial conditions and business risks of these Group companies, and requires them to obtain permission prior to executing important management matters.

To ensure compliance at Group companies, we set rules for

each Group company that are based on MOL's rules, and the officers, employees, and temporary staff of Group companies can report to MOL's Compliance Advisory Service Desks.

With regard to audits, each company has an appropriate internal audit structure, and Group companies in Japan and overseas are audited on a periodical and ad hoc basis by MOL's Corporate Audit Division in accordance with the internal audit rules.

Risks Related to Human Rights and Supply Chains

As a company with operations around the world, MOL respects the human rights of Group employees and all the people involved in the supply chain. It is essential that we ensure their safety and health, and create environments where diverse human resources can play an active role. MOL's Rules of Conduct for executives and employees include sections about respecting human rights and prohibiting discrimination and

harassment of any kind, and this has been promoted as a theme related to sustainability issues. In addition to satisfying international standards, such as the International Labour Organization (ILO) and Maritime Labour Convention (MLC 2006), MOL strives to maintain even higher levels of standards in this regard.

► For details, please refer to "Compliance" on page 74 and "Social Responsibility" on page 75.

Risk Management for Business Investments

1 Importance of Risk Exposure Management and Introduction of Total Risk Control

Not only can freight rates be extremely volatile, the availability of means such as leasing and chartering vessels allows shipping companies to expand their fleets relatively easily without necessarily being restricted by their balance sheets. This mix of extreme volatility and ease of leveraging means that this kind of business is one wrong step away from taking on too much risk. For the long-term stable operations of marine transport companies, it is of vital importance that a company identifies the total risk exposure it can take and understands the amount of risk it is actually taking, while having a framework for balancing these two factors.

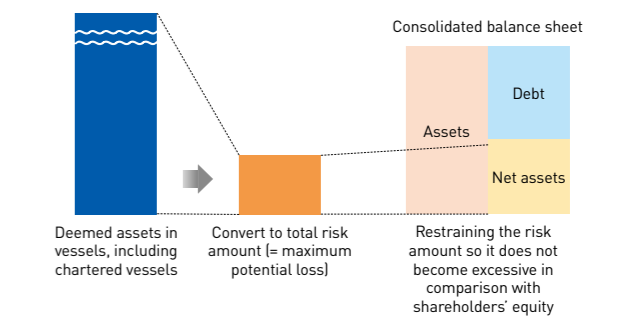
At end of the marine transport boom in the 2000s, MOL failed to cut back on investments at the right timing, anticipating ship tonnage shortages to continue around the world. Having placed a large volume of orders for ships, MOL began to receive these ships, built at a high cost, while the market entered a long-term slump in the 2010s. This continued to weigh heavily on the Company's profits until management decided to make drastic business structure reforms. Learning its lessons from this painful experience, MOL developed and introduced its own risk framework, called Total Risk Control, in 2014 as a set of constitutional guardrails against excessive investment in the future.

2 Approach to Total Risk Control

Total Risk Control is a marine transport industry adaptation of the risk management methods widely used by financial institutions. Considerable stressful scenarios (low freight rates, weak vessel sales & purchase market) are applied to the entire fleet at the same time and run for a certain length of time to calculate maximum potential losses. The risks are managed so that the total loss is not excessive compared with shareholders' equity. Basically, this identifies the total exposure to risk taken based on the standard criteria that all debt can be repaid if all owned vessels were to be sold. Under this framework, a Capesize bulker will be assessed as having low risk exposure if it has a long-term contract or a low book value (if owned) or charter rate (if chartered). Conversely, the same Capesize bulker will be assessed as having high risk exposure if it is subject to a short-term market or a high book value (if owned) or charter rate (if chartered). Additionally, we take into account the dispersion effect where the freight and charter market for each kind of ship fluctuate at different times. Companywide risk exposure is calculated once every six months, and the results are compared with shareholders' equity, reported to the Board of Directors, and audited. When Total Risk Control was first introduced, the framework was simple for mainly covering marine transport market risk and vessel sales

market risk. Subsequent revisions have broadened the scope of the framework to include country risk, customer credit risk, and Group company business risk, for a more appropriate measurement of risk exposure.

Diagram of Total Risk Control

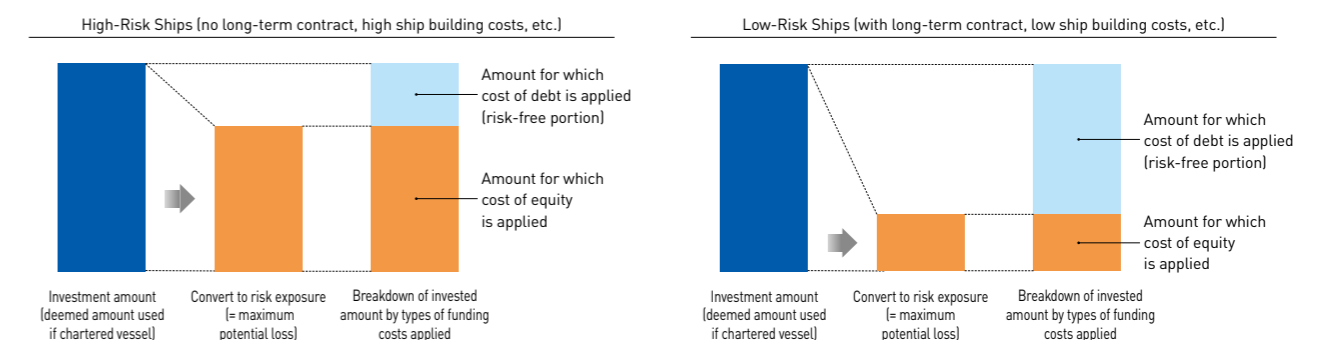


3 Total Risk Control and Consistent Standards for New Investment Decisions

When Total Risk Control was first rolled out, there was an issue where the profitability benchmarks that the Company uses to make new investment decisions were not directly linked to the system. Through subsequent revisions, the framework was improved so that the funding costs in profitability assessments varies depending on the size of risk exposure, which is calculating based on the current concepts of the system. In other words, internal evaluations of ship investment projects now take into consideration the maximum potential loss in line with the amount of risk associated with the ship and applies equity cost for this portion,

while debt cost is applied in the risk-free portion. In this way, the higher the risk in a ship, the higher the funding cost associated with it, and the investment will not be approved unless profitability are sufficiently high to commensurate with this risk. Based on this approach, investment projects that consume a large amount of Companywide investment leeway (remaining amount of risks that can be added) face high hurdle rates, and projects that require fewer resources face lower hurdles to approval. The framework ultimately leads to an overall portfolio that balances risks against returns.

Diagram of Internal Cost of Internal Funding Cost Based on Size of Risk



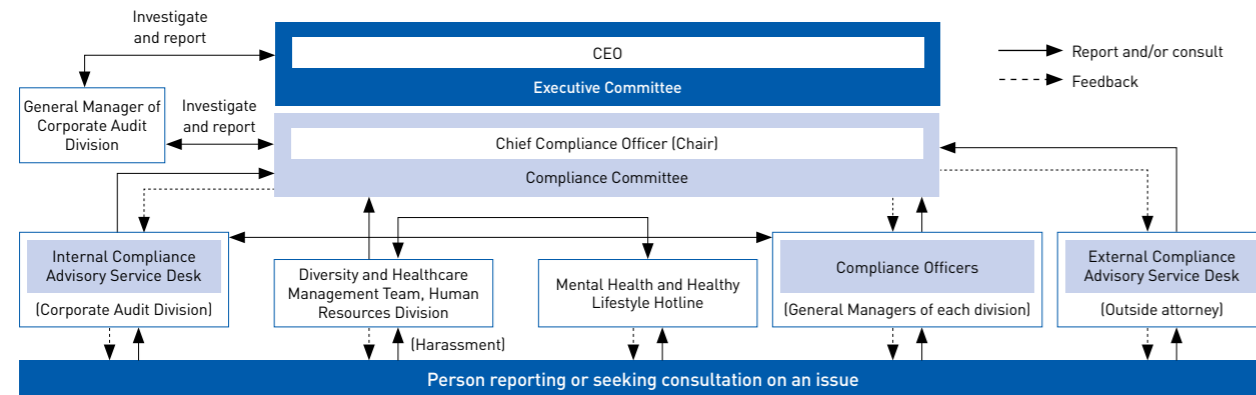
Compliance

For more detailed information on compliance-related matters, please visit our website.
<https://www.mol.co.jp/en/corporate/compliance/index.html>

Compliance Initiatives

In 2014, the Japan Fair Trade Commission (JFTC) found that the MOL Group had violated Article 3 of the Japanese Antimonopoly Act in certain car carrier shipping trades. In response, the MOL Group has updated its compliance rules, which determine the scope and Rules of Conduct of its executives and employees, and provided ongoing training to ensure that the importance of compliance—as the major premise of all corporate activities—is etched deeply into the minds of all executives and employees,

and make it the linchpin of decisions in daily business operations. The Compliance Committee convenes every three months to discuss compliance matters within the Group and respond to any violation incidents. Further, the number and details of compliance events are disclosed within the Company to raise awareness among all executives and employees.

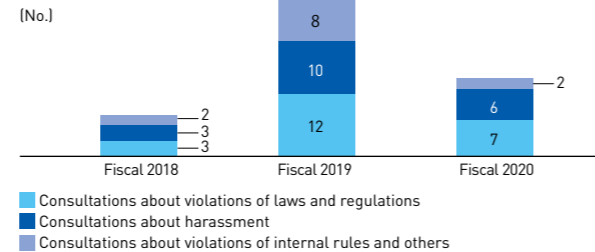


Compliance Advisory Service Desks

The MOL Group has established internal and external compliance advisory service desks available in Japanese and English. These service desks can be used by officers, employees, and temporary staff of MOL and its Group companies. The external advisory service desk is entrusted to an outside attorney to run. The attorney transmits reports and consultations received to the Compliance Committee and continues to serve as a liaison between the Company and people submitting reports or seeking consultations. Both service desks keep reports and consultations strictly confidential and ensure that personnel, including those cooperating with an investigation, are not treated unfairly. We also welcome compliance-related inquiries

through our website from external parties, including customers and suppliers both domestic and international.

Number of Consultations at Internal and External Compliance Advisory Service Desks (No.)



Initiatives to Comply with Antitrust Laws and Prevent Corruption

The MOL Group takes rigorous measures to ensure compliance with the Antitrust Act and prevent corruption. We have an Antimonopoly Act Compliance Code and an Anti-Corruption (Anti-Bribery) Policy, as well as a Do's & Don'ts Guide, which provides a set of more specific guidelines. We also implement a range of training sessions to keep all employees informed by providing them with overviews and points to note in relation to domestic and international laws and regulations.

Anti-Corruption Policy	As stated in its Compliance Policy, to ensure the building of good relationships based on trust with customers and contractors, MOL established the Mitsui O.S.K. Lines' Anti-Corruption Policy in October 2015. This policy eliminates bribery and excessive business entertaining of public servants as well as those outside the government in Japan and overseas.
E-learning	MOL holds continuous e-learning sessions for all employees within the Group, covering antitrust and competition acts, anti-corruption (anti-bribery), and ICT security and governance. Moreover, employees of domestic Group companies receive e-learning on topics about internal control, insider trading, and safety culture. In fiscal 2020, the average participation rate was 96.0% in these three sessions around the world.
Lectures for Executives and Employees	Employees are required to attend lectures on antitrust law upon reaching new position levels, and we also hold lectures on anti-bribery.
Assessment of Organizational Culture	To engender an organizational culture with "self-cleansing" capabilities in relation to compliance violations, we conduct a biannual organizational culture assessment of our employees. Each department head uses the survey to ascertain the issues in their departments and make use of the findings for improvements.

Social Responsibility

Supply Chain Management

MOL procures vessels from shipyards (owned vessels) as well as other shipowners (chartered vessels). Given that marine vessels are the lifeblood of our business, we apply the MOL Safety Standard Specifications to both owned and chartered vessels (with the exception of short-term charters) to make the equipment of all vessels under our control live up to certain standards and keep our Standard Specifications constantly updated to ensure their effectiveness. During the construction of our owned vessels, we send supervisors to the shipyard to keep a close on-site watch on building quality. These supervisors work with shipyard masters and safety management officers to check the situations of sites and identify risk factors for worker injuries and fire outbreaks, requesting improvements if necessary. In light of the accident off Mauritius in 2020, MOL is now working on reinforcing safety management for chartered vessels on all fronts, including deepening its involvement in the selection of crew members that shipowner assign to ships.

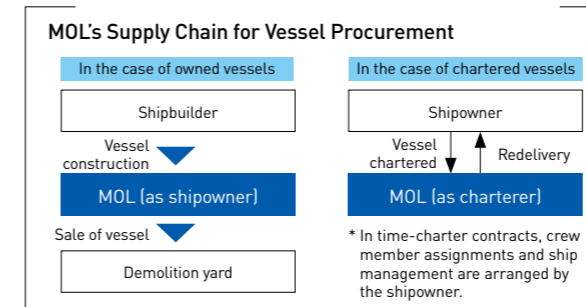
When we sell off our vessels, in cases when the buyer intends to dismantle the vessel, we bind them to use a demolition yard that has third-party certification (from ClassNK)

stating that the yard meets all prescribed safety, environmental, and labor standards and complies with the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships.* We also keep track of the dismantling process by requiring detailed reports of the work.

As described above, by being actively involved in the process even before the delivery of a new vessel from a shipyard or a shipowner as well as in stages after the disposal of a vessel, we will continue to ensure safety, reduce environmental impact, and improve labor conditions of workers.

We also follow the MOL Group Basic Procurement Policy when purchasing any product or service, including vessels.

* The convention was adopted by the IMO in May 2009 to ensure the safe and environmentally sound recycling of ships. As of August 2021, the convention has not yet gone into effect as it is still in the process of being ratified by some countries. The convention requires vessels to prepare, record, and update inventory lists showing the quantity and location of hazardous materials within the ship's structure and onboard supplies. It also establishes the conditions required of ship recycling facilities (demolition yards). Ahead of the convention's enforcement, MOL has already adopted rules for demolition yard selection pursuant to the convention.



MOL Group Basic Procurement Policy

With the following basic policy:

1. We comply with applicable laws, regulations and social norms, and pay due consideration to the protection of the environment.
 2. We procure goods and/or services, including the delivery or execution of such goods and/or services, that meet high safety standards.
 3. We conduct fair trade, and endeavor to establish trusting relationships with contractors.
- We work to make sure that our contractors understand our Basic Procurement Policy, with the aim of contributing toward the realization of sustainable societies together.

Human Rights

In 2005, MOL became the first Japanese shipping company to participate in the United Nations (UN) Global Compact. We express our support for, and practice of, universal principles regarding human rights and labor, and we have published a statement on our website in line with the UK Modern Slavery Act of 2015. Our Rules of Conduct, which ensures compliance by our officers and employees also includes an article on "Respect for human rights and prohibition of discrimination or harassment." This article codifies and demands compliance with rules on respect for human rights, banning of discrimination, understanding of different cultures and customs, and prevention of harassment.

Initiatives to Safeguard the Human Rights of Our Crews

MOL adheres to the four fundamental rights of seafarers stipulated under Maritime Labour Convention 2006: (1) Freedom of association and the effective recognition of the right to collective bargaining, (2) The elimination of all forms of forced or compulsory labor, (3) The effective abolition of child labor, and (4) The elimination of discrimination in respect of employment and occupation. Our internal maritime compliance policy also prohibits discrimination and establishes procedures for dealing with complaints about harassment.

Awareness Campaigns

To instill thorough awareness of human rights, MOL holds lectures on human rights as part of its Head Office stratified training. The Company also holds harassment prevention lecture sessions as part of pre-orientation for personnel before they are assigned to positions in Group companies, etc., in Japan or overseas.

10 Principles of the UN Global Compact

Human Rights	1. Business should support and respect the protection of internationally proclaimed human rights; and 2. Make sure that they are not complicit in human rights abuses.
Labor	3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; 4. The elimination of all forms of forced and compulsory labor; 5. The effective abolition of child labor; and 6. The elimination of discrimination in respect of employment and occupation.
Environment	7. Businesses should support a precautionary approach to environmental challenges; 8. Undertake initiatives to promote greater environmental responsibility; and 9. Encourage the development and diffusion of environmentally friendly technologies.
Anti-Corruption	10. Businesses should work against corruption in all its forms, including extortion and bribery.

Financial and Non-Financial Highlights

(Millions of yen)

	GEAR UP! MOL			RISE 2013	STEER FOR 2020			ROLLING PLAN			
	2011/3	2012/3	2013/3	2014/3	2015/3	2016/3	2017/3	2018/3	2019/3	2020/3	2021/3
For the year											
Shipping and other revenues	¥1,543,660	¥1,435,220	¥1,509,194	¥1,729,452	¥1,817,069	¥1,712,222	¥1,504,373	¥1,652,393	¥1,234,077	¥1,155,404	¥ 991,426
Shipping and other expenses	1,328,959	1,368,794	1,432,014	1,587,902	1,683,795	1,594,568	1,388,264	1,513,736	1,094,915	1,035,771	911,055
Selling, general and administrative expenses	91,300	90,885	92,946	100,458	116,024	115,330	113,551	115,972	101,442	95,852	85,674
Operating profit (loss)	123,400	(24,459)	(15,766)	41,092	17,249	2,323	2,558	22,684	37,718	23,779	(5,303)
Ordinary profit (loss)	121,621	(24,320)	(28,568)	54,985	51,330	36,267	25,426	31,473	38,574	55,090	133,604
Income (loss) before income taxes and non-controlling interests	95,366	(33,516)	(137,938)	71,710	58,332	(154,385)	23,303	(28,709)	46,778	47,130	100,313
Profit (loss) attributable to owners of parent	58,277	(26,009)	(178,846)	57,393	42,356	(170,447)	5,257	(47,380)	26,875	32,623	90,052
Free cash flow [(a) + (b)]	46,970	(129,298)	(25,285)	(25,615)	(66,656)	182,508	(56,318)	(2,471)	(143,093)	(6,527)	44,238
Cash flows from operating activities (a)	181,755	5,014	78,955	94,255	92,494	209,189	17,623	98,380	55,248	100,723	98,898
Cash flows from investing activities (b)	(134,785)	(134,312)	(104,240)	(119,870)	(159,150)	(26,681)	(73,941)	(100,851)	(198,341)	(107,250)	(54,660)
Depreciation and amortization	77,445	85,624	94,685	83,983	87,803	92,771	87,190	86,629	90,138	87,765	85,798
At year-end											
Total assets	¥1,868,740	¥1,946,161	¥2,164,611	¥2,364,695	¥2,624,049	¥2,219,587	¥2,217,528	¥2,225,096	¥2,134,477	¥2,098,717	¥2,095,559
Total tangible fixed assets	1,257,823	1,293,802	1,303,967	1,379,244	1,498,028	1,376,431	1,323,665	1,290,929	1,193,910	1,201,698	1,099,458
Total investments and other assets	257,286	249,228	323,468	422,426	577,157	353,197	381,097	425,300	524,411	533,320	637,736
Interest-bearing debt	724,259	869,619	1,046,865	1,094,081	1,183,401	1,044,980	1,122,400	1,118,089	1,105,873	1,096,685	1,026,994
Net assets	740,247	717,909	619,492	783,549	892,435	646,924	683,621	628,044	651,607	641,235	699,150
Shareholders' equity	660,795	637,422	535,422	679,160	782,556	540,951	571,983	511,242	525,064	513,335	577,782
Amounts per share of common stock*1											
Profit (loss) attributable to owners of parent (Yen)	¥ 487.50	¥ (217.60)	¥(1,495.70)	¥ 479.90	¥ 354.20	¥(1,425.00)	¥ 43.95	¥ (396.16)	¥ 224.72	¥ 272.79	¥ 752.98
Net assets (Yen)	5,528.30	5,332.70	4,477.60	5,679.00	6,542.60	4,522.80	4,782.25	4,274.81	4,390.39	4,292.31	4,830.12
Cash dividends applicable to the year (Yen)	100	50	0	50	70	50	20	20	45	65	150
Management indicators											
Gearing ratio (Times)	1.10	1.36	1.96	1.61	1.51	1.93	1.96	2.19	2.11	2.14	1.78
Net gearing ratio (Times)	1.00	1.23	1.58	1.35	1.35	1.64	1.64	1.82	1.88	1.94	1.63
Equity ratio (%)	35.4	32.8	24.7	28.7	29.8	24.4	25.8	23.0	24.6	24.5	27.6
ROA (%)	6.5	(1.3)	(1.4)	2.4	2.1	1.5	1.1	1.4	1.8	2.6	6.4
ROE (%)	8.8	(4.0)	(30.5)	9.5	5.8	(25.8)	0.9	(8.7)	5.2	6.3	16.5
Dividend payout ratio (%)	20.5	—	—	10.4	19.8	—	45.5	—	20.0	23.8	19.9
CO₂ emissions of MOL Group*2 fleet (Thousand tons)											
	20,073	19,660	18,876	17,810	18,803	18,676	18,203	17,774	12,199	11,137	9,665
Number of MOL Group*3 employees											
	9,438	9,431	9,465	10,289	10,508	10,500	10,794	10,828	8,941	8,931	8,571

Note: Rounded down to the nearest one million yen

*1 The Company consolidated every 10 shares into 1 share effective October 1, 2017. Accordingly, figures have been calculated as if the consolidation of shares had been conducted at the beginning of the fiscal year ended March 31, 2011.

*2 The Company and its consolidated subsidiaries. Emissions at Ocean Network Express Pte. Ltd. (ONE), which began operations in fiscal 2018, are not included. (The emissions of ONE have been retroactively deducted from the figures for FY2018 and FY2019 to unify the scope of calculation.)

*3 The Company and its consolidated subsidiaries

The MOL Group's Global Network



- Headquarters and Chief Executive Representative Offices
- Chief Country / Regional Representative Offices
- Group company (50% stake or more) offices

Countries and Regions with Group Offices (As of April 30, 2021)

Europe / Africa	Asia / Middle East / Oceania	North America / Central America / The Caribbean	South America
United Kingdom	Japan	United States	Brazil
Italy	Philippines	Canada	Chile
Netherlands	Sultanate of Oman	Mexico	Colombia
Denmark	Qatar	Panama	
Germany	United Arab Emirates		
France	Australia		
Belgium	New Zealand		
Czech Republic			
Poland			

History of the MOL Group

Building trust by anticipating customer needs and the demands of the times

1884
Osaka Shosen Kaisha (O.S.K. Line) is established by a union of small- and medium-sized shipowners in the Kansai region.

1890
O.S.K. Line launches its first overseas route service between Osaka and Busan.

1909
O.S.K. Line launches its first long-distance ocean service between Hong Kong and Tacoma.

1930
KINAI MARU, a high-speed cargo ship, travels from Yokohama to New York in 25 days, 17 hours, and 30 minutes (advanced ships at the time averaged 35 days back then).

1939
ARGENTINA MARU and BRASIL MARU, two leading cargo-passenger ships in prewar Japan, ply routes to South America.

1942
Mitsui & Co., Ltd. spins off its shipping department to create Mitsui Steamship Co., Ltd. (Mitsui Line).

1964
Industry restructuring through consolidation of marine transport companies
O.S.K Line and Mitsui Line merge to form Mitsui O.S.K. Lines, Ltd.

1965
MOL launches Japan's first specialized car carrier, the OPPAMA MARU.

1968
Service of full containership the AMERICA MARU begins.

1993
Crew training school is established in the Philippines.

1995
World's first marine transport alliance called The Global Alliance (TGA) is formed with two overseas shipping companies.

1999
New Mitsui O.S.K. Lines is established through the merger of MOL and Navis Line.

2004
Daibiru Corporation becomes a consolidated subsidiary of MOL.

2010
First participation in FPSO project

2017
Becomes the first company to own an FSRU in Asia

2018
Container shipping joint venture of three Japanese companies, Ocean Network Express Pte. Ltd.(ONE), starts business operations.

Establishment of maritime academy in the Philippines

Accomplishing the Company's first natural gas transportation in the Arctic Ocean eastward route using an ice-breaking LNG carrier

2020
MOL's first LNG bunkering vessel is delivered.

Information Disclosure and External Recognition

Promoting Information Disclosure and Engagement

MOL recognizes the importance of accurately disclosing business and financial information at appropriate times in order to be accountable to shareholders and investors, and feeds back their opinions into management.

At MOL, top management are directly engaged in investor relations (IR) activities. The CEO himself participates in meetings (individual and group settings) with investors in Japan and from abroad, in addition to interim and annual results briefings, to explain results in his own words and be accountable to shareholders.

In the interest of fair disclosures, when announcing quarterly results, MOL discloses financial highlights in Japanese and English on the Tokyo Stock Exchange's TDnet while also posting financial results presentation materials in both languages on the Company's website. Update notices for such information is emailed to domestic and overseas investors at their request. MOL also offers a wide range of information related to investment decisions, such as its management strategy, investment plans, market conditions, sustainability initiatives, and other topics through its website. The Company will continue to enhance the quality and volume of information disclosures in accordance with fair disclosure rules.

As advocated by Japan's Corporate Governance Code, MOL proactively engages in constructive dialogues with shareholders and investors. In fiscal 2021, in light of the ship grounding and oil spill accident off Mauritius, MOL held a dialogue with the Institutional Investors Collective Engagement Forum.

Moreover, feedback on the content of discussions with

shareholders and investors and analysts is provided to management in a regular manner and utilized to enhance corporate value. In fiscal 2021, the Company announced revisions to its director remuneration system, updates to its environmental vision, its intentions for medium-term shareholder returns, and a reassessment of sustainability issues that is currently underway. The candid opinions we received from shareholders and investors were a major driving force behind these initiatives.

The fulfillment of accountability is not limited to providing management and financial information. The Company holds regular drills on responding to the media in emergencies to establish capabilities for timely, appropriate disclosure and endeavors to ensure prompt disclosure of accident-related information.

Going forward, MOL will continue taking measures to enhance trust in its business policies and management through close communication and engagement with a wide range of stakeholders.

Examples of discussion topics that arose in investor engagement and were reflected in the Company's policies and measures

- Formulation of succession plan for president and CEO
- Review of director remuneration system
- Establishing of MOL Group Environmental Vision 2.1, which targets net zero GHG emissions by 2050
- Emphasis on free cash flow
- Disclosure of intentions to augment shareholder returns

IR Activities in Fiscal 2020

Activity	Frequency	Details
For securities analysts and institutional investors	Business performance presentations	4 times Quarterly results / forecasts
	CEO's small meetings	5 times Two held each in spring and autumn, once for responsible investment managers
For overseas institutional investors	Overseas investor road shows	4 times Held online (twice in Europe, once in North America, once in Asia)
	Conferences held by securities companies	4 times Participation in online conference (individual meetings)
For individual investors	Corporate presentations for individual investors	1 time Participation in online seminars for individual investors

IR Materials (Available on MOL's website)

Material	Japanese	English
Stock exchange filings (financial highlights, etc.)	Yes	Yes
Business performance presentation materials (including summaries of Q&A sessions)	Yes	Yes
Business performance results briefing video	Yes	No
Integrated report	Yes	Yes
Securities reports ["Yuho"]	Yes	No
Quarterly reports	Yes	No
Business reports for shareholders	Yes	No*
Investor guidebook	Yes	Yes
Market data	Yes	Yes

* Translation for reference and convenience purpose only is available.

External Recognition



Glossary (In alphabetical order)

■ CCS (Carbon Capture and Storage)

■ CCU (Carbon Capture and Utilization)

CCS is a technology for capturing and storing carbon dioxide before it is released into the atmosphere at plants and power stations. CCU is a technology for using captured carbon dioxide to make fuel and chemicals. Combining these two technologies is called CCUS (Carbon Capture, Utilization, and Storage).

■ Chemical Tankers

Tankers fitted with multiple tanks to transport many different types of liquid chemical cargo at the same time. These tankers have complex design specifications, as they are equipped with independent pipelines, cargo pumps, and temperature-regulating functions for each tank, in addition to dedicated facilities for cleaning and other features.

■ FPSO (Floating Production, Storage and Offloading System)

FPSO is floating facilities that produce, store and offload oil and gas. Crude oil produced and stored offshore is directly loaded into shuttle tankers for transport.

■ FSRU (Floating Storage and Regasification Unit)

■ FSU (Floating Storage Unit)

An FSU is a floating facility for storing LNG offshore. An FSRU has the same structure as an FSU with an additional function for regasification of LNG onboard, with which it can send out vaporized natural gas to land through a pipeline. FSRUs and FSUs are being adopted for a growing number of projects to establish LNG receiving terminals all over the world because of their advantages, including a shorter lead time and lower costs compared to conventional onshore receiving terminals.

■ Highly Stable Profits

Profits that are stably generated by contracts of two years or more, and projected profits from highly stable businesses. Highly stable profits are currently provided by the following: Dry bulkers, Tankers, and LNG carriers / Offshore businesses under medium and long-term contracts; Real estate and Tugboats.

■ IMO (International Maritime Organization)

A United Nations specialized agency that promotes intergovernmental cooperation on technical and legal issues affecting international shipping, such as maritime safety, navigation efficiency, and prevention of marine pollution. It also creates a regulatory framework for the shipping industry that is fair and effective, universally adopted, and universally implemented.

■ LNG Carriers

Tankers designed for the transportation of liquefied natural gas (LNG). To transport LNG which has been cooled to -162°C, LNG carriers make use of a wide variety of technologies in various ship parts, including specialized tanks that can withstand extremely cold temperatures and emergency shut-off devices to prevent accidents in cargo operation.

■ Market Exposure

Market exposure is when a company takes the risk of shipping market fluctuations due to a mismatch of ship procurement and operation, when spot contracts or short-term cargo contracts are allocated to ships (both owned vessels and chartered vessels) procured on the assumption they will be used over the medium or long term. MOL defines market exposure ships as medium- to long-term procured ships without contracts lasting more than two years. While monitoring the ratio of market exposure ships, management properly controls the total shipping market fluctuation risks.

■ NOx

Nitrogen oxide (NOx) is a cause of atmospheric pollution, and it is created when nitrogen combines with oxygen in the air under high temperatures, like when fuel is combusted inside engines. NOx emissions from ships are regulated by IMO rules, and the third set of NOx regulations went into effect in 2016.

■ Open-Hatch Carriers

Cargo ships with several box-shaped storage areas with wide openings, equipped with jib cranes or gantry cranes. These ships can efficiently load and transport rectangular-shaped unit cargoes, such as wood pulp, steel products, and project materials.

■ RoRo (Roll-on / Roll-off) Ships

These ships have rampways that allow vehicles to be driven on and off the ship. They can also transport trucks and trailers loaded with cargo. Among ships equipped with RoRo systems, there are pure car carriers that transport vehicles and construction machines that are not loaded with any cargo, as well as ferries that transport cargo vehicles, travelers, and privately owned vehicles.

■ Subsea Support Vessels

Vessels designed for installation and maintenance of subsea facilities during production and exploitation of offshore oil and gas fields.

■ Small- and Medium-Sized Bulkers

Panamax, Handymax, and Handysize dry bulkers that mainly transport general bulk cargo, such as coal, grain, salt, cement, and steel products.

■ SBT (Science Based Targets)

In 2015, the SBT initiative was jointly created by the World Wildlife Fund (WWF), CDP, the United Nations Global Compact, and the World Resources Institute (WRI) for corporations to set targets for reducing GHGs based on scientific knowledge. It has become a global standard for formulating targets in line with the Paris Agreement.

■ SOx

SOx encompasses sulfur dioxide (SO₂) and other sulfur oxides, which are substances that pollute the atmosphere when oil, coal, and other fossil fuels that contain sulfur is incinerated. In the shipping industry, SOx emissions in the exhaust gas of ships are regulated, and in January 2020, regulations were tightened, greatly reducing the allowable sulfur content in bunker fuel from 3.5% to less than 0.5% (general sea areas).

■ TCFD (Task Force on Climate-related Financial Disclosures)

A disclosure framework specializing in climate-related information. It encourages companies to disclose the financial impact climate change has on their business.

Shareholder Information

Capital	¥65,400,351,028
Head Office	1-1, Toranomon 2-chome, Minato-ku, Tokyo 105-8688, Japan
Number of MOL employees	1,119
Number of MOL Group employees (The parent company and consolidated subsidiaries)	8,571
Total number of shares authorized	315,400,000
Number of shares issued	120,628,611
Number of shareholders	83,778
Shares listed on	Tokyo Stock Exchange
Share transfer agent (Contact information)	Sumitomo Mitsui Trust Bank, Limited Stock Transfer Agency Business Planning Department 8-4, Izumi 2-chome, Suginami-ku, Tokyo 168-0063, Japan
Communication materials	MOL Report (English / Japanese) Investor Guidebook (English / Japanese) Market Data (English / Japanese) Website (English / Japanese) YouTube Official Channel (English / Japanese)

[As of March 31, 2021]

For further information, please contact:

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Stock Price (Tokyo Stock Exchange) and Volume of Stock Trade

