

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.