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

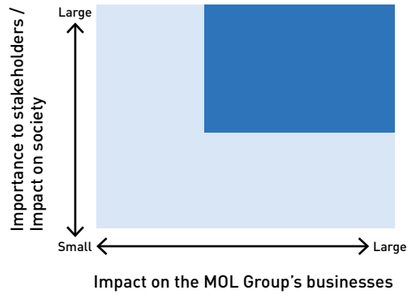
The Sustainability Promotion Project Team, which was formed in 2018, took the lead in discussions according to the following procedure, and the results were approved by the Executive Committee in April 2019.

STEP 1 Identify candidate Sustainability Issues

STEP 2 Evaluate and map each item (Diagram on the right)

STEP 3 Analyze risks and opportunities for each item

STEP 4 Finalize the Sustainability Issues



We identify social issues of great importance to both society and the business of the MOL Group and specify them as the Group's five Sustainability Issues.

- Value-Added Transport Services
- Marine and Global Environmental Conservation
- Innovation for Development in Marine Technology
- Human Resource Cultivation and Community Development
- Governance and Compliance to Support Businesses

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	• 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	• 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		• 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	• 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.	• 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	• 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	Climate Change	• Decline in energy transport volume • Delay in response to changing transport demand and trade dynamics • Obstruction to safe operation caused by extreme climate conditions	• 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)	• Advancing strategies to achieve the goals of MOL Group Environmental Vision 2.1 • Reflecting the TCFD framework in business management	• 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)
		Response to Regulations	• Disruption to vessel operation • Loss of trust in the Company from society • Economic burdens such as fines and sanctions	• Decrease in environmental impact and reduction of transport costs by utilizing new technologies • Involvement in environmental rule creation		
Innovation for Development in Marine Technology P48	• Promotion of LNG fuel usage • Advancement in the Wind Challenger Project • Realization of autonomous sailing	• Obsolescence of existing technologies • Inability to respond to future shortage of seafarers		• 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	• 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	• 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	• Employment of high-quality seafarers • Development of human resources • Pursuit of work-style reforms • Promotion of diversity • Contribution to regional development	• Loss of outstanding human resources • Decline in productivity		• 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	• 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	• 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	• Adherence to fair business transactions • Prevention of bribery and corruption • Establishment of information security structure • Prevention of harassment • Protection of human rights	• Business continuity risks due to insufficient governance and internal controls • Corrupted corporate culture		• Highly transparent and fair management • Decision-making based on appropriate risk management	• 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	• 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 bulker 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. Continuous achievement of the 4ZEROES
2. LTIF: 0.5 or below
3. Average downtime: 24 hours or less per ship per year
4. Downtime frequency rate: 1.00 or below per ship per year

*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

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.

MOL Our Values CHARTS

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	• 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	• Producing and distributing educational videos about electronic nautical charts
	Increasing our involvement in the selection of crew members for chartered vessels	• 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	• Standardizing instructions to vessels and route confirmation procedures
	Sharing safety awareness with the owners of chartered vessels	• Sharing knowledge with shipowners and identifying items that need to be addressed
	Enhancing Companywide vessel operation capabilities and educating operators	• 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	• 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	• Explaining revised quality standards to shipowners and concluding memorandums
	Reinforcing vessel inspections	• Implementing stricter vessel inspections based on the revised quality standards
	Checking the current situations of shipowners	• Strengthening involvement with substandard chartered vessels, shipowners, and ship management companies
	Receiving external assessments of MOL's safety management system	• Requesting assessments of our safety management system by ship classification societies or other third parties
Other hardware measures	Enhancing vessel communication facilities	• 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
- 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
- Conducted an environmental assessment in collaboration with experts on mangroves, wild birds, coral reefs, and fisheries

Social contribution activities in collaboration with NGOs
- 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
- 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.

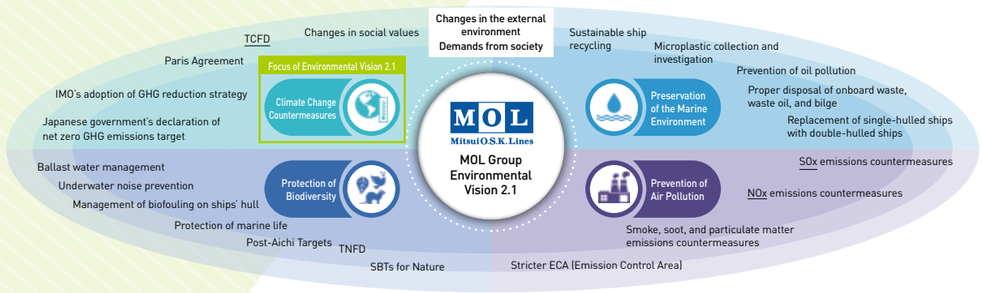
Overview of MOL Group Environmental Vision 2.1

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*1)
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

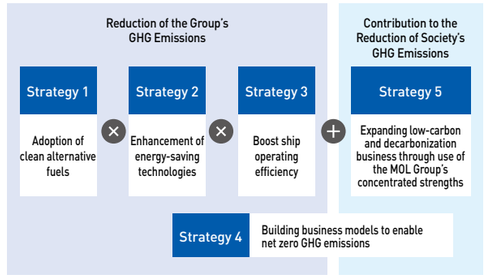
▶ Brought forward the target year for beginning deployment of a zero emissions oceangoing vessel
In response to progress in technological development and other changes in the external environment, we aim to begin the deployment of zero emissions oceangoing vessels at an earlier stage.

▶ 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.

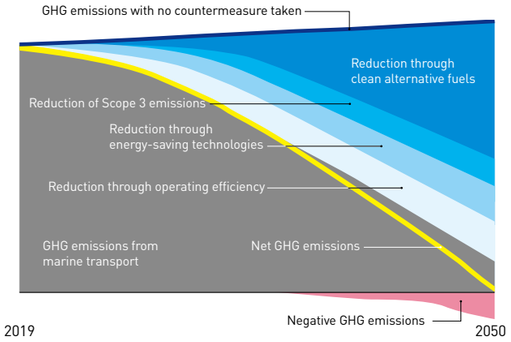
▶ Brought forward the target year for achieving net zero GHG emissions to 2050
To achieve the 1.5°C target, we aim to achieve net zero GHG emissions for the entire Group by 2050.

▶ 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



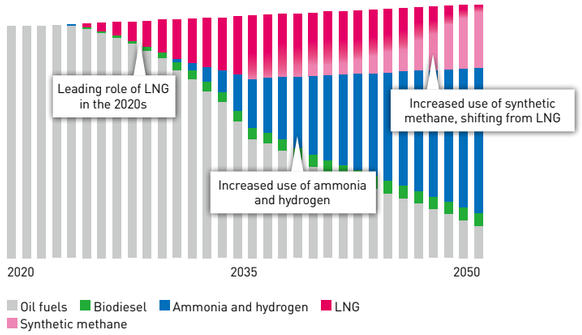
The MOL Group's Pathway to Net Zero GHG Emissions



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*3



Major Milestones

During the 2020s
Deploy net zero emissions oceangoing vessels

2030
Approximately 90 LNG-fueled vessels*4

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**
- **Fair disclosure of emissions**
- **Development of negative emissions projects**
- **Creation of carbon credits**
- **Introduction of internal carbon pricing**
- **Reduction of GHG emissions in supply chains**

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

- 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

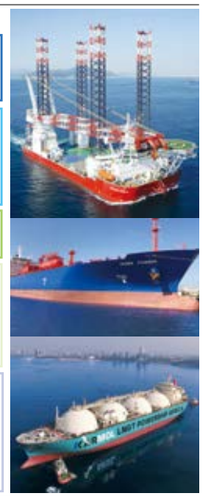
Business Development and Project Management Capabilities

- 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

Trust of Customers Earned through Existing Marine Transport Operations

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

		(Prime Examples)
Generating clean energy	Production	• 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	• Development of green hydrogen production and supply systems on ships (Wind Hunter) • Involvement in projects for CCU/CCS and liquefied CO_2 carriers for producing blue ammonia and blue hydrogen
Delivering clean energy	Marine transport	• Transport of LNG, ammonia, and liquefied hydrogen
Utilizing clean energy	Storage and supply	• 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	• 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

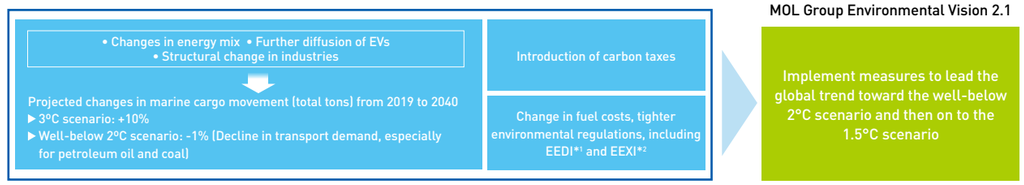
In April 2019, MOL established the Environmental Management Committee (renamed the Environment & Sustainability Committee effective April 1, 2021) as a subordinate committee of the Executive Committee. The committee deliberates and determines basic policies for climate change-related matters. On April 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 CO_2 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.

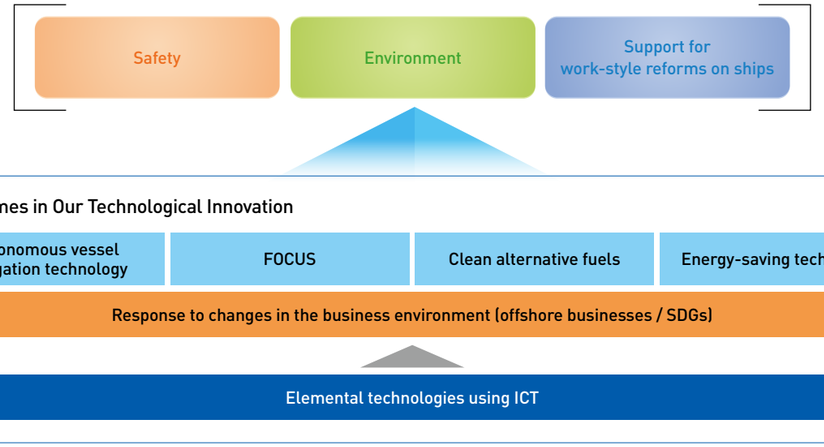
Our Vision for Technological Innovation

Lead the industry in the development of innovative technologies related to marine transport

Action Guidelines

Aim to Increase Competitiveness by Enhancing the Value Added of Our Services through Technological Innovation

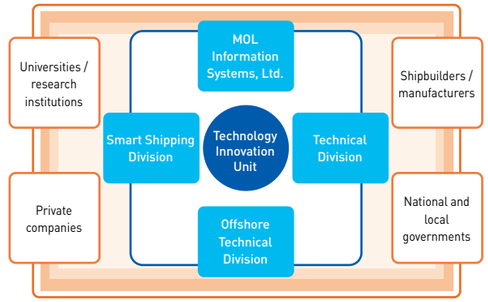
1) Develop innovative technologies for safe operations
2) Introduce technologies that reduce the workloads of crew members and improve their working conditions to achieve higher retention rates
3) Develop innovative technologies that help realize the MOL Group's environmental strategy



Organizational Structure for Technological Innovation

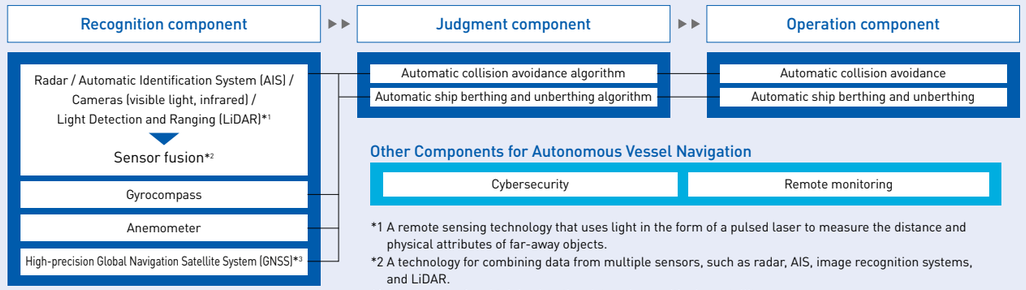
The MOL Group established the Technology Innovation Unit in April 2018 with the goal of stepping up its efforts in technological development. The unit comprises four organizations: the Technical Division, which is in charge of managing and developing technologies on the engineering aspects of vessels; 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.



*1 A remote sensing technology that uses light in the form of a pulsed laser to measure the distance and physical attributes of far-away objects.
*2 A technology for combining data from multiple sensors, such as radar, AIS, image recognition systems, and LiDAR.
*3 A technology for obtaining location data using positioning satellites.

This component recognizes accurate information about other ships, obstacles, or structures such as berths, precise distance from them, and the vessel's own angle by integrating various data from sensing devices (including ones mentioned above) and other equipment, and sends such data to the "judgment" component.

Using the data from the "recognition" component, optimal collision avoidance routes as well as berthing/unberthing routes are determined in consideration of the weather and sea conditions and information from the Electronic Chart Display and Information System (ECDIS). Information of the generated routes are passed on to the "operation" component.

Considering the ship's own performance, a set of commands are created to make the ship precisely steer along the route generated in the "judgment" process, and delivered to the related actuators.

▶ 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)

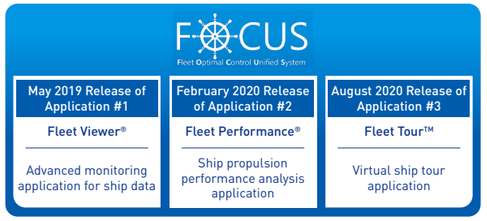
Moreover, in what is likely to be a world first, MOL plans to conduct a field test of autonomous pier-to-pier vessel navigation by existing merchant ships using a combination of various technologies under development in cooperation with various partners. In 2020, we began to develop technologies and 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 CO_2 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).

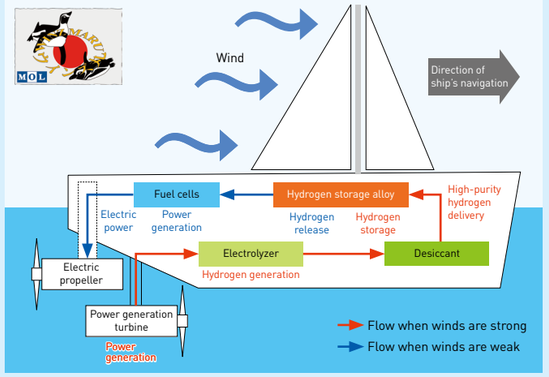
Currently, preparations are underway for completion of a new coal carrier in 2022, which will be the first merchant ship equipped with a Wind Challenger system. In addition, we have entered into a partnership with Enviva Partners, a major global company in the wood biomass energy field, and begun to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

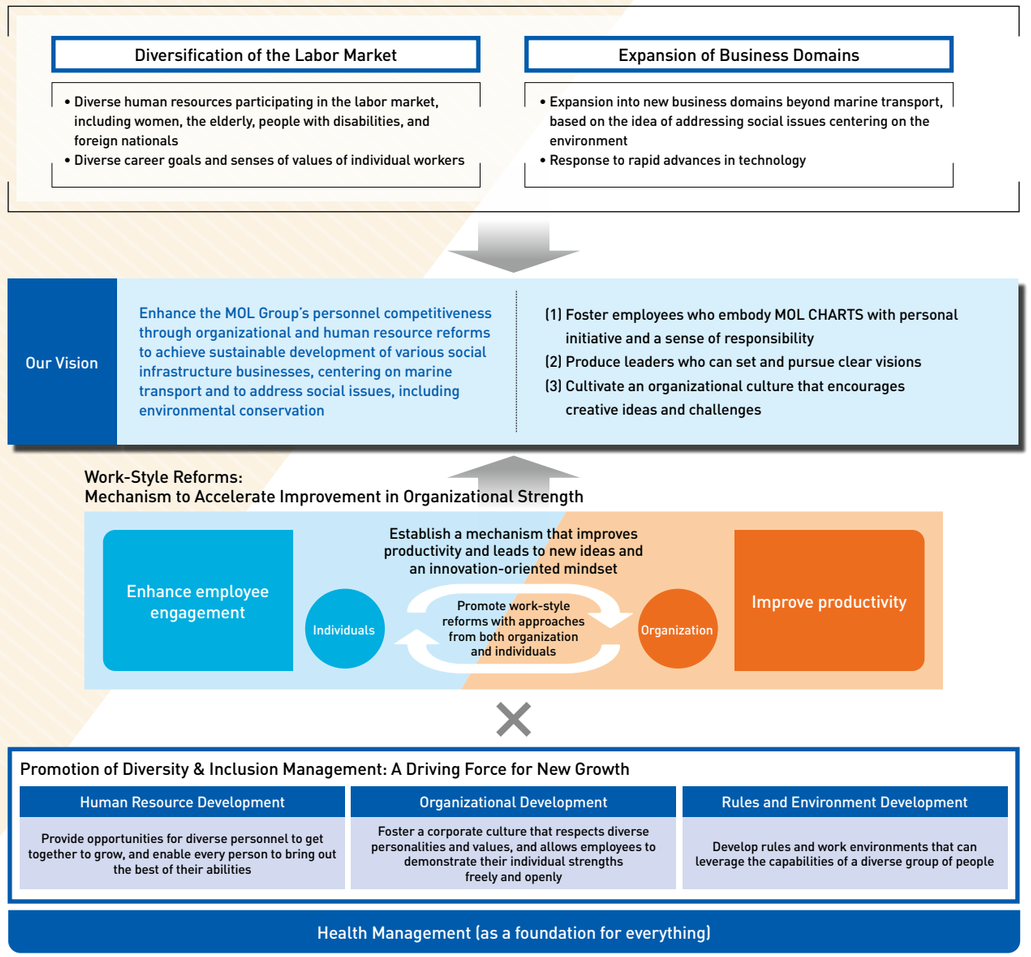
Human resources drive growth of the MOL Group and underpin its brand and reliability. Based on MOL CHARTS, the values shared by all Group members worldwide, we will sustain our growth and establish a new competitive superiority by achieving real diversity management that fosters, promotes, and empowers 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	• Review of personnel system introduced in fiscal 2018 • Examination of hybrid work systems that effectively combine office work and telework
Workplace Reforms	• 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	• Set KPIs to evaluate productivity • Enhance productivity with ICT tools and robotic process automation (RPA)
Corporate Culture Reforms	• 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.